

**Town of Rye**

**Budget Committee- School Budget Session for proposed budget year ending 2019**

**January 10, 2018**

Present (from Budget Committee): Chair Jaci Grote, Clerk Peter Crawford, Vice Chair Margaret Balboni, Randy Crapo, Ralph Hickson, Doug Abrams, Phil Winslow, Ray Jarvis, Mae Bradshaw, Kevin Brandon and Alternate Shawn Crapo for the Rye Beach Village District; From SAU50: Amy Ransom, Sal Petralia; School District Principals Suzanne Lull, Marie Soucy; School Board Members Margaret Honda, Scott Marion, Jeanne Moynahan and Paula Tsetsilas; from public: Joe Cummins.

Chair Grote called the meeting to order at 6:30 pm and led the Pledge of Allegiance.

Chair Grote: The first item on the agenda is a work session and I don't believe that we have anything in the work session so we should go to the public hearing.

Ray: You haven't asked if we have anything for the work session.

Chair Grote: Do you have anything for the work session?

Ray: In preparation for tonight's meeting, where did this document come from? This is K through 8.

Peggy: It came from the work session on the Rye School budget. Were you here? We had it here. It came from this session here and Amy Ransom did a Power Point.

It was determined that the document is from a School Use Feasibility Committee meeting.

Chair Grote: I would like a motion to close the work session?

Response: Motion to close

Response: second

Chair Grote: all in favor?

Unanimous.

Chair Grote: I would like to make a motion to open the public hearing.

Response: Motion to open

Response: Second

Chair Grote: all in favor

Unanimous.

Chair Grote: I would like to remind anyone from the public that they need to sign in and we have a sign in form with a clip board.

Response: It's going around

Chair Grote: Very good.

Chair Grote: We would like someone from the School Board to present the budget. The Warrant? Do you have a warrant that you would like to present?

Response: Amy Ransom will do it.

Amy Ransom: If I could does a little housekeeping first, just so you know what you have in front of you?

Chair Grote: Sure

Amy Ransom: What I have put in front of you for the meeting this evening is draft of the MS27 which is the School Budget Committee certification of the warrant and the budget and the estimated revenue for the MS27 draft. Also included in your packet is the default budget which is labeled draft as well. I have given you copies of the warrant article presented by the School Board in a citizens' petition that we received. I also gave you references to the RSA which was mentioned in that warrant article as well.

Response: Which one is the citizen's petition?

Chair Grote: It's this one Article P2; it's at the bottom of the draft

Amy Ransom: I just wanted you to know all the items that you received.

Amy Ransom: We did receive that yesterday and we did verify that it had 26 certified registered voters in the town of Rye.

Amy Ransom: Do you want me to read the warrant article?

Chair Grote: Yes, Please.

Amy Ransom: Okay. Article 1:

Shall the Rye School District raise and appropriate as an operating budget, not including appropriations by special warrant articles and other appropriates voted separately, the amounts set forth on the budget posted with the warrant or as amended by vote of the first session, for the purposes set forth therein, totaling \$14,023,994 (Fourteen Million Twenty Three Thousand Nine Hundred Ninety Four Dollars). Should this article be defeated, the default budget shall be \$13,893,451 (Thirteen Million Eight Hundred Ninety Three Thousand Four Hundred and Fifty One Dollars), which is the same amount as last year, with certain adjustments required by previous action of the Rye School District, or by law; or the governing body may hold one special meeting, in accordance with RSA 40:13, X and XVI to take up the issue of a revised operating budget (Majority vote required). NOTE: This warrant article [operating budget] does not include appropriations in ANY other warrant article.

I know that it says Rye Budget Committee recommends, but that is just a place card holder and it would change after this meeting.

Chair Grote: Okay and it is a draft because?

Amy Ransom: Until you vote on this evening, it's a draft until you recommend it. Then it will change.

Response: She already put down 7 to zero?

Chair Grote: Right. So the last time, in our last meeting, you were still in negotiations? Is that true?

Amy Ransom: For Collective bargaining? No there is no issue

Kevin: That would have been a separate warrant article. But we are at an impasse.

Chair Grote: You are at an impasse?

Peggy: So there is no warrant article.

Doug: So that will go into next year?

Kevin: It can go into fact finding and move into next year but as of right now we do not have an agreement, so there will be no warrant article for an amended RESPA contract.

Chair Grote: Okay

Peter Crawford: So that means all of their compensation is frozen basically.

Kevin: Yes, the same as last year.

Amy Ransom: It has been for the last three years.

Peter Crawford: So it would be for a two year period?

Kevin: No it's for a year. We have been revisiting this each year.

Peter Crawford: So no agreement was reached last year either?

Kevin: Correct. The lack of agreement last year affected this year, '17-'18, and the lack of an agreement this year will affect '18-'19.

Peter Crawford: Right, so what I am saying is that people who are in that union won't see any increases for two years.

Kevin: No

Peter Crawford: So is there any concern that people might leave?

Kevin: No

Peter Crawford: Okay

Shawn: I have a question, not sure if it will be able to be answered? If potentially, a contract is reached, would it impact us a lot because it would be retroactive? Or would that be one of the negotiating issues?

Kevin: I could not speculate on that.

Response: Okay

Doug: How many people does it affect? Approximately?

Kevin: 26 something like that

Response: Thank you.

Doug: That's the para professionals, food services, custodial staff, and administrative personnel

Shawn: So their wages are frozen or the existing agreement does it allow steps? Are people getting any kind of increases or are there wages the same as the last contract.

Kevin: Their wages are frozen.

Chair Grote: Do we have any questions from the public on this?

It's actually the operating budget. Article one

Chair Grote: Yes, Article one.

Mae: Just my curiosity, are we going to discuss one article at a time?

Chair Grote: Yes, one at a time.

Chair Grote: Amy Ransom, excuse me Ms. Ransom, could you please give a summary of the budget for the public?

Amy Ransom: Okay I am trying to find it.

Scott Marion: The only public here is the school board and school employees unless you are doing it for the people watching

Chair Grote: Ah! So there is no public that is like?

Scott Marion: There is no unaffiliated public, just so you know.

Chair Grote: I see.

Response: Unless you are doing for those that are watching?

Chair Grote: I think we can give a description

Kevin Brandon: That summary was provided and is on tape from our last meeting. A very brief encapsulation of that by Ms. Ransom with the very minor change we discussed perhaps with the SAU number is really the only new information.

Chair Grote: Yes, if you could just do that because, in that way, we are just going to ask people. If there are no questions there are no questions. I would just like to at least go through the process. Thank you.

Amy Ransom: My microphone is not working

Chair Grote: Would you like to come down and use one of these?

Amy Ransom: Do you mind?

Chair Grote: No

Amy Ransom: So just briefly, as discussed before, the proposed operating budget is \$14,023,994 (fourteen million twenty three thousand nine hundred and ninety four) dollars. This is a decrease of \$63,956 or .45 percent . The default budget is \$13,893,051 (thirteen million eight hundred ninety three thousand four hundred fifty one dollars for a decrease of \$194,499 or 1.38 percent. That is the difference between the proposed '18-'19 budget and the current '17-'18 budget.

Question: you mean thirteen million?

Amy Ransom: Yes, I am sorry Thirteen Million.

The difference between the proposed and the default is \$130,543. Items that are in the proposed operating budget do not include any additional staff requests except for what we have this current fiscal year. It includes a 2.75% raise for non-union staff, and a 3% raise for principals. There is increased professional development and an increase in technology contracted services. The default budget is \$130,543 less than the proposed budget and retains all current services, including any and all obligations required by law. The only other change that was spoken about is from the SAU. The SAU had their public hearing on the 20<sup>th</sup> of December and in that meeting the SAU joint force decided to reduce the SAU budget further. So the only other change that would be made to this budget would be to reduce the default budget by \$23,764. That was because they were going to entertain the idea of having a full-time technology coordinator and they decided to go down to a contracted service but then have an audit done on what we needed, but also have a contracted service to better support the SAU office with their technology needs. But because they reduced it down to contracted services this saved the town of Rye \$23,764.

Peter Crawford: So these numbers in the warrant and what you passed out last time should be reduced by that much?

Amy Ransom: If that's the choice of this board. The Rye Board has not met yet to take action on this yet? You have no control over the default budget. It would be the proposed budget.

Peter Crawford: What you are saying is that it would reduce both, but since we don't control the default that would have to be the School Board decision.

Shawn: So the wording on this article one that we have on the sheet that we got tonight that says draft has an inaccurate budget figure?

Amy Ransom: Because the board has not yet met to tell me to reduce that number. They voted on that at their last meeting before the SAU had met.

Shawn: Has the deadline passed for the modification of these warrants?

Amy Ransom: No, they could have a meeting after tonight's meeting and change their number to match your proposed number.

Chair Grote; Well we have to vote on the right number.

Mae: I move that we reduce the MSDSB 2018 form total by \$23,764.

Amy Ransom: I would recommend that you reduce the proposed number.

Peter Crawford: That is the default. We don't have control over that.

Shawn: Can I make a suggestion before you second? We have the figures in front of us are the numbers that the Rye School Board... If I understand our process correctly, if we vote to recommend what is in front of us tonight or not recommend it, we would have another opportunity, if the board changes we

could have a work session prior to the School Deliberative Session. Correct? Or is this the last chance for us to vote on this?

Peggy: My understanding is everything was supposed to be changed before the public hearing, and we already voted on the number at our work session. We recommended at that time. I think the change needs to be made now unless I am misunderstanding it. It has to be made at the Deliberative Session. I don't think we can make any changes.

Peter Crawford: No, we can. That's the public...

Amy Ransom: You could reduce the proposed number by \$23,764. And the Rye Board could meet and say they want to reduce the default that transfers over to the proposed.

Chair Grote: The thing is that we need to be sure that we have the exact number. Are we sure that we have the exact number?

Ray: When you say board please specify which board. I am getting very confused. One person is saying board and another person is saying board and we are talking about different boards. Please say School Board or town board.

Chair Grote: So what we are saying is that this Budget Committee... I am concerned about approving the right number.

Amy Ransom: The exact reduction is \$23,764 in the District Share of SAU50 line.

Chair Grote: That has to do with the staffing?

Amy Ransom: yes

Shawn Crapo: So doing the calculations what would the amount be?

Amy Ransom: The amount you would be voting on is \$14,000,230.

Phil: I would like to make a motion to change the \$14,023,994 to \$14,000,230

Second by Mae Bradshaw.

Discussion about default and operating budget for clarification.

Board member gets up to clarify the correct budget amount.

Chair Grote: We are going to ask you to do two things. We are going to ask you to change the number. We have a motion to change the operating budget number to \$14,000,230 and to change the wording to the Rye Budget Committee recommends this operating budget not this warrant article. Phil could you change your motion?

Phil: Motion to amend the budget to \$14,000,230 and to change the wording to the Budget Committee recommends this budget.

Mae seconded the amended motion.

All voted all in favor of the amendment to the recommended budget.

Mae made a motion to recommend the operating budget.

Kevin seconded.

Peter Crawford: I have a question about the teachers' retirement. I sent Ms. Ransom an email several weeks ago asking whether it wasn't still incorrect. It seemed to me that if I take the teachers' salaries from prior years and apply the percentage retirement and take this year it is much higher. Let me not describe it in detail. Let me first ask if you have had a chance to look at it.

Amy Ransom: I have been busy with the other districts in preparing them for their public hearings and their warrants. The argument that you made about the numbers from the previous years not lining up. If it is changes in staff it is not just the teacher line, it's other lines, i.e, guidance, librarian, co-curricular activities that the teachers do. There are a lot of different items that go into the NH retirement calculation. It is not just the teacher line. There has been change in staff at some of the schools. You are

not necessarily comparing apples to apples. We have had track movement that goes up in degrees. That changes.

Mae: If by chance you're not precisely correct on that figure, it does not get spent? Correct.

Amy Ransom: Yes

Peter Crawford: However, it does get taxed and it would go into the unassigned fund balance and, potentially, go back to the taxpayers the following year.

Amy Ransom: Right. That goes with anything in the budget.

Peter Crawford: Also, the School Board has the discretion to move things around among line items. So they could move any excess in the teachers' retirement line item and move it to something else and spend money on something that they had not contemplated at the beginning of the year. Is that correct?

Amy Ransom: Yes, that is true for any line item in the budget.

Ray: Would that be true if you estimated 180 students going to Portsmouth High and it came out 9 less. What happens with that?

Amy Ransom: That's an agreement with this Budget Committee that on that line if you have less students go the school board leaves that line as is.

Doug: I have a question on the calculation that you have done. Have you done it on a percentage of the budget or the percentage of salaries that you have come up with this equation?

Peter Crawford: Yes, let me walk you through what I have done. I did it as a percentage of salaries.

Shawn Crapo: We are here as a committee we are supposed to report for scheduled meetings that are noticed to the public. At those meetings we get information presented by department heads, other boards and the process that comes into this place. People who went out and did their own homework, running numbers and everything like that is not supposed to occur. We are here to vote to recommend based on what is presented, not to waste town employees' time and give them homework assignments.

Kevin: To piggyback exactly on his comment. The Budget Committee had already moved to recommend what the school board had already recommended. This has been amended due to a single piece of information relating to the SAU. This is not a revisitation of what the School Board has recommended as the budget.

Peggy: However it is a public hearing and it is an opportunity for the public to ask questions.

Kevin: I just want to point out that there was a motion and a second and now this is the discussion.

Peter Crawford: Okay. Let me take this step by step. So if you turn to the second to last page of all the detail.

Chair Grote: Peter what is the upshot. What is the difference between? Is it two dollars or what?

Peter Crawford: No it is a \$75,000 increase in the teacher retirement. Two pages from the back. There is a new number for teacher retirement. You have to look at what she passed out in December, so under account 10.2900.232. At the top it says Middle School and then field trips. One third of way from the bottom, NH Retirement teachers \$763,559 is the 2018/2019 budget. The first column after the description is \$688,095 which is the 2017/2018 budget. So we still have a \$75,000 increase. The percentage, as you indicate, is 17.36% on the retirement rate and that is the same for both years. If I take the roughly \$75,000 and divide by .1736, I get the implied change in salaries of \$432,027. If the teacher salaries went up by \$432,000 then I could see this increase, but I don't see anything close to this level of increase in the salaries. That's my problem.

Amy Ransom: I cannot talk to where Mr. Katkin came up with that number. That was the number that was put that in the budget. I inherited that number. I took the salaries of the people that are currently working in Rye today and that's what used. I went teacher by teacher, employee by employee. There is a

ESOL teacher that was not in the 17/18 budget but was hired in that year and is now in the 18/19 budget. There is a shortfall for New Hampshire retirement, FICA and benefits that is now in the 18/19 budget.

Peter Crawford: So that person is what, \$60,000 or 70,000 a year?

Amy Ransom: \$66,816.

Peter: So that's part of the \$432,000. There are some raises right?

Amy: Yes, but I cannot speak to where Mr. Katkin came up with \$688,000. I can't go backwards and figure out what calculations he used. When a budget gets posted into the system, I can't say whether the budget was posted correctly. I can only verify that the total bottom line number is what was voted on by the voters. Where things went, from the top to the bottom. I did not put them there. He put \$688,000 in that line. I can not tell you where he got that from. So I go by my number. The ones I know and that I touched.

Peter Crawford: Okay. I take the 16/17 actual and do a similar calculation. There the retirement rate was lower. When I back in to get the implied salaries from that I end up with \$3.783 million. I have an increase from the 16/17 actual from \$3.783 million to \$4.398 million, which is over \$600,000 over the two years. Again, I can't see anything close to that in increases to the teachers' salaries.

Amy: Did you add up all the individual salaries?

Peter: I took your numbers

Amy: Did you include the principals, librarians, guidance counselors, nurse and all the people who qualify for NH retirement at that rate?

Mae Bradshaw: Administrators would not be in there

Amy: Principals are at the higher rate. If you look at function 2410 that's where the principals salaries are.

Peter: Explains his calculations

Mae Bradshaw: I would like to make a suggestion that you ask the question before the Deliberative Session. Because this will come up again at the Deliberative Session. If it is still an unanswered question there would be an air of trouble. If it is feasible, some attention should be given to that. It is a fairly large number.

Randy: Your retirement rate you said went from 15 point something to 17 point something. Is that your implied rate?

Peter: No, No. That's off her reports.

Amy Ransom: NH retirement did not have an increase last year.

Margaret Balboni: I agree with Mae. It is at the Deliberative Session that the public has an option to vote up or down. If it is an issue and if it is going to come up then that gives you time to look into it. I don't think we can expect an answer right now.

Mae: She has answered it. She doesn't know.

Kevin: Let's make sure that we have a definitive question too. Because a little bit of an oblique reference to one number which is calculated using a given schedule relative to a number where someone else prepared it. The question is whether or not we can create a bridge with the collaboration of Mr. Katkin to the extent that he is available to help explain what you are asking about. I don't think that the question is that we think the calculation for the NH retirement for this year is in error. I did not say you did but I think we are asking Ms. Ransom and we need to be very clear as to what we are looking for and what our expectations would be as to the information provided.

Shawn Crapo: All of these columns are representing different years' budgets not the actuals, so this proposed budget is trying to look 1-1/2 years from now and at some point either Ms. Ransom or Mr.

Katkin in their numbers may have been trying to do a projection of people who may retire in a certain time frame. That may or may not be near the 15 percent or 17 percent rate.

Peter Crawford: It has nothing to do with who may or may not retire. You put in the NH retirement as a percentage of the people's salaries.

Shawn Crapo: Right, but your salaries are going to change. If a teacher retires then they hire a new teacher at a lower rate. Then the whole budget changes and the amount that they send to the retirement account would change. This is budget, not actual.

Peter Crawford: This should also be reflected in the salary line.

Discussion on budget vs. actuals.

Amy Ransom: If you look at budget and actuals for 16/17 and what was budgeted actual was less than budget. These are the things that will change over time. Who we assume it will be can change. There are positions where the position did not exist and it was estimated for the position. They end up hiring someone at a higher rate of pay and that does happen sometimes too.

Mae: Your example is \$100,000, the difference is \$600,000.

Amy Ransom: I am just explaining that it is not so easy to say what was budgeted and what was spent and look at the next year's budget. It is not so easy to go across this way. Or verify that he went this way. I can't change the budget that I am currently in or the one that has since been spent and audited. I can't go side to side. I can go up and down. I can verify that the number I came up with ties out to the people that are working here.

Mae: So you can't inquire beyond that?

Amy Ransom: I can ask Mr. Katkin how it was calculated.

Mae: I would suggest that would be worth a try.

Kevin: I just want to comment that, notwithstanding that, we are not voting on the changes. We are voting on the entire operating budget, which ties into the information that Ms. Ransom has in her schedule.

Mae Bradshaw: But the practical matter is that if this issue comes up in the Deliberative Session it will cause confusion and possibly a reduction in the figures that they actually need.

Ms. Ransom referred to a list of questions that Mr. Crawford sent. She chose this monetary one as it did not look quite right. In her first version to the board her number was accurate. But because this is a manual system, she had to recreate everything. She did transpose a number. She thanked Mr. Crawford for pointing out the error. She then reviewed it twice to confirm that the number was correct after his correction. She will double check it again.

Peter Crawford explains his calculation. He did not do it the same way as Ms. Ransom.

Chair Grote explains the differences and that Mr. Crawford and Ms. Ransom are looking at two different calculations. Someone is flawed here and I don't know who it is.

Peter Crawford explained that the teacher salaries are up from \$4.029 million to \$4.150. That's about \$121,000. The principals' salaries and the IT System Integrator are up \$12,000. You basically have \$140,000 increase in salaries. Add \$60,000 if you want.

Ray: Okay let's move on.

Chair Grote: We have a motion on the table by Mae and Kevin seconded it.

Peter Crawford: I don't think I'm going to get support to lower this, Raise your hand if you support. Okay then I do have another issue.



Joe Cummins arrives for the public hearing. They have him sign in.

Peter continues: Lister Academy, \$76,000. I read the School Board minutes. They are going to look into this. By June, maybe they are not going to pay it. I don't see why it should even be budgeted if we don't have a legally binding contract to pay this. As I see it we have a contract between school boards that was never ratified by the voters, and to have a valid contract it must be ratified by the voters. I don't think there's a basis for even paying this.

Shawn: What if it is ruled that it is a contract? What other line item are you going to suggest that the School Board doesn't pay for, because we can't spend more than we appropriate.

Peter: But every year we have several hundred thousand dollars of money left over.

Kevin: I ask Mr. Sal Petralia to give us an update. The School Board did discuss it at the all day School Board meeting.

Sal Petralia, Superintendent, SAU50: My advice was to everyone was that it would be more prudent to address this issue at the SAU level by forming a subcommittee and meet with labor counsel and formulate a strategy in terms of addressing both the AREA agreement and the agreement with the Robert J. Lister Academy, formerly known as the PASS agreement. It is our understanding that, in previous years, the amount was paid by each district, and included in a Special Education line. This year, we put it in a separate line item and that caused us to look at it and we are in the process of receiving an opinion from attorney Loman (sp?). One representative from each of our boards will then meet with counsel and develop a strategy to address the issue with SAU52. I cannot speak any further as it may be a legal issue between the two. There may be some issues as to the legality of some of the agreements that were formulated in the past by previous boards and whether or not the current agreements are legal documents.

Doug: I move the question on the previous motion.

Peter: The public hearing is still open and we have a member from the public here.

Chair Grote: Is there anyone from the public that has any questions? It is a public session and you are allowed to ask a question.

Joe Cummins stood up to ask a question but decided not to after a back and forth discussion with Chair Grote.

Doug: I made a motion to move the question.

Shawn: I seconded.

All were in favor of moving the question except Peter.

After confusion Shawn again made a motion to move the question and Kevin seconded. There was no vote on that.

Jaci: We are now voting on Mae's motion to recommend the operating budget as amended which was seconded by Kevin.

The motion to recommend the operating budget of \$14,000,230 carried unanimously except Peter voted no.

Vote: 10 to 1.

Question of minutes? Peter will send the red line versions to everyone for review.

There was then discussion about the second warrant article, which is a petitioned warrant article to have the Budget Committee determine the default budget. Peter Crawford said that he was a proponent of the

warrant article and one of those signing, along with 25 others. This would give the Budget Committee the authority to establish the default budget rather than the School Board. The calculation of that is set out by statute. There was then discussion about the warrant article and Mae suggested that a subcommittee, over the next year, look at the positives and negatives of doing this. Jaci Grote suggested that Mae put together a committee.



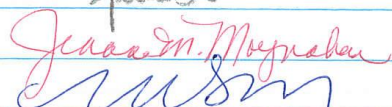




The motion to close the public hearing made by Ralph and seconded by Kevin carried unanimously.

The motion by Kevin to adjourn, seconded by Ralph carried unanimously.

The meeting concluded at approximately 7:48 p.m.

# School Budget Hearing

January 10, 2018

<u>Print name</u>	<u>Address</u>	<u>Signature</u>
Scott Marion	71 Washington	
Paula Tsetsilas	12 Rock Orch	
Jeanne Moynahan	176 Central Rd.	
Marie Soucy	RTH Principal	
Suzanne Lull	RES Principal	
Margaret Honda	463 Central Rd.	
SALVATORE PETRALIA	Superintendent	
Joe Cummins	99 Washington Rd	