

1. **Call to Order-Roll Call- Pledge of Allegiance:** Brennan called the meeting to order at 6:30pm and upon call of the roll the following board members were present: Austin, Brennan, Nelson, Robinson, Bolduc, Paradis, Yoder, Hiller, Pepin, Gibson and Rivers. Absent: Leach, Kunz and Anderson.
2. **Budget Discussion:** D'Agostino stated that the revenues decreased by \$85,000 due to the board using the fund balance to fund this year's budget. She stated that the expenditures are proposed at 1,156,120 which is a 3.65% decrease from last year. She stated that the net budget is an increase of 1.15% due to the use of the unreserved fund balance in Fiscal year 2016. She stated that the current unaudited fund balance is \$344,000.

General Expenditure Items

- Salary Increase 2.5% for support staff and certified staff TBD.
- Health Insurance increase due to changes in employee health participation and an estimated increase of 10% over 2015-2016 rates. Decrease due to changing to lower Consumer Driven Health Plan (CDHP) - Yellow Plan with out of pocket maximum (medical and prescription drugs) - \$2,000/single and \$4,000/2-Person or family.
- Dental Insurance did not increase
- Workers Compensation rates TBD
- Unemployment Insurance did not increase.

Salaries and Benefits

- Salaries, FICA, Disability, Life, and Retirement increases and decreases primarily to salary and health benefit changes.

Staff Support Services

- Staff Support Course Reimbursement increased by \$120 based on adjustment to UNH course rates
- Staff Support Travel increased by \$300 based on IRS mileage rates
- Staff Support SPED Travel increased by \$195 based on IRS mileage rates
- Staff Support Dues increased by \$4,452 based on increase in professional fees, website domain subscription

Other Support Services

- Services-Audit increased by \$1000 based on estimated increase.
- Services-Software Support increased by \$1,000 based on actual expenditures over three years
- Services- New Computer Hardware increased by \$900 based on actual costs

Operations

- Operations-Contracted Service increased by \$7,400 based on website administration/E-Rate support services due to elimination of a position in the SAU office for IT.
- Operations- Copier Purchase increased by \$6,000 due to reallocation of copier expenditure.

Custodial Salaries and Benefits

- Salaries, FICA, Disability, Life increased primarily due to custodian hourly rate adjustment based on the CBA and a 7.5 hour work week

Utilities

- Utilities-Telephone decreased by \$3,000 based on actual expenditures

D'Agostino stated that the details are attached behind the summary. She stated that she did up a worksheet for all the districts on the health insurance premiums. She stated that the first two pages are the monthly premiums over the last five years and the last two pages are the yearly premiums. She stated that the cover sheet is an explanation regarding the premium holiday. She stated that at one point we didn't have a premium holiday and we were given a straight rate. Four or five years ago school care was mandated to return their savings to their membership. She stated that they give us rates based on the billing rate before the premium holiday and with the premium holiday. She stated that historically for budgeting we have taken the discounted rate because that is what the district actually pays. She stated that last year our premium went way up because we had taken the lower rate but if we budget the billing rate our budgets would have been inflated. She stated that school care gives us guaranteed rates where HealthTrust does not. She stated that last year HealthTrust had minimal increases and this year it is between 17-25% increase so now it is their turn. They don't have the returns to stabilize the rates. She stated that this is informational but Jeni would like to know moving forward how we should budget moving forward. Hiller stated that she thought they did away with the premium holiday. D'Agostino stated that it reduces every year. Supt. Mosca stated that it will continue to exist but the level will change and there used to be a bigger gap.

3. **Questions:** Bolduc asked how much is in the reserved fund balance. D'Agostino stated that there is \$344,000 but we have a savings in this current year so that will add to that. Bolduc stated that seems like a lot to be in the bank and asked if we should look at using some of that. Gibson asked how we ended up with an \$85,000 salary savings. D'Agostino stated that they eliminated the technology integrator position at \$70,000 and they had an assistant superintendent position that paid \$95,000 and we hired a curriculum director at 75,000. She stated that she is only talking salaries because the health changed based on a change in staff. Supt. Mosca stated that the board will have to make a decision on the insurance rates. She handed out a document that outlines an example of what the SAU does with state reporting and the man hours and a description of the report. She stated that since she did not include salaries for certified staff she did a chart on different areas compared to us. Robinson stated that he is all about budgeting the premium holiday rate because that is what we are going to pay. He stated that he doesn't want to plan on running a surplus. Austin stated that if we use the rate without the credit we are inflating the budget and he doesn't want to do that. Gibson stated that the downfall is that if we take the premium holiday rate we end up with a big increase in the rates. He stated that when we went to the tax cap in Somersworth we took a major hit in the budget. Bolduc stated that it is difficult because here we don't give it back. Gibson stated that he doesn't know what people do for insurance but they could have a qualifying event we will have the money we have to come up with, at least this way it is built in. Nelson stated that we can't build in for changes. Gibson stated that he is not saying that but taking the billing rate

versus the effective rate we have play money built in. He stated that the premium holiday is a pathetic joke on municipalities when it went away we got hammered. Bolduc stated that he has the opposite view he would rather see us put in an amount we will pay. He stated that we should show actual expenditures and we don't need to put any more in the unreserved balance and he thinks that we need to use some of it to offset the budget. D'Agostino stated that on the last page it shows the amount of the fund balance that has been used each year. Gibson stated that the point is we have two questions that we have to answer what we want to do with the fund balance and how we want to handle budgeting for health. He stated that none of this is actual it is a budget. Hiller stated that there are going to be big changes happening with insurance the following year and asked which rate will help us to offset the following year. D'Agostino stated that going with the consumer driven plan will help because it is based on the lowest premium we offer so the SAU is moving in the right direction. She stated that it won't make a difference on the billing rate versus the effective rate. Hiller asked if this makes more money go into the fund balance. D'Agostino stated that yes you are overstating the budget with the billing rate. Hiller stated that we want to have a high fund balance to help us the following year. D'Agostino stated that at one time \$100,000 was a healthy fund balance. She stated that the reason the SAU may have a fund balance is that at one time we had people who could retire all at one time and that would be a reason to have a high fund balance. She stated that it has grown a lot and we will have more money come the end of this year due to the reduction in staff. Hiller asked if this fund is only for insurance. D'Agostino stated no it is for anything. Gibson stated that he is in favor of the billing rates and when the premium holiday goes away we don't get hit. He stated that we can put the money in and then pull it out again at the end of the year to offset. Austin stated that there has been a credit in most years but is it possible that they have a year so horrible that they come back and charge districts more. D'Agostino stated that she can't predict that. A motion made by Gibson seconded by Brennan to budget based on the billing rate. A consensus was taken and the majority of the board was in favor. Robinson stated that he would like to see us use \$200,000 of the fund balance. Pepin stated that she agrees, we have way too much in there. Bolduc stated that \$200,000 is a little higher than he would like to see, he would rather step it down the next three years. \$200,000 in one year might be too heavy. Hiller stated that she likes the \$200,000. Gibson stated that he agrees that it should come down but given when things happen we can't go and get a loan so he would like to see us split the difference and bring it down by \$150,000. Robinson stated that he went with \$200,000 because we are at \$344,000 and with the additional money from this year we will be at \$400,000 it would be half but he is willing to come down to \$150,000. Gibson stated that he missed the additional money from this year so he is good with \$200,000. Paradis stated that she agrees with Alan and likes the \$200,000 number. Bolduc stated that he would like to see just the amount needed to stabilize the assessment rather than doing it all at once. He stated that the budget is going up 1.15% and he would like us to take enough to cover the increases to stabilize the budget. Austin stated that we have to figure out where to spend it and we haven't talked about the increase for certified staff and possibly bringing them up to market value and this could be an opportunity to do that. He stated that we can use the money to cut the budget to show a decrease in that line because I know we would all appreciate that at this point.

Nelson stated that for the last two and a half years she has been on the board we have used the fund balance but it keeps getting more. Bolduc stated that if it keeps growing then the budget is too high and we need to take it down so it is not so high. Nelson stated that she would like to discuss the 2.5% across the board because as all of you know there is no cost of living increase and the town of Rollinsford is going with a 1 or 1.5% across the board so she will have difficulty supporting doing more than that. Brennan stated that can you remind me what was done last year. Supt. Mosca stated that the certified staff got 0 and the non-certified took a 2% increase. She stated that we are also moving to the CDHP which is more out of pocket. Nelson stated that is important so she is willing to go 2%. Hiller stated that she was going to agree until the deductibles were mentioned, the 2.5% is better for the staff to offset the deductibles. Robinson stated that the out of pocket max is \$2000 and \$4000 and mine for the federal government is \$7000. Brennan stated that the salary level is probably also a lot different. Robinson stated that he is willing to go to 2%. D'Agostino stated that on the fund balance page she would like to point out that the increase is due to indirect cost not because there is fluff in the budget because there is not. She stated that we never know what we are going to get for indirect costs because we are budgeting now for grants that haven't even been written yet. She stated that they have kept the revenue flat so that is where the majority of the additional fund balance is coming from.

4. **Adjournment:** The board dismissed the SAU staff at 7:00pm in order to discuss in nonpublic. The workshop closed at 8:27pm.

Katie Krauss
Board Secretary

Pending Board Approval