

Somersworth School Board Budget Workshop

January 19th 2017

City Hall Chambers

6:00pm

1. **Call to Order-Roll Call- Pledge of Allegiance:** The meeting was called to order at 6:00pm. The following members were present: Ken Bolduc, Don Austin, Dana Rivers, Karen Hiller, Joanne Pepin and Matt Hanlon. Absent: Kelly Brennan
2. **Budget Discussion:** Austin stated that last week was the first presentation of the proposed 17/18 budget, tonight we will hear more regarding cuts from the Superintendent. Supt. Mosca stated that she will go through last week's slides first and then show tonight's slides which are at the back.

FY 15/16 Budget: \$26,102,271

Current Budget 16/17: \$25,973,820

Proposed FY 17/18 Budget: \$26,859,165

Proposed Expense Increase: \$885,345

Loss of Revenue: \$201,982

Total Budget Increase: \$1,087,327

Projected Tax Cap Increase: \$360,725

Budget Savings (Bond Savings): \$161,145

Budget Shortfall: \$565,457

Supt. Mosca stated that the increases are comprised of:

Rollinsford Tuition (Revenue Loss)	\$ 150,803
Salaries	\$ 312,388
Retirement	\$ 196,908
Health Insurance	\$ 193,679
SACA (Negotiations)	\$ 50,000
SAU 56 Assessment	\$ 55,635
Contracted Services (SPED)	\$ 14,938
Contracted Services (Resource Officer)	\$ 5,320
Copier Lease Purchase	\$ 4,737
Property/Liability Insurance	\$ 3,917
Workers Compensation Insurance	\$ 2,053
Transportation	\$ 14,166

She stated that last week we had lumped together the contracted services and the board asked to have them broken out so we did.

True Needs

Full Time Kindergarten Teacher- \$76,000

Part Time Grounds Person- \$58,000:

SPED Out of District Tuition- \$???

Internet Access- \$50,000
Technology- \$40,000
Utilities & Misc. Maintenance: \$28,610
Waste Management- \$20,000
High School Asbestos Removal- \$55,000:

FY 17-18 Budget Summary

Projected Tax Cap Increase: \$360,725

Savings:

Bond Principal & Interest: \$161,145

Total Increase: \$521,870

Increases:

Rollinsford Tuition & Other (Revenue Loss) \$201,982

Proposed Budget: \$885,345

True Needs: \$327,610

Total Increase: \$1,414,937

Shortfall: \$893,067

Supt. Mosca stated that before she goes over the reductions she wanted to remind everyone that we have to submit a budget that is under the tax cap, this is not Jeni Mosca's budget. The administration and I met to look at the educational needs and where there were areas that we could make reductions and they looked K-12 in order to make these decisions. She stated that they looked at what they could share and do collaboratively to make things more efficient and be able to submit a budget under the cap. She stated that we have done this for the last four years and we have always had to make cuts but it has gotten harder in the last three years.

Proposed Reductions

Health Premium Effective Rate: \$108,000

Two Paraprofessionals: \$90,000

Maintenance Repair: \$55,000

Proposed Reduction Total: \$253,000

Supt. Mosca stated that they looked K-12 and they decided that they can eliminate two paraprofessionals and that we could reduce the maintenance budget district wide by \$55,000. She stated that Marie will explain the health insurance effective rate. D'Agostino stated that a couple of years ago all the pools had to return the money that they were holding in reserves. She stated that two years ago schoolcare gave notice that they needed to reduce the reserve deeper and return money. She stated that schoolcare has guaranteed rates in November and they have an effective rate and a billing rate. The effective rate is the discounted rate and the

billing rate is the gross amount. She stated that what the district pays is the effective rate. She stated that two years ago schoolcare gave us a rate and we proposed that in the budget and then in April we were notified that the state required them to give additional reserves out. She stated that our premium was a 7% increase and then we had the additional discount so our premium increase ended up being a negative number so we had a huge savings in one year because we took the discount. She stated that the following year when it was adjusted the rate went up 17% which was a huge hit for the district to absorb so the board agreed that we would start budgeting the billing rate to avoid those big increases. She stated that when we prepared the budget we followed that direction to use the billing rate. She stated that when they were looking at ways to come up with the deficit we changed the billing rate of 5.6% to the effective rate of 3.3% which was a difference of 2.3% which resulted in a savings of \$108,000 based on the people enrolled today. Supt. Mosca stated that this is the first set of cuts. She stated that knowing that we have to come up with \$565,000 they spent time looking at the true needs and other ways we could address them and we zeroed out some of those line items so we went down to \$151,000 versus the \$327,000. She stated that in summary we have a shortfall of \$565,457 and if you subtract the proposed reductions in the amount of \$253,000 we are left with a shortfall of \$312,457.

- 3. Board Questions:** Bolduc stated that the \$108,000 reduction is because the check we make out is \$108,000 less correct. Supt. Mosca stated yes. Bolduc stated that is going to come back and bite us. He asked when this discount expires and we will no longer get it. D'Agostino stated that there is no end date because the state has now required pools to stay within the guidelines for the reserves. She stated that they have to return any excess. She stated that nobody has a crystal ball. Bolduc stated that when they bring the reserves down we will not see any more discounts and that is a big unknown. He stated that if that dries up it is going to add up and then we will be tripping over this again in the future. Supt. Mosca stated that last year we did the billing rate and the difference was only about \$35,000 and that was a wash but this is a big difference. She stated that it will be the board's decision but this is one way to come up with 20% of the shortfall. Bolduc stated that year after year we do things like that and this is going to come back and be unmanageable. He stated that with the high school asbestos removal, remember that as long as it is stuck to the ground it is not a problem but once you pick it up it is. He stated that the middle school windows is a problem just like the high school and he hoped that would be in the budget because it is a necessary thing that needs to be done. He stated that can't keep fooling ourselves that we can stay within the tax cap number. He stated that he doesn't want to pay any more taxes than he has to but we have an obligation to make sure the kids have as good a system as we did growing up. He stated that he has to pay for someone to get their education just like someone paid for me to get my education. Hiller stated that she agrees with Ken. She stated that Marie said we use the billing rate so we don't end up with the big fluctuations but we are going to end up with the big fluctuations again. Supt. Mosca stated that they can't predict that and she feels that year was an anomaly. She stated that the two rates this year are 5.6% and 3.3% which is a difference of 2.3%. She stated that she wants to remind the board that the two big pieces that won't be in the 18/19 budget are the revenue loss and the retirement increase so that is almost \$400,000. Hiller asked what is happening with retirement. Supt. Mosca stated that there is an increase every two years. Hiller asked about the two para cuts and asked if it was because we had so many or did you think about it based on grade levels. Supt. Mosca stated that we have some students not needing services next year and it will be cut where the needs are. Hiller stated that with the maintenance repairs if we put them off we will end up with Hilltop school. Supt. Mosca stated that we didn't cut the line

completely. She stated that it is not easy to find \$565,000, we were trying to spread it out throughout so we are not just hitting one area. She stated that she doesn't want to cut anything but we have to submit a budget under the cap and we are trying to do it in a way that hits a bunch of places and it will force us to be more effective and efficient in the way we do things and be a little leaner and meaner. Hanlon stated that leaner and meaner sounds good but the impact does exist and we need to hear what the impact really is. He stated that some people hear that and they hear fluff. He stated that there are impacts and there is pain and we need to illustrate that. He stated that CIP in the budget is where they used to go to cut and use that as a crutch and asked where we are with CIP. Supt. Mosca stated that she put \$55,000 in as a true need. Hanlon stated that we are better off than ever before with HVAC thanks to City council but if it comes to cutting he would cut CIP first and go to the city for help. He stated that he looks at education over buildings because if we don't have the people it doesn't matter. Supt. Mosca stated that is why she didn't put any in. She stated that she put it in as a true need as what we should be increasing but this week some of the true needs were zeroed out. Hanlon stated that he is assuming that you are well on your way to another set of cuts to meet the tax cap. Supt. Mosca stated that she will be coming with more cuts but she is not there yet. We are having lots of discussions and will be meeting again Monday. Rivers stated that looking back at last year's presentation there were reductions of \$374,000 with two paras, asbestos, a custodian, bus route changes, a sped teacher and contingency and asked if all of that happened. Supt. Mosca stated yes. Joanne Pepin stated that we cut contingency last year, do we have contingency this year. Supt. Mosca stated that there is still some in this year. Joanne Pepin asked if the increase in health is lower because we went to the other insurance plan. Supt. Mosca stated that yes that did help us. Austin stated that he is a little more comforted when looking at the effective rate knowing that they came a little closer together. He stated that schoolcare seems to be better at forecasting and not gauging members. He stated that 5.6% to 3.3% tells me that the actuaries are doing a better job. He stated that assuming that trend continues he is not as concerned with the violent jumps. He stated that he wants to clarify about the retirement increase, what happens is the actuaries look at what the fund looks like and it takes 25 years to be up to the right number. He stated that every two years the rate changes. He stated that as the forecast increases the amount that needs to be paid in is pushed to the local employers because the state doesn't want to fund it and there is nothing we can do about it we have to pay it. He stated that we are going to get hit every two years and in the second year it stays relatively stable. He stated that overall we want to provide as many student services as we can so the students get the educational experience that they should have and kudos to Jeni and her staff to figure out ways to make the adjustments with the least impact on student services. He stated that as you look at being more efficient as a district we are also looking at being more efficient as a community with consolidated services to find ways to do things together to have a budget neutral or saving us money which might help in the long run. He stated that the operational things he hopes we can improve on without impacting student services or city services. He stated that he thinks that there is a way to get this done but we have to think about it differently. He stated that he appreciates the work you are doing and we need to make more cuts and he would encourage you all to try to think of this in two buckets, educational opportunities and student services. He stated that operationally there may be opportunities for people to do things differently in both the district and the community. Supt. Mosca stated that the conversations that we are having are incredible, the administrators are the most collaborative group to make this happen and be respectful of their colleagues. She stated that doing something different doesn't mean that it is bad, we are doing something different forces us to look at the way we do things. She stated that she doesn't want to pain

doom and gloom because we have come leaps and bounds with the city and school working together and she is a lucky superintendent because there are other superintendents who don't have the luxuries that I have. She stated that they had their first commission meeting and there were some incredible conversations and that is also not happening in other communities so we are lucky. She stated that it is one bucket of money and the city is having the same conversations. She stated that she appreciates everyone hanging in there with her, it is not fun standing here but we have to submit a budget below the cap and we will make it happen. Hiller stated that the increases are contractual items that we have to do we have no choice in the matter. Supt. Mosca stated that everyone is contractual. Bolduc stated that he agrees with Don but he worries about providing as many students services as we can and if we can't get the money we can't provide the services as we can and he worries about not giving the students as much next year as they have this year. He thanked the council for working with us, they have done a wonderful job and they have a tough job. He stated that if we cut and it affects students in a negative way he doesn't like it and we are not here to satisfy a number we have to do what is best for our students. Austin stated that that the next meeting is next Thursday at 6 and he would encourage the public to pay attention because it is critically important to your taxes and the services we provide and the quality of education we can offer.

4. **Adjournment:** Austin closed the workshop at 6:51pm.

Katie Krauss

Pending Board Approval

Board Secretary