

**Hill Budget Committee
Meeting Minutes
December 1, 2021**

Approved December 15th, 2021

Present: Carol Asher, Marshall Bennett, Joann Irving, Paul Meyerhoefer, Paula McDonough, Don Moyer, Thomas Pavelka, Wendy Rosa, Chris Vlitas.

Absent with notification: Betty Hanks, Thomas Seymour.

Public: Brian Connelly, Michael Limanni (Presenting for School District)

Charlie Estes, Michele Munson (Representing School Board)

Eric Herr

Meeting Minutes:

Called to order 6:59 PM

Brian Connelly handed out their first draft of a Budget for the following School Year. As with any first draft, it is a work in progress and flux. Carol Asher asked at this point that the Committee be willing to put off questions until the presentation was complete. She re-assured that all questions would be answered in due time. Joann Irving opined that from her experience, it was important to connect dots, therefore deferring answers should be played by ear. This would prove a portend, as almost immediately the news was so disturbing the questions could not be delayed for an answer.

Much as our Fire Chief had to deliver an inconvenient truth, Brian Connelly outlined that this year's budget increase is dominated by a substantial increase in need for services. In this case, it was 8 new students that moved into town, who would enroll in either Middle or High School. Ms. Irving asked how many total are now being tuitioned, and Mr. Limanni replied it was 59.

Mr. Limanni went on to introduce the general format of the 31 page document presented to the Committee to follow and consider. The pages are divided into three sections, each progressively giving more detail about the spending that occurs to educate the students of Hill, whether they attend the Jennie D. Blake School, or have matriculated and now attend classes in Bristol. His hope was that the Committee would scrutinize the numbers and find mistakes. He admitted freely that as humans, the Board and District employees make mistakes in creating the budget, but, with help from the Budget Committee, all would be eliminated before Town Hearing and Meetings proper. Mr. Moyer re-reinforced this process by reminding all there was to be Two Weeks where members could pour over the details contained within, form questions, and ask those questions before the next session. Mr. Limanni concurred, that the School Board and Administration would be available to remove uncertainty before the next presentation and deliberation on December 15th.

A brief explanation was given that in this session, there would be no dissection of Grant funding that exists. It was then detailed that State reporting standards formed the manner in which the budget was

presented. As falls Wichita, so falls Wichita falls. Which means the Budget Committee gets as good a look as any at how your tax dollars are spent.

Discussion briefly returned to the bump in tuition, and the reality of 82% of the increase in instructional costs are due to the 8 unexpected new arrivals. Talk then turned to Extended School Year instruction, which is mandated.

Ms. Irving asked a question, which was not tabled for later, about the nature of mandates, funding and the New Hampshire Constitution outlining in article 28-a which speaks to Mandates, and the nature by which Local Governmental entities are to pursue the funding of Mandates that are not funded by the State. Say that 10 times over, faster. Her point being that some funding should not be a part of the Budget proper, rather, it should be a separate Warrant Article. Brian Connelly questioned the ability of the presenters to address that in the present session. Ms. Irving countered, and asked if it should not be up to the public to have that type of spending broken out. Chair Moyer entered that the Con-Val Case explores this reality, but the complexity of hashing out those details may exceed the purview of the Budget Committee.

Mr. Meyerhoefer interjects that the Federal Government also gets into the mandating standards. Ms. Irving countered that again, if those mandates are unfunded, should not the local taxpayer have a say in whether it can be afforded at the local level. Mr. Limanni outlines how the District always has a choice. He went on to add that in the same manner that Freedoms have Responsibilities, choices have repercussions. Absolutely, a District can decide to not undertake a mandate, but that leaves the District subject to a lawsuit. The big down side here is that courts become the arbitrators of taxation, not the taxpayer.

Mr. Vlitaz then asked if it was possible for the District to go through the 24 positions listed on the JDB web presence and delineate which were mandated as opposed to not, and if they could further illuminate what mandates the State was not providing funding for. This precipitated a literal dive down the rabbit hole of nomenclature. The first takeaway came in the revelation that Schools are also held to standards, which are not mandates. While one school can meet standards with 20 odd kids per classroom, others choose to attain with half that ration. In essence, a School Board could decide to reduce staff and still meet standards / mandates. At this point, the presentation experienced its first technological hiccup.

Mr. Limanni had been participating via Internet video conference. Someone, forgot to feed the gerbils producing electrons, and the connection went into hiatus. When it came back into being, Mr. Limanni was in deep elucidation, but the context had been lost.

At this point, Paula McDonough interjected that it was never stated that the Budget Committee was seeking to remove sections of education wholesale, rather, a balance needed to be sought between what is currently offered, and what the Town can realistically afford. If a complete enough set of information was presented to the Town that all found acceptable, and included a compromise in offerings, then lawsuits would be avoided. If an honest attempt was made to mitigate costs with reasonable reductions, all stakeholders could agree and vote in favor of that middle ground. Mr. Limanni affirmed that the choice is process which starts with the School Board and Budget Committee, but ultimately resides in the hands of the voters.

The next question was directed to the increase in Instructional Budget. Basically it was a 5% increase in wages. Why 5%? Since they did not get any raise last year, it was generally thought that everyone should get a 5% increase this year. Essentially all staff are slated to get a 5% pay increase.

Mrs. McDonough then asked about the nature of what the Taxpayer received in services for the line earmarked for Board Clerk. That line is to provide remuneration to the person that takes notes and produces Meeting Minutes for the School Board.

Mr. Connelly had looked, with great anticipation, the day in which he could present to the Committee that it would no longer be a taxpayer burden to pay the yearly Bond principle of 100k per annum, along with the interest; in the neighborhood of 8k. Like Lucy with a football, the 8 new students undermined any possibility of a field goal. The simple fact is those 8 have resulted in an bill that could hardly be anticipated.

Here things turned a bit raw. The blunt conversation touched upon who should have been informed when and of what should they have been informed. It can be documented that our School Board and Brian Connelly were not informed of this reality until the beginning of October; a full 5 months after the Town of Hill had met and voted on this year's operating Budget for the schooling of K-12. Tax rates were set accordingly and we were on track to meet all our obligations. Members asked about the exact dates of when the 8 had taken up residence. There was an inquiry of how many came from out of state. None. That lead to asking if not the District from which they came should be on the hook, as they had appropriated for those students.

No amount of delving revealed a silver lining. It was at this point that a first brief discussion was had about the contingent fund that did exist for this possibility. The reality is that here-to-fore we really only kept a 2 student pad. That fund had 31K in it. At the special District meeting of November 10th, it was voted to accept \$56,000.00 of additional unanticipated State Adequacy Education aid. It was stated that this \$56,000.00 would be allocated to the tuition increase for 8 unanticipated students at Newfound during this current year. It was further stated that \$30,000.00 would be withdrawn from the Tuition Capital Reserve Fund (Created in 2018) to help pay the bill. This still leaves Hill \$17,000.00 short of the entire bill.

Ms. Irving asked at this point why the lack of Bond payment could not make up the gulf. Both Rev. Asher and Mr. Limanni pointed out that the lack of Bond was a function of the next year in discussion, it could not be used to offset need for funds this year.

At this point, Mr. Herr was recognised and pointed out that the much was being done to mitigate the impact by relying upon the built in pad provided by the tuition fund. He offered that this has helped, and that we might take the situation into consideration as we project what is prudent to keep in that fund from this point forward. A new target should be agreed upon, and Warrant articles should be pursued to provide a better buffer going forward.

Discussion then turned to understanding how we were blindsided and how to avoid this in the future. Brian Connelly informed that he and the Administration from Newfound had already had a tête-à-tête, and it had been resolved that informing us of enrollment should take place more regularly than once a year.

Mr. Estes provided an explanation of the funding equation that results in an aggregate number charged

to tuition each student sent to Newfound. He indicated that Newfound took over Two Months to come up with a bill. To date, the negotiations have settled on the ability of Hill to use all of the unexpected 56K in adequate education aid, along with the 30k from the Tuition Capital Reserve Fund. The balance hangs in the balance. As Newfound has a built in fudge factor, it was hoped that the rest of the bill would be rescinded. Light a candle in pursuit of that being the case.

Mr. Meyerhoefer then asked about the core of increased tuition and what was being charged to us for rates in the coming year as well as this new bump in enrollment. Change being a constant, Newfound has reached a new rate that swaps the old for new. This year we were asked to pay approximately 16k for each Middle School student and 14K for a High School enrollee. Next year, we are asked to pay \$14,404.00 per MS student and \$16,311.00 for a HS attendee. Go figure.

At this point Mr. Moyer clarified that while the Shortfall in question for the current year was 103k, that was not the number that impacted the Budget under consideration. For the budget in front of the Committee, the hurdle next year would be 65K. Still a considerable amount that was not in anyone's prognostications.

Mrs. McDonough pointed out that given the nature of burden presented by 8 new students, it seemed questionable that the School Board was asking for 5% raises for most staff.

Mr. Herr then opined that comparing one year to the next was problematic in that he felt last year's budget was last year's fiction, and that the current budget debate was dealing with actualities. Mr. Limmani attempted to reply to this assertion, when for the second time his chat client went into hiccups.

During the attempt to unplug and re-boot, Mrs. McDonough inquired about the hanging chad of our obligation to chip into updating the HVAC in the Newfound Middle School. That is still being negotiated, and is not a part of this year's suggested appropriations.

Ms. Irving returned to the nature of asking for 5% wage increases. Given the nature of our population distribution, there are many in Town that can not simply go and get another part time job to augment income. Indeed it would be a burden to the elderly to try and go back to work. Therefore, it should be a part of discussion to pare down the proposed budget.

Mr. Connelly then moved discussion to replenishing the unexpected tuition fund. Because it was agreed to take 30k from there to cover the unexpected tuition bill, leaving it with only \$1000.00 in balance, it was put into the Budget proper a line to place 30k back into the fund. It was fully admitted that nominally this was done through a Warrant Article, the extenuating circumstances warranted that recharge be done in a line item in the Budget proper. Mr. Moyer concurred, this was an appropriate divergence in practice. It was discussed and affirmed that a one year deviation was necessary.

Talk then shifted to focus on wages. It was documented that no raises had been received this current year.

Marshall Bennett then asked about the relative pay between our system and others. The conversation that followed touched upon the nature of comparing apples to oranges. One cannot just take the pay for a teacher in one system and compare it to Hill. Other factors such as size of school, and tax base

should be factors. Mr. Moyer detailed how a comparison of pay among like sized schools had been done, and that through previous years of pay increases, Hill was now in the middle of the pack as compared to other schools that had similar levels of enrollment.

Wendy Rosa wondered about the ratio of Full Time Teachers to total enrollment. Conversation followed a path where it was documented that 14 of the students at the Jennie D. Blake School are currently following an Individualised Education Plan. Ms. Rosa followed up by asking about balancing the ability of the elderly to pay taxes, and the needs of the School. She asked in general if there was not 'fat' in the budget. Brian Connelly replied that there was no fat in the budget. He offered that the only place to cut would be to reduce supplies or perhaps field trips. Ms. Rosa doubled down and asked if fund raising could not be pursued to offset costs. Rev. Asher replied that you could, but anyone who would participate is already a taxpayer. Ms. Irving relayed that back when her daughters were in School a class was over 20 in size and they did attempt to fund raise. Unfortunately, nowadays, apathy has replaced community involvement, and many parents do not even register to vote, never mind get them to participate in fund raising.

Wendy Rosa then asked a general question about what is being taught and where is all the money going to? She asked about the possibility of overlap in instructional spending and if there was the ability to pare back that spending. This led to an involved discussion as to the role of the Budget Committee in driving appropriations. Mr. Moyer again clarified that the Committee can ask as many questions, and with those answers make a bottom line recommendation, but it was not the ability of the Committee to make sure that a bottom line recommendation was spent in any definitive manner. The actual dispensation and content was the purview of the School Board and Administration.

Eric Herr turned the conversation towards a possible metric to consider in funding calculations. He offered that the JDB spends \$20,659.00 to educate each student per School Year. Newfoundland spends \$16,862.00 for each elementary student. What ensued was a dissection of what those numbers really meant. It was offered that it is not necessarily true when spending more a better education was provided. More of a consensus was reached surrounding the main difference in numbers lie in economies of scale. The foreshadowing here being, can Hill afford to be its own SAU? More on that would come later.

At this point, Mrs. Munson relayed some demographics for the Town of Hill. Of particular focus was the nature of Median Household income, which was quoted as being 80K per. A rhetorical question was then proffered that asked, "Are we asking too much of our tax base, or are people just unwilling to pay taxes?"

Mr. Vlitas countered that he was not comfortable basing complex decisions on aggregate statistics. Aggregate statistics all too often hide the realities of those in the tails of distribution. Given that, should a household take home 80k plus, it was their duty to consider how taxation effected those that had to make ends meet on significantly less. There are numerous elderly in Town that are alone in their household. The national average for a Social Security recipient is 18K per year. A household in its prime can always undertake more work. Not so for the elderly. It should be the onus of those who can suffer almost any tax increase to understand the burden that same taxation places on those who are not making the median or higher. In fact, this very sentiment is encapsulated in the Town of Hill Master Plan.

Every town wants to meet all of the diverse needs of its citizens, but town resources are limited and choices have to be made. It is important for the citizens to appreciate that everybody has to pay taxes, although taxes can become burdensome for some. (1-4)

Mr. Moyer concurred and added that we definitely need to think of the lower half of income earners in our decision process. It is the heart and soul of what the Budget Committee should be about.

Mr. Herr offered, in a change of direction, that while it was commendable the Committee was really getting the fine details examined, the real case to be made to the public lie in the Tax rate. It cannot be denied that the fine toothed comb being applied so far by the Committee was appropriate, ultimately the Town Hearing and Meeting would not be able to delve so deep. Mr. Moyer supported this in finally bringing to the fore the number that had been lurking all night.

It is very difficult for the School Board, at this point, to say with authority if any under-run will occur. Therefore, in the budget presented, a zero is entered in that line; despite there being 150k there in September to offset this year's taxation. It was agreed that Mr. Limanni would attempt to get a five year running average of what is available to offset taxation for this line. That would definitely mitigate the anticipated shortfall, all things remaining equal and later in the fiscal year that projection holds. It was felt that this was not speculative, but rather a reasonable calculation to enter in. It is hoped that before the December 15th meeting, that number be ascertained and considered a part of our assessment of possible tax rates.

That number comes from the line in the budget which projects Net Local Education Tax to be raised. The Committee then set about to see if there was any way to reduce that number.

Paula McDonough brought up again the nature of the School District asking for a 5% pay raise. She felt that if that was not realised, there would be few if any that would leave because of it. She personally knows 3 employees of the School that have been employed at the Jennie D. Blake School for over 18 years. Mr. Moyer offered we could seek no pay raises, or we might ask pay raises be limited to 3%.

Mr. Vlitas opined that there was not going to be any easy solution. He also felt that to shrug our shoulders and just say there is no option but to pay the piper is out of the question. Unfortunately, he freely admitted that there was no way to pare down the budget to the amount of 248K. It was his opinion that the only responsible thing to do was to seriously consider what cuts could be made in judicious measure. This would show the public that indeed, the Budget Committee attempted to mitigate where they could. Hopefully, this would provide for a climate in the Large meetings, where rancor would be minimal and consensus reached in a timely fashion. He then went on to peel off a band-aid, and approach the most difficult task in earmarking reductions.

Circling back to Wendy Rosa's inquiry about if there was fat in the budget, he relayed it his observation that there was indeed some to be addressed. The particular example provided was with STEAM instruction. He relayed a history of STEM pedagogy in America and how it resulted from a need to address our students being out-competed by foreign students in acceptance to American Institutions of Higher Learning in the fields of Science and Engineering. This curriculum was focused on High School age students. It seemed highly dubious that this should be adopted to the Elementary level. He was, however, willing for sake of argument, allow it be a part of JDB lessons. This did not

axiomatically equate to a line item position for instruction. Rather, he offered, the regular staff could provide that instruction. Therefore, the 0.20 time position should be eliminated. This would be proof positive that every step has been made to limit the overall increase that is absolutely going to a reality of next year's taxation level.

Ms. Irving next brought up Brian Connelly's salary. A breakout, over time, of his progression from just Principal to being both Principal and Superintendent was undertaken. It was then discussed, that should no cuts be made, given a 5% pay raise, Brian Connelly would earn \$103,000.00 in FY 22-23. Mr. Vlitas once again entered into the fray and made a simple statement. "If Mr. Connelly wishes to truly evince his commitment to the community as a whole, he will not ask for a pay raise, instead, he will accept a substantial pay cut."

From there it was countered that Brian Connelly worked a good deal more than just your average Principal, and that if he went elsewhere, he could expect to command comfortably more than he currently receives. Mr. Vlitas countered that he was free to do so. We live in a free market economy, and that any person was able to move to another job if they felt it better for them to do so. However, reminding everyone of the conversation that had recently taken place, the reality of Hill's tax-base was not one that could afford the current level of remuneration and that a compromise should be possible. Mrs. McDonough reinforced this reality in relaying her work status. She is a salaried employee and her check is based on a two week 80 hour period. However, rarely a period goes by where she does not clock 100 plus hours. That is the nature of Salary employment.

Mr. Moyer diffused any possibility of things getting personal in commenting in essence, "This gives the School Board much to think about." In addition, this being the first session, the Board has time to contemplate the input and issues brought forth in this session.

Joann Irving re-visited the nature of previous Committee meetings where it was documented that the Fire Department is in great need of revitalization, along with the nonnegotiable fixed cost associated with ambulance service which saw a precipitous rise in subscription cost due to a commensurate rise in demand.

Mr. Herr opined that the discussion was too much in the vein of 'business as usual.' He, correctly, summed up that there was no way to find 248K of reductions to ease taxation. He then went on to offer some possible means to reduce, be they of whatever scale. First up for consideration was a walking back of the newly minted pre-school program. Perhaps it could be half day instead of whole. Perhaps a four day work week could provide a portion of relief. His final thought was that even in light of the JDB being a great School, serious thought should be given to what could be done without.

Unfortunately, if you took into account revenues that were once received, but no longer expected, the end calculation is indeed a possible increase of 18% for the one line of Local School Tax. Complicating the situation was a drop in taxation levels for State Education Tax. The net result, is that your tax burden, should nothing change in the proposals for appropriations, will absolutely increase by **13%!**

Mr Limanni addressed this accepted fact by entering into a discussion of how the Jennie D. Blake School might increase revenues. He pointed out that we have an amazing building. That building could be harnessed to realise revenues. Perhaps, since the School could accommodate twice the

enrollment, part could be leased out to a Charter School. Another option would be to court another community like Danbury to consolidate and have both communities utilize our building. This would require our current Administration to petition Newfound to enter into a Co-Operative agreement with us. Part of this negotiation would be to relinquish our standing as a unique SAU. Rev. Asher refined this point by adding that it would not close the JDB, but would eliminate our SAU role in its operation.

Mrs. McDonough dove into the testy subject of this being asked for by many members of the community for three or more years. A brief discussion was had of the failed warrant article to have the School Board form a committee to flesh out the details of keeping our school but being a member of SAU-4 like Danbury, Alexandria, Hebron, etc. She reiterated that this had been in need for serious discussion but avoided. Carol Asher countered that some discussion had been had among our School Board and that it was sure to be a part of the re-negotiation of the terms we currently bind ourselves to Newfound with in Two years when the contract is due for re-ratification.

More discussion of the tax rate finally roosted on one line of the budget that is almost completely crystal ball in nature. Every year the School District does its best to budget and spend such that every penny allocated, and hence taxed in anticipation, is actually spent. The goal being as minimal an under-run as possible. Last year the District had an under-run of approximately 150K. It was used to offset taxation this year. Fair enough. The complexity lies in how early the District is in its operation this year.

To that very point, Wendy Rosa brought us full circle and asked several questions. Did we ask enough tonight? Have we dug deep enough? Does it really take this many to educate at the JDB? All of these axis of inquiry can only help make the case to the public that indeed, the School Board and Budget Committee have not shied from any duty or any granularity. All of this would add up to a cohesion in presentation at the Hearing and Meeting proper that would allay any fears of this process just being business as usual. It should provide for as informed a debate in the large meetings as has ever occurred.

Brian Connelly and Michele Munson supported this approach and offered that the Budget Committee should attempt to attend the upcoming School Board meeting where they would undertake a more in depth analysis of their budget in a formal session. In addition, Brian Connelly would avail to entertain questions from members if they called or stopped by the School any regular School day.

Ms. Irving had a closing question about who was responsible for Grants. Brian Connelly replied that he wrote them. She then asked about the line item for the Grant Manager. It was relayed that a different person must do the reporting, monthly, so there was a provision to pay for that service.

At the ripe old hour of 9:55 PM, the Committee bid adieu to the School representatives and turned to basic Committee work. At first the Committee reviewed, made changes to, then approved the meeting minutes for November 17th.

Looking for a bit on denouement, Mr. Moyer called for a debriefing of the meeting at hand. He started by saying that in his mind, the School's budget was the hardest part of the group's job and is bound to be filled with pain and agony.

Mr. Pavelka offered that if everyone in town made 80K a year, there would be no need for the Budget Committee. However since that was not the case, we had an important job to do.

Talk echoed smidgens here and there throughout about the nature of one Teacher having to instruct a mixed classroom of multiple grades. Ms. Irving and Ms. Rosa relayed their experience as either parents of students past, or as a student themselves and the reality of the JDB always having multiple grade classrooms. Mostly the anecdotal proffered here was in support of that practice and the reality that a greater education might be had due to it; in comparison to being in a room with only one grade.

Talk touched upon the incongruous reality of more parents participating in School Board Meetings since Covid, because of the online capacity for participation. This led into a discussion of how many parents do not bother to register to vote, hence participate in the guts of getting to a ratified Budget.

Wendy Rosa offered that she had questions about all the money being spent on Guidance. She also offered that while she understood that many positions are nuts and bolts and required, it seemed as if some staffing is fluff.

This discussion went on until 10:20 PM. Having reached that hour, it was felt that further discussion would not result in progress, so, Mr. Pavelka moved to adjourn. Paula McDonough 2nded. So decided, the meeting was ended.