Town Of Candia
Budget Committee Meeting
Approved Minutes
December 11, 2024
Town Hall Meeting Room

The Municipal Budget Committee meeting was called to order at 7pm. The meeting is a joint session with the Candia School Board.

Attendees:

Lynn Chivers, Chair
Susan Gill, Vice Chair (absent)
Brenda Coughlin
Katrina Niles
Joshua Reap
William Saffie
Ryan Young
Susan Young (Selectman's Rep)
Stephanie Helmig (School Board Rep) (absent)
Mark Chalbeck (School Board Rep)

SAU Attendees:

William Rearick
Kimberly Sarfde
Cheryl DiGennaro

Chair Lynn Chivers opened the meeting with the pledge of allegiance. She reminded all participants to state their names for the meeting transcription. Minutes from the previous meeting were reviewed, edited, and approved. Motion made by Brenda Coughlin to approve minutes as edited, seconded by Joshua Reap. Katrina Niles and Ryan Young abstained from the approval vote.

Lynn Chivers asked if there were any school warrant articles. Bill Rearick stated there would be one (1) for the CESPA support service contract which will be discussed at the next school board meeting on January 2, 2025. Lynn requested the Budget Committee receive a copy by the January 22, 2025, scheduled meeting.

Lynn opened the public hearing. Cheryl explained the reason for the updated budget was for principal services, maintenance, and IT salary adjustments to be included in the default budget and not just found in the proposed. Previous default was $11,057,097 and updated to $11,100,810. Correction confirmed. Lynn noted there were no further public questions. Lynn then closed the public hearing and opened discussion to the budget committee.

Brenda Coughlin asked about the $222,580.54 received in FY24 from federal grants, specifically inquiring about their purpose and accounting. Kimberly Sarfde clarifies that these ESEA

(Elementary and Secondary Education Act) federal grants—including Title I, Title II, and Title IV—are supplemental funds, not part of the operating budget. Title I funds are used for at-risk students, including those experiencing homelessness, providing support services and transportation as mandated by McKinney-Vento. Title II funds support professional development outside the district's operational obligations, focusing on supplemental areas not covered by the operating budget. Title IV funds are also supplemental and used for extra activities and programs beyond the district's core responsibilities. Kimberly emphasizes that district obligations must be met through the operating budget, with these federal grants serving as supplementary resources for specific initiatives. Kimberly discusses various funding sources for the school, clarifying their uses. IDEA funds are specifically for students with disabilities, ensuring compliance with Individualized Education Programs (IEPs). CARES Act funds, used for COVID-19 learning loss relief, are no longer available. A small annual allocation exists for preschool students with disabilities, also under IDEA. REAP (Rural Education Assistance Program) grants are available to rural schools under 600 students, with varying yearly allocations (e.g., $42,000 one year, $98 the next). The speaker emphasizes that Title 1, Title 2, and Title 4 funds require a comprehensive needs assessment to determine spending, preventing pre-allocation based on anticipated amounts. The federal government mandates this real-time needs-based approach to funding allocation. She also explains the school's iterative budget process, starting in the summer with feedback gathering from stakeholders (teachers, students, parents, community). This feedback informs initial spending plans for the school year. Ongoing feedback, including student performance data, is used throughout the year to adjust spending. Brenda Coughlin asks about the significant fluctuation in federal grant funding between FY23 ($309,000) and the current year ($222,000), questioning how these funds are used and allocated. Kimberly clarifies that the allocation depends on various factors, including state funding, reduced lunch numbers, student enrollment, and other criteria. These factors are not considered by the school when budgeting, as federal guidelines prohibit it. The funds are received mid-July, but the exact amount for the next fiscal year (FY25) will be known around June. Kimberly emphasizes that these federal funds are highly restricted and cannot be used flexibly and explains the arduous process of submitting a plan to the state department for funding, highlighting the need to tie the plan to specific requirements for approval or denial. The federal government's role is limited to providing data to the states, with the actual funding allocation determined by the state. Brenda Coughlin raises a question regarding the use of funds for special needs children, specifically how to distinguish between operational budget and special education needs within the context of the IDEA grant. Kimberly responds that planning for special needs funding is challenging due to unpredictable student needs and potential cost overruns (e.g., transportation, additional professionals, out-of-district placements). She explains that while they attempt to create a spending plan in June based on existing data, the arrival of a single student with significant needs can drastically alter the budget (up to $250,000). An example is given of a student experiencing homelessness, further illustrating the unpredictable nature of these costs such as unexpected transportation costs for a student requiring special education services. The district faces a $55,000 expense for transporting a student back to their sending school, a cost not initially budgeted. The funds will be split between Title I and IDEA funds. Susan Young asked if the Special Ed Trust that exists is used in such an example. Willam Rearick clarified that the trust is intended for extreme, unplanned situations, and the $55,000 expense doesn't qualify, as it's related to a known student need. He also states the trust has never been accessed since his arrival in SAU in 2019. The discussion then shifts to the overall budget of $10 million for 2023-2024, including an additional $222,000 in grants. Lynn Chivers asked about the lapsing of unspent funds, and Kimberly explains that new guidelines require a plan for spending federal funds by December 14th. Failure to allocate and use these funds by December 31st results in the state reclaiming them.

Speaker 05 explains that all Title 2 funds have been allocated due to their importance. Ryan Young inquired about the consideration of items not listed in the operating budget, specifically regarding continuing education for teachers (Title 2, Section 2). Kimberly clarifies that Title 2 funds are for teacher professional development and principals, but not other staff. Ryan Young asks about tuition reimbursement listed in the operating budget and whether it can be shifted. Kimberly further explains that using federal funds requires evidence, research (less than five years old), justification tied to district/school goals, and demonstration of positive student outcomes. The accountability applies to all activities, regardless of cost. Kimberly uses the analogy of a college student's spending money: anticipated gifts don't count towards essential expenses like books and food; similarly, anticipated funds shouldn't be counted on for Title 2 spending. Ryan Young then asks about the use of grant money for supplemental items, inquiring about the assumed disposition of supplemental budget items at the year's end, specifically whether they are automatically absorbed into the operating budget. Ryan uses the example of an additional student requiring supplemental funds, which would then become part of the following year's operating budget. William Rearick clarifies that the use of these funds depends on the following year's needs, and while similar functions might be funded, the exact use varies based on student needs and available resources. The funds aren't automatically carried over but are considered when planning the next year's budget.

Brenda Coughlin following up on a previous request for state administrative staff requirements, asks why the school employs an assistant principal despite having a student population of 275, which is below the state's 500-student threshold for mandatory associate principal positions. William Rearick explains that the school's K-8 structure, and the increasing complexity of student social and emotional behavioral challenges necessitate two administrators to effectively manage these issues. The workload requires the support of both the principal and assistant principal, making the position necessary despite the school's size. This segment discusses the challenges a school faces in supporting students with behavioral and social-emotional issues. The conversation centers around the availability of staff to address these issues, specifically mentioning the roles of the guidance counselor (Pam), who is already heavily involved in classroom activities and group work, and the lack of a dedicated social worker. The school considered adding a social worker to the staff last year but decided against it, planning to include it in the budget for the following year. The frequency of such incidents requiring significant administrative intervention is unclear, with William noting several high-profile cases in the last three or four years.

Brenda Coughlin expresses difficulty understanding salary allocations within the budget, particularly regarding administrative wages and the roles of the Student Services Director (which includes a Special Ed Director Stacey and a BCBA position), the guidance counselor, the principal, and an administrative secretary. William Rearick explains that these positions are listed separately, reflecting the school's operational structure. Brenda then questions the significant raises given to the principal (9%), assistant principal (9%) and administrative secretary (6%), inquiring whether COLA was included and the reasoning behind the increases. William Rearick explains that did not include COLA and the board values the principal's work and that the raises aim to remain competitive in recruitment and retention, particularly for teachers, noting that this is the third year of salary increases for teachers to retain good staff.

William Rearick presented salary comparisons to the board, referencing paid schools and neighboring schools within a 30-mile radius (excluding certain areas). Brenda Coughlin, while appreciating the effort, lacked the presented data to confirm the reasonableness of the salaries.

Brenda shared concern over the budget increase, noting the narrow budget passage two years prior, a default budget last year, and recent significant taxpayer re-evaluations causing "sticker shock." Despite the requested 8.6% budget increase, Brenda highlighted a 4% decrease in K-8 enrollment and a 17.5% decrease in high school enrollment since 2020. William Rearick cited consistent enrollment numbers over the last three to four years, Brenda countered with the most recent data provided to the Budget Committee showing fluctuations, arguing that despite minor variations, the overall trend shows declining enrollment percentages while the budget increases significantly. Brenda shares the discrepancy between budget growth and student enrollment decline is the core of her struggle in supporting this proposed budget while expressing concern over the number of administrative positions and their associated costs, questioning the allocation of funds. She highlighted their plan for a sixth-grade teacher, while expressing difficulty understanding the budget's structure and the ease of identifying the number of overall positions within it. William Rearick clarifies the number of administrators at the school, including a principal, assistant principal, student service directors, and special education director. The discussion then shifts to the principal's recent significant salary increase (almost $10,000, a 9% raise).

Brenda Coughlin asks Mark Chalbeck clarification on a $44,500 expense for school board services. Mark Chalbeck asks if previous minutes have been listened to for answers. William Rearick clarified that this includes legal fees and other expenses, totaling approximately $25,000, with legal fees alone at $15,000, deliberative session material, etc. The discussion centers on the budget, specifically the allocation for board member stipends ($4200), secretary salary, annual audit ($96,660), and legal fees ($15,000). Cheryl DiGennaro explains that the actual legal expenses for the previous school year were $14,573.04, while the budgeted amount was $12,500. A $2,500 increase is proposed for the next year. Concerns are shared about supporting the increase without a clear understanding of expenses such as legal. William Rearick stated any requested information from the Budget Committee will always be provided. Discussion around how to provide for developing questions.

Susan Young highlights a recurring problem with email attachments not reaching all committee members. This was attributed to the current town secretary's handling of the distribution. A suggestion is made to switch to printed copies instead of relying on email, to ensure everyone receives the necessary documents. William confirms that they provide electronic and hard copies for another town and that they are open to adjusting their distribution methods to improve communication. William Rearick requested a single point person designated at the start of each year to streamline communication and document management.

Josh Reap inquired about examples of school board services and associated fees. William Rearick explains that the New Hampshire School Board Association provides policy updates and changes in laws, essentially acting as a legal resource. William elaborates, stating that this service saves manpower and costs compared to using external legal counsel, as they handle legislative changes and policy updates. Mark Chalbeck adds that while not inexpensive, it's a valuable resource. Josh asks about the district's ability to provide merit bonuses for principals instead of yearly wage increases, particularly for one-time recognition. Josh seeks clarification on the district's flexibility in using merit bonuses as a recognition tool for exceptional performance within a specific timeframe. Concerns are raised about the long-term implications of compensation choices on retirement funds. A one-time bonus is suggested as a preferable alternative to a pay raise. Mark Chalbeck shares some details used in considering the wage increase for the Principal and Becky was named "Principal of the Year" out of 409 principals in New Hampshire. The rigorous selection process, involving peer review, school visits, and interviews with parents and students, is explained.

Brenda Coughlin questions the maintenance line item which shows custodial salaries at $110,771, and maintenance admin other salaries at $68,000. Clarification is sought regarding the personnel associated with these costs, including the number of custodians and the roles of the maintenance director and other staff. The discussion begins with a review of custodial staffing. There are four custodians: one full-time employee working 40 hours a week, and three part-time employees. The maintenance director's role and involvement in custodial work is questioned. The total budget of $110,000 is mentioned in relation to the four-person custodial team.

Bill Saffie asked if the board shops around for better health insurance rates or simply renews with Primex annually. Cheryl DiGennaro explains the district uses Primex for medical, dental, property and liability, workers' compensation, and unemployment insurance. William Rearick explained that Primex was chosen three years ago due to competitive rates and is a major provider for many school districts. The discussion also touches upon the bidding process for other services, confirming that individual contracts are used, and bids are considered on a case-by-case basis. Bill Saffie asked about the increase in personnel over the past five years, however a definitive answer is not immediately available. William Rearick said they will get those numbers to the committee.

Josh Reap asks about the procurement of office supplies and other resources, specifically if the district handles purchasing independently or if a group discount option exists through the SAU (School Administrative Unit) process. William Rearick mentions that this is the first year using a unified trash service (Waste Management) across multiple districts, implying a potential shift towards centralized purchasing for some resources, but no definitive answer is given regarding office supplies.William shares the challenges of streamlining school budgets due to the varying needs of different districts. Each district has unique requirements, leading to resistance to budget cuts even if streamlining could save money in the long term.

Ryan Young returns to the bonus structure versus a salary increase for employee retention. They suggest a bonus structure as a more sustainable alternative to a 10% salary increase, acknowledging the importance of retaining good employees but asking about the potential for grant money to be used for bonuses. William Rearick states grant money cannot be used. Ryan shares his strong concerns with the recent salary increases, how it will affect contract negotiations and the potential for a 10% increase to set a precedent, especially given the current budget constraints and the unsustainability of a 7% annual budget increase. William notes the difficulty in navigating these negotiations, acknowledging the board's awareness of the challenges. Mark Chalbeck provides context, explaining that previous contract renegotiations were necessary to prevent teacher loss due to low pay compared to neighboring districts. A comparison of teacher salaries with similar-sized districts was conducted to justify the proposed changes.

Susan Young emphasizes the limitations of comparing salaries with larger districts like Hooksett due to differing commercial bases. The inability to compete with larger districts like Manchester in terms of police and teacher salaries is also highlighted. Mark Chalbeck clarifies that the salary comparisons included districts like Chester and Deerfield, acknowledging the differences in student populations between the districts. William Rearick adds that comparisons were made for both teachers and administrators, noting that larger districts often use this data selectively to support their arguments that the discussion centers on the school budget and its affordability for the town.

Susan Young submitted a question to Lynn Chivers about the possibility of going below the default budget, with Lynn confirming that it's possible, although she personally doesn't recommend it. Lynn Chivers shifts conversation to the Budget Committee for discussion of a recommended school budget. Before proposing numbers, Brenda Coughlin requests that everyone consider the end of year fund balance data provided earlier. They emphasize the fluctuation of the fund balance over the past five years, ranging from $300,000 to over $1 million, and caution against over budgeting since leftover funds aren't necessarily returned. Lynn Chivers clarifies that the numbers being discussed are before encumbrances. Further discussion on the provided columns showing amounts received and spent, aiming for better understanding of the fund balance. Cheryl DiGennaro mentions an email and a paper analysis details justification for overages, referencing a previous meeting and noting that the numbers haven't changed, only their breakdown.

Josh Reap asks about employee benefit rates, specifically concerning CEA health plan costs (8.5% for medical, 0% for dental). He inquired whether these rates are set by the collective bargaining agreement or are negotiable. William Rearick explains that these rates were discussed in the spring and will be a topic for the board's discussion regarding future cycles and potential changes.

Lynn Chivers asks if there is a motion as a starting point. Susan Young makes a motion for a 5% increase like the town and does not provide where to cut, that is the School Board decisions. Lynn clarifies last year's budget was $10,404,612 and a 5% increase will be a total of $10,924,842. Katrina seconds motion. This 5% amount would be $520,230 which is $175,968 below the default budget. Lynn again does not recommend going below the default budget.

Vote taken: Susan Young - Yes; Brenda Coughlin - No; Josh Reap - Yes; Lynn Chivers - No; Ryan Young - Yes; Katrina Niles - No; William Saffie - No; Mark Chalbeck - No. Motion was defeated 3-5.

Brenda Coughlin makes a motion for a 3% increase. This would be a budget proposal of $10,716,750. Susan Young seconds motion. Susan Young shared her thoughts 5% was too high and 3% seems very reasonable as the inflation rate is 2.7% and there is a chance at the deliberative session the voters could lower that percentage as well. Ryan Young asked about the process of how the budget can change at the deliberative session. Lynn explained the process.

Vote taken: Susan Young - Yes; Brenda Coughlin - Yes; Josh Reap - Yes; Lynn Chivers - No; Ryan Young - Yes; Katrina Niles - Yes; William Saffie - Yes; Mark Chalbeck - No. Motion Passes 6-2.

Lynn Chivers begins a discussion on the process for asking questions and that all questions must come from the committee. She referred to the instructions in the Basic Law of Budgeting by the NH Municipal Association. One committee member cannot request information if the committee doesn't decide by committee vote for that information. Susan Young stated that a committee member can file a right to know which will provide the answer in 5 days. Brenda Coughlin shared her frustration with restrictions to questions only at meetings stating it will affect timely answers as the crunch to get budgets done. She reminds the committee we didn’t get the school budget until mid-November. This is too late into the budget season. Lynn Chivers reviewed the process for budget prep starting in September. Everyone needs to individually dig into the budgets and come up with questions. Discussion ensued about process changes to be considered and developed earlier in the year so clarification of missed information decreases, and discussion to amend and unseal non-public minutes from previous meetings. Amended minutes discussed. Brenda Coughlin made a motion to approve amended minutes, William Saffie seconds motion. Katrina Niles & Ryan Young abstain. All in favor, motion passes. Brenda Coughlin makes motion to unseal minutes, Susan Young seconds motion with Katrina & Ryan abstaining from vote. Motion passes with all in favor. Additional discussion around voters wanting tax impact on warrant articles, endowments for the library, outstanding question answers from PD and CYAA. Brenda Coughlin requested to add another meeting so we can get our additional questions formulated and get answers before our meeting on January 22nd. Meeting dates were discussed and an agreement for a meeting for December 17 @ 6pm.

William Saffie makes a motion to adjourn the meeting. Josh Reap seconds motion, all in favor. Meeting adjourned at 9:17pm

Respectfully Submitted,

Brenda Coughlin