

**HOLLIS BROOKLINE COOPERATIVE SCHOOL DISTRICT
BUDGET COMMITTEE
NOVEMBER 21, 2022
MEETING MINUTES**

A regular meeting of the Hollis Brookline Cooperative School District (COOP) Budget Committee was conducted on Monday, November 21, 2022, at 6:30 p.m. at the Hollis Brookline Middle School Library.

Chairman, Darlene Mann, presided:

Members of the Budget Cmte. Present: Raul Blanche, Vice Chairman
 David Blinn
 Brian Rater
 Anthony Stanizzi
 Cindy VanCoughnett, School Bd. Rep.
 Tom Whalen

Members of the Budget Cmte. Absent: Matthew Maguire

Also in Attendance: Kelly Seeley, Business Administrator
 Lauren DiGennaro, Director of Student Services

PLEDGE OF ALLEGIANCE

Chairman Mann lead in the Pledge of Allegiance.

AGENDA ADJUSTMENTS - None

APPOINTMENT OF MEETING OBSERVER

Chairman Mann appointed Cindy VanCoughnett to serve as Meeting Observer.

APPROVAL OF MINUTES

COOP Budget Committee [October 27, 2022](#)

The following amendments were offered:

- Page 2, Line 17; replace “an anticipated balance” with “a current surplus”
- Page 2, Line 34; replace the period with a question mark
- Page 2, Line 37; insert “items” following “Those”
- Page 3, Line 2; replace “apply a factor” with “to apply a multiplying factor”
- Page 3, Line 46; correct punctuation
- Page 5, Line 36; insert “to be upgraded” following “middle school”
- Page 5, Line 39; replace “what” with “that”
- Page 9, Line 22; amend the sentence to read: “A draft calendar of the SAU 41 annual meeting dates and deadlines was included with the materials provided the Committee.”
- Page 9, Line 27; insert “on” before “which”
- Page 9, Line 39; replace “reinstitute” with “reinstated”
- Page 10, Line 4; replace “around” with “regarding”
- Page 10, Line 11; insert “special education” before “students”

**MOTION BY MEMBER BLANCHE TO ACCEPT, AS AMENDED
MOTION SECONDED BY MEMBER STANIZZI
MOTION CARRIED**

5-0-2

Members Blinn and VanCoughnett Abstained

PUBLIC INPUT - None

NON-PUBLIC SESSION

**MOTION BY MEMBER BLANCHE THAT THE COMMITTEE, BY ROLL CALL, GO INTO
NON-PUBLIC SESSION PURSUANT TO RSA 91-A:3 II (c) TO DISCUSS A MATTER, WHICH IF
DISCUSSED IN PUBLIC, WOULD LIKELY AFFECT ADVERSELY THE REPUTATION OF A
PERSON, OTHER THAN A MEMBER OF THE BODY OR AGENCY ITSELF
MOTION SECONDED BY MEMBER RATER**

A Viva Voce Roll Call was conducted, which resulted as follows:

Yea: Cindy VanCoughnett, David Blinn, Brian Rater, Raul Blanche, Darlene Mann, Tom Whalen,
Anthony Stanizzi 7
Nay: 0

MOTION CARRIED

*The Committee went into non-public session at 6:33 p.m.
The Committee came out of non-public session at 7:15 p.m.*

GENERAL BUSINESS

- FY24 Budget Review
 - Data Updates on Enrollment and State Aid
 - Hollis Education Support Staff Association/NEA-NH (HESSA) Update

Chairman Mann noted the draft budget, after round 3 of the review process, stands at just shy of \$338,000 below the preliminary guidance provided.

Kelly Seeley, Business Administrator, spoke of savings found in personnel and benefit lines as well as in the area of special education.

An adjustment has been made in the New Item requests relative to the rigging system at the high school. Ms. Seeley explained the rigging system in the theatre is aged and becoming a safety concern. It is believed there is the ability to upgrade the rigging system in sections. The cost cited is for the entire project. Additional review is being done on whether the issue can/should be addressed in sections. Asked about the age of the auditorium, she stated it to be approximately 20 years old. Asked if there has been consideration for technology changes for the theatre, she stated that has not yet been approached. There are improvements that can be made, but they are likely low on the list of priorities. The intent would be to phase in needed improvements over the course of 5± years.

Member Whalen questioned if the air handler in the auditorium has been addressed noting there has been discussion for years around replacing the HVAC system (noise). Ms. Seeley stated she is unaware there is an issue. She is aware of other HVAC issues that are being reviewed.

Chairman Mann commented on the formula used to derive guidance (based on inputs for FY24 that include

items such as special education and NHRS). The Committee could recalculate guidance and keep recalculating as better views of the budget come forward. By replacing the numbers for special education and NHRS with information now provided, the guidance formula would result in the current view of the draft budget being \$38,000 below guidance. She spoke of being pleased with the operating budget being in good standing at this point, and encouraged members to do their independent analysis to ensure a comfort level with the percentage of changes being seen, whether there is further clarification required, etc.

Chairman Mann commented on the reduction in the area of the budget focused on personnel, benefits, Guaranteed Maximum Rate (GMR) of increase for insurance, changes to NHRS, etc. moving from round 2 to round 3 (close to \$400,000).

Asked, Chairman Mann stated the operating budget guidance number for round 2.1 was \$26,963,602. After round 3, the requested number is \$26,526,913. The total, with all warrant articles, is now at \$28,279,741. The operating budget is a 3.6% increase over the current budget and the full warrant, as it currently stands, is a 5.1% increase.

Additional warrant articles include the 3rd year of the HESSA contract. The third year cost was estimated to be \$86,727. An additional \$75,279 is being requested for a total of \$162,006.

Member VanCoughnett noted the current view of round 3 does not include two retirements the School Board was made aware of at its last meeting. Ms. Seeley commented on the potential for additional savings related to that (professional staff).

Member VanCoughnett spoke of difficulties experienced in hiring support staff. As a result, some individuals were hired at higher steps than existing employees. A decision was reached to revisit the salary grid for the next two years (FY24 and FY25). The two-year contract will increase the base salary from \$12.34/hour to \$15.00/hr. and add a Step 9. The food service and library assistant category 1 positions moved to category 2, food service in category 2 shifted to category 3 and food service category 3 to category 4.

Off-step is increasing in the first year by 8% as that is the approximate percentage of increase for those on step. The desire was to ensure off-step is given the same increase as well as not making less than people on step. The second year it is 3.5% on-step and off-step.

The health insurance caps that were intended for this year remain and there is no increase planned for FY25. If the GMR increase in FY25 exceeds 10% the contract can be opened, and a discussion had. The contract is not sanbornized. It has been ratified by HESSA.

Asked if there is a means of addressing staff in the current year, Ms. Seeley stated, based on hire date, a retention bonus was provided; if hired before February 1, 2022, an employee received a \$2,000 retention bonus broken up over a couple of months. That was paid for through Elementary and Secondary School Emergency Relief (ESSER) funds.

The steps are showing those who were hired above where they would normally have been hired and where they will be in the FY24 budget. No one will be going down in earnings as a result of the changes to the grid.

Member Rater spoke of being pleased to see the School Board addressing these staffing issues. Chairman Mann questioned the distribution between employees on step and those off step and was told it is close to 50/50.

Member Rater questioned the total percentage increase year to year and was told the contract we were working under with HESSA had a first year cost of \$117,000. Voted on for the current year's budget was \$88,500. The third year that would have come up was the \$86,727 that is now going to be \$162,000. It is nearly doubling. For the second year of this contract it drops down to a 3.5% increase.

Chairman Mann asked for clarification on the increase in the line item for vision/hearing consulting.

Asked for an overview of building aid, Ms. Seeley stated the hope additional information will be available for the December meeting. Renovations to the cafeteria are likely at the top of the list as well as the main entrance at the middle school, upgrades to the science rooms, etc.

Chairman Mann noted there were 17 applications/projects put forth to the State for building aid. Of those, the SAU projects came in at 14, 15, 16, and 17. There are some very significant projects ahead of us that in all likelihood take us out of the running for the next 2 years, which is the cycle that the listing is available for.

Ms. Seeley noted the district is awaiting additional information from the architect and engineer. The desire is to put something forward for the community to consider.

Member Rater asked if there are any other warrant articles contemplated (outside of the typical). Ms. Seeley stated the only other one that she is aware of could be the Retained Fund Balance (RFB). The draft budget includes a contingency amount of \$125,000. The School Board discussed whether or not to have the contingency and look to increase the percentage of the RFB. Chairman Mann explained increasing the amount of the percentage that is permitted to be retained does not require that specific percentage, simply allows for up to that amount.

Chairman Mann stated she has been very clear regarding her position on contingency and the RFB; she supports both. We had both for several years. At a minimum, if having only the RFB she believes it should be a higher amount. In the absolute worst case, she feels both articles need to be included in the warrant so that if one fails, we have the other.

Ms. Seeley stated she agrees more than ever now. The district has been doing the HVAC project this summer at the high school and some of those units are \$300,000. If one were to go, we could not replace it.

Member Whalen stated his issue to be that the community would be double dipped at the Town level because the Town's Unreserved Fund Balance (UFB) is based upon the total budget of the Town including the school district.

Chairman Mann stated the UFB that the Town maintains only comes from the Town budget. Member Whalen restated the number is based upon the entire budget. Chairman Mann responded the percentage that they seek to fund that at or keep that balance at is based on the total number.

Member Whalen remarked essentially, we are taking two dips at the pond. Chairman Mann stated her appreciation for that but that she does not view it that way because the money at the Town level is for Town specific items. This is for school specific.

Member Rater spoke of being in favor of the contingency fund but opposed to increasing the RFB (still in favor of the existing 1%). At a previous meeting, the Committee was told the retention is rarely used or used for emergencies. The very next morning he learned that the SAU Board had decided to increase salaries at the SAU (had good reason for doing so) and were planning to use the RFB to fund that beyond the budget that was approved by the voters.

Chairman Mann responded, just to be clear, the SAU budget has its own UFB, which is separate from the COOP and is not an RFB, it is a UFB. It is directly funded if the budget underruns. That is the only other school related budget that can act like the Town and keep the difference.

Member Rater agreed those are clear distinctions. They made the argument that it was an emergency. He understands the staffing issues they were facing at the time and does not necessarily disagree with that but does feel they could have made one-time retention bonuses rather than salary increases, which obligates the SAU to increasing the budget in the future (needed to happen anyway). He is supporting the proposed SAU budget, but the fact they were willing to use the UFB for salary increases broke a lot of his confidence. Given the SAU Governing Board is made up of members of the various school boards, it erodes his trust in the COOP School Board managing this quite as well as a contingency would. He is more in favor of a separate contingency, which has more restrictions than the RFB, which they can do anything they want with.

Chairman Mann provided a portion of the language in State law regarding the RFB and [Contingency Fund](#).

RSA 198:4-b – Contingency Fund

“I. A school district annually by an article separate from the budget and all other articles in the warrant, or the governing body of a city upon recommendation of the school board, when the operation of the schools is by a department of the city, may establish a contingency fund to meet the cost of unanticipated expenses that may arise during the year. A detailed report of all expenditures from the contingency fund shall be made annually by the school board and published with their report.

II. Notwithstanding any other provision of law, a school district by a vote of the legislative body may authorize, indefinitely until specific rescission, the school district to retain any unused portion of the year-end unassigned general funds, from the preceding fiscal year in subsequent fiscal years, provided that the total amount of year-end unassigned general funds does not exceed, in any fiscal year, 5 percent of the current fiscal year's net assessment under RSA 198:5.

(a) Prior to expending retained general funds, the school board shall hold a prior public hearing on the action to be taken with such funds. Notice of the time, place, and subject of such hearing shall be published in a newspaper of general circulation in the relevant municipality at least 7 days before the meeting is held.

(b) An annual accounting and report of the activities of the retained general funds shall be presented to the school board of the district and published in the annual report.”

Member Whalen asked for clarification that Member Rater agrees with the salary increases being necessary. Member Rater clarified he would have preferred the Governing Board put into effect retention bonuses and then include the salary increases in the proposed budget. Asked where that cost would have come from to support the retention bonuses, Member Rater stated the retention bonus is mostly funded out of the budget. There was some discussion of the possibility that the UFB would have to be used for it. To him it is a bit of an easier sell if using the UFB for a one time retention bonus versus a permanent salary adjustment.

Asked what the total amount of that commitment is, Chairman Mann stated it to be \$52,000.

Member Stanizzi remarked he understands the concern stated, but noted the problem is not resolved with a retention bonus. Member Rater reiterated his preference would have been a retention bonus and bringing forth an increase as part of the proposed budget. He supports the new budget, which provides additional

salary adjustments beyond that. However, he has an issue with the board expanding their own budget a month after the voters approved a budget. He added, at the same time he has to realize they were dealing with a very difficult situation that had come about.

Member VanCoughnett commented the operating budget for the SAU has very little flexibility in it. It is basically salaries. It is not like an operating budget with hundreds of line items. Chairman Mann stated the whole budget being put forward for the entire SAU is just under \$2.3 million. The increase that was referred to was \$52,125.

Member Whalen commented no matter what, the funds had to come from that source. The question is how it was applied. Member Rater stated that to be accurate. He stated concern with precedence setting. It was particularly jarring for him to have come from this meeting where it was stated it is only used for emergencies and then to learn that they had done this just a month after the voters had approved the budget.

Chairman Mann asked for a sense of the Committee (show of hands) relative to contingency only. Chairman Mann and members Blinn, Stanizzi, Whalen, and Rater expressed support. Vice Chairman Blanche and Member VanCoughnett abstained.

Chairman Mann noted she has requested clarification on the RFB because the nature of 198:4-b changed. She is uncertain if that means the voters would have to formally accept the new language. Ms. Seeley stated her belief if the desire is to change the percentage rate there would be the need for a new warrant article.

Relative to the Contingency Fund and retaining the 1% RFB, Chairman Mann and members Blinn, Stanizzi, Whalen, Rater, and VanCoughnett expressed support. Vice Chairman Blanche abstained.

Relative to an increase in the percentage of the RFB; up to 2.5%, Chairman Mann and members Blinn, Stanizzi, Whalen, and VanCoughnett expressed support. Vice Chairman Blanche abstained. Member Rater stated opposition.

Relative to an increase in the percentage of the RFB; up to 5%, the Committee was unanimous in its position to oppose such an increase.

Relative to an increase in the RFB to 2.5% and the contingency fund, Chairman Mann and members Blinn, Stanizzi, Whalen, and VanCoughnett expressed support. Vice Chairman Blanche abstained. Member Rater stated opposition.

Asked about amending the guidance number, Chairman Mann stated the Committee could leave it where it was set previously and wait to see what comes about for further adjustments or could issue final guidance based on the revised calculation that lowers guidance because of the reductions that are identified in round 3 (special education and NHRS). That would reduce the operating budget final guidance from \$26,864,904 to \$26,565,131. The operating budget, at this point in the process, stands at \$26,526,913.

Vice Chairman Blanche commented we are almost there, and for the sake of clarity, the Committee should provide final guidance.

Asked, Ms. Seeley stated the Administration continues to await some information. There is the potential for the final number to increase, but she does not believe it would exceed the guidance number.

Member rater noted there would still be a 5% increase in total warrant articles from year to year. Vice Chairman Blanche commented when considering inflation, that is pretty good. Chairman Mann noted if a bond article is put through, it would include a half-year of interest.

Member Whalen suggested leaving the guidance where it is, which would signal that the school district did an excellent job in achieving our stated goal and coming in under guidance could aid in the approval process. Member Blinn stated agreement with leaving the guidance number where it is.

Vice Chairman Blanche commented during the last meeting there was discussion that led to a preliminary guidance number being agreed upon. The Administration did a great job in reducing their draft budget number, and we are basically accepting that number. It sends the same signal whether using the lower or higher number.

Member Rater stated he was okay with adjusting the guidance number with the latest numbers for NHRS and special education.

Chairman Mann remarked if making the adjustment to final guidance we ensure that at the Legislative session we say that the Administration worked hard to improve on the preliminary guidance by X number of dollars and continued to improve as they moved to final guidance.

MOTION BY MEMBER BLINN TO SET THE FY24 FINAL GUIDANCE FOR THE OPERATING BUDGET AT TWENTY SIX MILLION FIVE HUNDRED SIXTY FIVE THOUSAND ONE HUNDRED THIRTY ONE DOLLARS (\$26,565,131)
MOTION SECONDED BY MEMBER BLANCHE
MOTION CARRIED
7-0-0

Chairman Mann informed the Committee of an overview of Adequacy Aid that will be provided by the DRA on November 30th. There are a lot of elements to the formula for FY24 that are different than in prior views. In most cases, those extra things that make the Adequacy Aid calculation very convoluted do not affect the COOP or our SAU.

Looking at the FY24 estimate, the key factor driving the statewide education property tax numbers is a change in the legislation back to the Statewide Education Property Tax being used to raise a little over \$363 million for education. Six hundred and sixty three million or so has always been the baseline, has never been adjusted for inflation. It has been that number for as long as she has been on the Committee. Last year there was legislation that said with that tax the State only needs to raise \$263 million, and that extra \$100 million will come from the Education Trust Fund and be paid to districts through Adequacy Aid.

When you look at where we were for FY23 Adequacy Aid, the numbers were higher than we would normally see, and the Statewide Education Property Tax numbers were lower than we would normally see. Now as we move into FY24 we are going back to the \$363 million calculation and back to Adequacy excluding that extra \$100 million and being more specifically student driven.

The rate that the State uses for the FY24 calculation is \$1.44/\$1,000 based on the 2021 equalized values without utilities. Each town goes back and takes whatever that dollar amount is that the State has calculated and says okay community we now need to raise that money. Based on the FY24 estimate, for the COOP, Brookline would need to raise \$606,738 and Hollis \$1,349,341. The rate associated with each of those amounts is based on each individual community's assessed value without utilities, and then that tax rate is put on your tax bills and is calculated.

The difference between Brookline and Hollis numbers is directly related to the equalized values in each community.

Vice Chairman Blanche remarked when adding together the Adequacy Aid and the Statewide Education Property Tax the numbers are roughly the same.

Chairman Mann responded when you add them together, they are equivalent. The adequacy piece is driven by average daily membership (ADM) in residence. If you look at just the adequacy piece the estimate for FY24 shows more students in Brookline than Hollis, but Brookline also receives an additional stabilization grant. She would have to look at where the ADM is breaking out because once the part of adequacy that is student driven is calculated there is a direct dollar amount that is added onto the Brookline side. That is another contributing factor. That \$1.956 million for Brookline is adequacy including the Stabilization Grant. The Stabilization Grant for all of Brookline is just shy of \$759,000. The COOP gets more than half of that. That is already included in the adequacy number. The breakdown that is on the website shows by Town/municipality without the COOP splits and then there is that supplemental report that shows the COOP splits. The large spreadsheet of over 200 communities does not address the COOP splits, which is why there is the supplemental document.

Member Whalen noted the Statewide Education Property Tax comes directly back to the community. Chairman Mann noted it is raised by the community. The entire budget is reduced by revenue and then by the Statewide Education Property Tax and Adequacy Aid to get to a net assessment. It never really goes to the State (all on paper).

As we go to FY24 what will happen to the tax rates is that the Statewide Education Property Tax will have a pretty substantial increase from where it is in today's tax bill.

- School Board Update

Member VanCoughnett noted the Board engaged in discussion of class sizes and how to have the directory of classes for February and then try to figure out what is needed for staff in time for April contracts.

Chairman Mann noted NESDEC projections were received. As we are looking at FY24 we are looking at a 35 student drop from 1,147 to 1,112. As you look at the 5 years you see in the next 4 or so years the students that are in the primary grades make it up to the COOP.

ANNOUNCEMENTS

The next meeting is scheduled for December 22, 2022.

PROCESS OBSERVER READOUT

Member VanCoughnett spoke of appreciation of all of the discussion.

ADJOURNMENT

MOTION BY MEMBER BLANCHE TO ADJOURN

MOTION SECONDED BY MEMBER STANIZZI

MOTION CARRIED

7-0-0

The November 21, 2022, meeting of the COOP Budget Committee was adjourned at 8:28 p.m.

Date: _____

Signed: _____