



Joint Finance Committee Meeting Tuesday, September 20, 2016

In Attendance

City: Councilor Giunta, Councilor Barton, City Manager Dragon, Finance Director Milner

Absent: Councilor Desrochers

School: School Board Member Brown, School Board Member Dow, Superintendent LeGallo, Business Administrator Bergquist

Absent: School Board Member Grimm (resigned)

Salute to the Flag was led by Superintendent LeGallo.

Councilor Giunta asked if they needed to go around and state their names. City Manager Dragon mentioned it would be helpful if the School Board could clarify the school finance committee and chair. School Board Member Brown stated that she is the chair of the School's finance committee but was surprised to see that she is Co-Chair of the Joint Finance Committee and tonight's agenda was not communicated to her. Finance Director Milner apologized for that oversight. Councilor Giunta suggested they come up with the key items that are very important for both of the School and City. School Board Member Brown stated that she thought this meeting was going to be about what they were looking for and what the committee was going to be working towards. When she saw all these different topic items she didn't know where all these items came from. School Board Member Brown would have added the budget calendar to the agenda that she has passed out. City Manager Dragon stated that if there is ever an issue feel free to reach out to the City.

Councilor Giunta asked if the very first item be a catch up from the very last meeting. School Board Member Brown stated that Bill Grimm has resigned from the School Board and was to be on this committee. Last evening at the School Board meeting Robin Gargano was named as his replacement on this committee.

Information from Superintendent on accreditation requirements

City Manager Dragon can give a pre-update that from the Finance Committee meeting City Manager Dragon, Finance Director Milner, Superintendent LeGallo and the Business Administrator Bergquist met as a sub group to start working on some of the agenda items. We met Monday at 10:00 am and we were hoping the Joint meeting could happen perhaps on the third Tuesday of each month so the Sub Committee can have a standing meeting on the third Monday each month for communication and helps be prepared for the joint meeting. The School Board also meets on the third Monday and that allows for Superintendent LeGallo and Business Administrator Bergquist to update the School Board so everyone is informed.

In the sub-committee's first meeting they talked about accreditation requirements because on the City side they are unfamiliar as to what is needed for accreditation.

Councilor Giunta interjected and stated that the third Tuesday was suggested for the Joint meeting and wanted to make sure that was fine with the Committee. School Board Member Dow stated that works for him. Councilor Barton stated there may be a few months where it may not work but mainly yes. Councilor Giunta stated why don't they adopt that. School Board Member Brown stated they can also hold these meetings at the school as well and they should alternate. City Manager Dragon stated they can as long as the school is willing to take the minutes when it is at the school.

Superintendent LeGallo talked about the accreditation packet, which was handed out, and the 7 standards for an accreditation visit. This packet talks in generalities and has information on a wide range of programs for students and consistent funding and those are the two areas he wanted to report on. They did cut four (4) teachers out of the High School so some programming was lost but he doesn't believe that will make them lose accreditation. Those are two areas he does feel they need to keep an eye on as they move forward. City Manager Dragon stated she learned it costs the school a great deal of money for accreditation, \$18K-\$20K to host the team and have the evaluation done. It appears there are no hard and fast rules but stability of funding is something they do look at. Superintendent LeGallo stated you have to remember we have access to colleges and VLACS so there are different ways to provide for the students so he is not overly concerned about that piece. Councilor Giunta asked if there was a way they can make a statement about the stabilization funding loss that the State is reducing 4% annually. He stated that is something they will talk to them about and ask how they approach it.

Councilor Giunta stated one of the questions is "What is our goal here?" One of our goals is to expose potential downfalls going through this process so nothing is a surprise going into the budget process in February or March.

Historic breakdown of what makes up other school revenues

City Manager Dragon stated the Business Administrator Bergquist provided a chart of information back to 2009-10. She believes the Committee was interested in the changes in those numbers and why. Business Administrator Bergquist stated grants are not in there. On Director Milner's spreadsheet there is a column "Other Revenue" and this sheet matches that column.

Councilor Barton asked why tuition shrinks. Business Administrator Bergquist stated that as student enrollment goes down that number goes down until they no longer come to Franklin. That will continue to go down until it is gone. Councilor Barton then asked if we are taking in anyone in Special Ed this year. Business Administrator Bergquist stated no. They usually spend more for Special Ed than they take in and in this case this was a student from Hill that would have needed Special Ed. Councilor Barton was curious how in 2010-11 the tuition revenue was way up there and now it is not. School Board Member Brown stated the Hill population of

students coming to Franklin would have been larger in that year and began decreasing from there.

Councilor Giunta asked about open enrollment and bringing that revenue in. Councilor Giunta asked City Manager Dragon to note that we should talk about potential revenues in general or including enrollment another meeting. He stated that they did it in 2014-15 and it was a good conversation. School Board Member Dow stated they budgeted for it but never received any money. Superintendent LeGallo stated it won't be a good conversation as they are not able to compel other districts to pay Franklin tuition as there is no law to force them to do so. Councilor Giunta asked if they ever tracked students in open enrollment. Superintendent LeGallo stated that just began when he started. City Manager Dragon stated they can talk about adding this to legislation.

Status of grant reporting moving to the appropriate district budget

Superintendent LeGallo stated that they contacted the DOE regarding the issue as to whether or not grants should be reported on the DOE25. About 85% of the school districts report and Franklin has never reported. They intend to start reporting grants on the DOE25 which will then accurately reflect a more accurate per pupil cost here in Franklin. He stated that he was surprised they don't make that mandatory as when you are trying to compare you are not comparing apples to apples. School Board Member Brown asked that when you are reporting that on the DOE25 is it just the adequacy grant or is it all grants and how does it breakdown. Business Administrator Bergquist answered it breaks down in the grant expenditures as you don't get grant revenues unless you spend it so it is a wash. On the DOE25 there is a category to lump the revenues and provide the expenditures according to the grade letter. School Board Member Dow stated that in the next school budget there will be a separate page that shows how the grants come in and how they were distributed out so people know how the money was spent. School Board Member Brown stated that her personal view is that grants a School District receives should be a supplement to a budget and Franklin is not that way as it is their budget. They use this money to pay for teacher or aides and not for the enrichment of the program. Councilor Giunta clarified with School Board Member Brown that the money is comingled with operating dollars and School Board Member Brown re-clarified that it is kept separate but teacher's salaries are paid out of those grants vs being able to use those funds for supplemental educational components to the teaching. Councilor Barton asked that grants have to be used for what they are granted for. School Board Member Brown answered correct. Councilor Barton then asked if we say we are paying for a teacher out of that grant that is what we have to do. School Board Member Brown stated correct but if they write a grant for supplement or enhancement to a course then that would have to be used for that but Franklin doesn't do much of that as she personally feels they should. Councilor Giunta asked if Franklin is not applying for enough grants. School Board Member Brown stated no it is not that they are not applying for grants, it is how they are using that money when they apply as they are using more of the money to sustain their teaching staff then they are using it for their programs.

Status on the SRO grant

City Manager Dragon stated that we don't currently have an SRO grant application after speaking with the Superintendent and Police Chief. The City is working on an MOU with the school as there was a change in the law that requires that. The SRO is funded by the City. School Board Member Dow stated you will run into issues if the funding goes from the City to the School as the SRO would become an employee of the School and SRO's can only be certified police officers. This would become an issue for benefits as the School is a different group than the police department within the City. City Manager Dragon stated in other communities the police officer is under the Town or City budget and reimbursed by the school. She was not able to find a community that had an SRO grant at this time. The City just applied and received a grant for drug enforcement and are actively seeking those grants and haven't found one for a SRO.

Can we consolidate legal services

City Manager Dragon stated that in the subcommittee meeting they discussed this and it really didn't make sense and if we withdraw from the SAU we have the savings. The City has an attorney on retainer and to have just one attorney you have to have someone who is skilled in both municipal and educational law. Many attorneys are skilled in one or the other. There are probably law firms out there but not sure what type of savings, if any, would benefit Franklin.

What changes did the school board make with the FY17 budget allotted

Superintendent LeGallo explained that once the budget process was complete they brought back fourteen (14) teachers and one (1) support staff out of the twenty-five (25) and ten (10) positions were lost. Councilor asked if he could breakdown the ten (10) positions that were lost how many were teachers and support. Superintendent LeGallo stated eight (8) were teachers and two (2) were support. Some teachers did get jobs prior to the budget passing. Councilor Barton asked if they had to hire to replace the ten (10) teaching positions that were lost. Superintendent LeGallo clarified that the school lost ten (10) teaching positions when the budget was done. They did hire some new teachers to fill some of the fourteen (14) that were brought back as some of those teachers did get other jobs.

City Manager Dragon added that during the subcommittee meeting there was some discussion as to the operations due to this loss especially class sizes, as that was a big concern during budget discussions, and it did not change them as 25 is the largest. Superintendent LeGallo stated that class sizes are 20-25 in the district. Superintendent LeGallo stated they still have study halls in the high school that have large numbers of less than 25 students.

Enrollment history & discussion

City Manager Dragon stated that this was added to the spreadsheet. The first number in the column is the enrollment. You can see the trend in the drop in enrollment from 1400-1139.

Glen Feener, from the public, asked that at the school board meeting it was stated that they lost 70 more students last year, is that 70 from the 1139 figure. Superintendent LeGallo stated yes. Councilor Giunta asked how many are from Hill. Superintendent LeGallo stated about 14 or 15 and 3 or 4 more next year. In three (3) years there won't be any left. School Board Member Dow stated there was a drastic drop in Kindergarten of 70 kids which is about 25 less than normal. He stated other schools are seeing the same decline.

City Manager Dragon stated that during Franklin for a Lifetime they stated New Hampshire is a graying state and we are now feeling that bubble that is hitting the schools with the numbers dropping. Councilor Giunta asked what does that mean for adequacy. City Manager Dragon stated that adequacy is based on your average daily attendance, so as the enrollment numbers drop the amount goes down. On the other side of that is stabilization fund which took the place of the fiscal disparity which went to the property poor communities. Adequacy will decrease with enrollment while stabilization will also decrease 4% a year (4% this year was \$168K). Today City Manager Dragon had a meeting with Senator Hosmer and he is happy to put forth legislation for us, so we need to work on that. There are a few problems; it is a budget year for the State, an election year and Dover won its lawsuit on the cap of funding. A bigger picture is the State stated that \$3250 is the cost as adequate education per student. That is clearly not an adequate number as in Franklin we pay roughly \$11K per student.

Councilor Giunta asked Mayor Merrifield if they could think about a forum with other communities to discuss this. He then asked if there is any estimate of what this drop in enrollment number is going to be. Business Administrator Bergquist stated she hasn't done that yet.

What are other communities doing to handle enrollment decreases and funding decreases

Councilor Giunta asked City Manager Dragon if she had any innovative positive things to suggest. City Manager Dragon stated that on the municipal end they don't have a lot of interaction or conversations with School Boards. She believes Superintendent LeGallo was going to reach out and he stated he will try to do that. She stated from the municipal point of view they are pushing the legislative/legal issue. With dropping enrollment when is the tipping point for a school to cut a teacher and if there is a way to forecast when the dropping in enrollment warrants that reduction in class size. School Board Member Brown stated that is difficult it is not generally in one area. Councilor Giunta asked if the school's management can go back and see how could they forecast this or create a formula so everyone can understand this.

Results of first sub-group meeting to brainstorm big goals

City Manager Dragon stated that the subcommittee met and went over the schedule and set up a meeting time of the third Monday of every month. To start brainstorming and to better understand the challenges each are facing. They spoke that retirement is going to hit the City

and School hard this budget cycle. They spoke on how to strategize the roof repair at the middle school.

Supreme Court Decision in the Dover adequacy cap lawsuit & how it may affect Franklin

City Manager Dragon stated that they are concerned that there will be increased pressure to take from the stabilization fund to fund this decision. Mayor Merrifield reminded everyone that the legislature did purpose to cut the stabilization fund by 10% a year initially to get to 0 faster.

Councilor Giunta talked about the Exxon settlement and how the State of NH got \$340M from that decision. Many State lawmakers are looking at that money to solve this problem.

Other business

School Board Member Brown stated that the School Board Finance Committee met this week and they were trying to develop a plan for their budget. She passed out a handout of a general budget calendar in hopes that it will be a smoother budget year. School Board Member Dow stated they came up with this after listening to the City Manager, City Council and the Citizens of Franklin so they are ready to go earlier next year and there are no hidden secrets.

Councilor Giunta stated it would be very valuable to have a transition team for the new School Board members that will be coming on board to bring them up to speed. School Board Member Brown stated they are using May 15 as a deadline for the budget as that is also the deadline by law to notify the teachers that they will be coming back or not.

School Board Member Dow asked if they wanted to settle on a date for next month. October 18 at 6:00 pm was chosen.

Meeting adjourned at 7:03 p.m. by Councilor Giunta.

Respectfully Submitted,

Lauraine G. Paquin