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**Draft Minutes of the
Litchfield Budget Committee Meeting
Held on December 20, 2018**

8 The Litchfield Budget Committee held a meeting on Thursday, December 20, 2018 at Litchfield
9 Town Hall, 2 Liberty Way, Litchfield, NH 03052.

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11 **PRESENT:** C Couture (Chair), K Douglas (Vice Chair), J Bourque, N Fordey, R Meyers
12 (School Board Representative), J Brunelle (Selectmen Representative)

13
14 Absent: J Whitnell, J Martin, B Hodgkins

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18 **1. CALL TO ORDER**

19 Mrs. Couture called the meeting to order at 7:00 p.m.

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- **PLEDGE OF ALLEGIANCE**

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2. PUBLIC INPUT

There was no public input.

3. REVIEW / ACCEPTANCE OF MINUTES

- **December 13, 2018**

MOTION: by Mrs. Douglas

Move to approve the minutes of December 13, 2018

SECOND: by Mr. Meyers

VOTE: 4-0-2, with Mrs. Bourque and Mrs. Fordey abstaining

The motion carried.

4. CORRESPONDENCE

Mrs. Couture reported all information relative to the agenda has been received: LEA Tentative Agreement, Police Contract, updated warrants both town and school district and budget information for the district.

5. OLD BUSINESS

- **Follow up of questions from last meeting**

Mr. Meyers indicated there were questions regarding the math and enrichment tutors. He noted that the enrichment tutor at GMS has been used as a substitute; however, tutors are only asked to sub when all others in the hierarchy system have been exhausted. Mr. Meyers referred to the question about the math tutor and indicated there is an existing math tutor at GMS. He noted that the question regarding the impact of the math tutor is inconclusive at this time. He explained the district is hoping to accomplish assistance with resistance in reading and improvement of student achievement as we move to competency-based education.

6. SCHOOL BUDGET

- **Warrant Articles**

Article 1: Operating Budget \$22,865,429; Default Budget \$22,824,871.

48 **Article 2: LEA Contract** Cost Items: Yr 1 \$394,429; Yr 2 \$374,294; Yr 3 \$346,391.

49

50 Mrs. Couture asked for an explanation of the LEA Tentative Agreement and the impact and
51 ramifications of the contract.

52

53 Dr. Jette presented the cost breakdown over the next three years: Year 1 \$394,429; Year 2
54 \$374,294; Year 3 \$346,391; a shift in insurance to a consumer driven plan with deductibles. He
55 indicated the goal is to take the cost savings from the new insurance plan and invest it into the
56 employees in the first year. He explained we believe that shifting behaviors of people on the
57 plan will result in savings over time and will cause a shift in mindset in terms of the use of
58 healthcare.

59

60 Mrs. Couture commented there are copays in the current plan, but no deductibles.

61

62 Mrs. Messenger explained there have always been copays, but they increased with the last
63 contract. She noted that there is currently no deductible with the Green plan and only a \$250
64 deductible with the Red plan. She noted with the proposed new plan the deductible is much
65 higher.

66

67 Mrs. Bourque asked about the differential between the employee costs and the employer costs.

68

69 Dr. Jette commented the differential will be used to offset the cost of the insurance. He indicated
70 that a long term mindset is necessary with this health plan. He noted there is a health insurance
71 savings of \$1,600 the first year with additional payment from the district going in to provide an
72 offset, but long term savings will be realized.

73

74 Mrs. Couture commented that we have been working for a number of years to increase the split
75 between employee and employer. She indicated to take some supposed savings and increase the
76 split back on the district side is going in wrong direction. She noted the deductible not
77 significant. Mrs. Couture commented that the ideology is extremely generous to the staff, but
78 not something the town can afford or sustain. She indicated the largest price tag is health costs
79 and a slight decrease is proposed. She expressed concern that moving forward the costs are
80 increasing and when the economy nose dives the town will be unable to afford it.

81

82 Dr. Jette commented we are advocating to shift the mindset on health care. The majority of the
83 cost borne by district consisted of the employee having a minimal amount of skin in the game;
84 however going forward the employee has more skin in the game and will be forced to be mindful
85 of decisions made with healthcare costs. He indicated this can result in a change of behavior and
86 long term savings.

87

88 Mrs. Couture asked if there is a health savings plan that can be used for the deductible.

89

90 Mrs. Messenger explained employees can put up to \$2,500 into a Flex Savings Account, which is
91 all employee funded and use it to pay medical bills.

92

93 Mrs. Douglas commented some areas are concerning and some are not. She asked about the cost
94 increase for the average teacher and how much more it will cost next year.

95
96 Dr. Jette commented that will vary drastically by employee.

97
98 Mrs. Couture commented the benefit for the district is that future health care costs will be lower.

99
100 Dr. Jette expressed he is reluctant to say it will be lower, but the benefit with a consumer driven
101 plan is to shift the mindset of the use of health care dollars to result in a savings.

102
103 Mrs. Couture asked if the yellow plan will cost the district less than the red and green plans.

104
105 Mrs. Messenger indicated that the yellow plan is less expensive. The cost for a single individual
106 on the Yellow Choice plan is \$9,162 and with the No Choice plan it is \$8,029, which is much
107 less costly. She commented the cost of consumer driven plans are less expensive. She explained
108 if an employee opts for the Choice fund with a \$2,000 deductible School Care will fund the first
109 \$1,000.

110
111 Mrs. Couture commented that the district was paying 82% of the health insurance costs, but with
112 what is presented with the new plan it will be a wash. She indicated we gain nothing except the
113 hopes it changes behaviors in the future.

114
115 Mrs. Douglas commented we have the larger share of the cost increase.

116
117 Dr. Jette commented the salary component will be an impact as teachers had a strong desire to
118 make corrections for step placement for some staff. He indicated they are trying to make up the
119 steps those teachers did not get because they were stuck on the same step for two contract years
120 when the proposed contracts failed. He noted we felt we needed to address this.

121
122 Mrs. Messenger referred to the proposed salary schedules and explained that the make up step
123 cost is \$152,748 collectively.

124
125 Mrs. Couture believed that in one contract the bottom step was dropped and top steps were
126 added.

127
128 Mrs. Messenger indicated the last time we did not add a COLA, but moved the numbers around
129 and did not relabel the steps.

130
131 Mrs. Bourque commented in her experience if you do not receive an increase in a given year
132 there is no expectation that you make that up. She understands the concept that they can go
133 somewhere else and make more money. She asked if it is customary to make up those steps in
134 the next contract if a contract fails. She was concerned this will set a precedent.

135
136 Dr. Jette commented that we asked the association if this would address past history and were
137 assured this does take care of what occurred in the past.

138

139 Mrs. Bourque asked if that is typical negotiation. Dr. Jette commented that he was not sure
140 because he has never seen a step schedule like this one.

141

142 Mrs. Couture commented that we did something to try to bring those people back up to where
143 they should be, but did not relabel the steps.

144

145 Mrs. Bourque asked why we do not see a decrease in subsequent years.

146

147 Dr. Jette commented the overall association is that teachers are doing the make-up steps in the
148 first year; progressing a step and adding 2% to the schedule in the second year; progressing a
149 step plus 2% in the third year.

150

151 Mrs. Couture commented typically there is a 3.8% raise in steps, but the second and third year
152 there is a 5.8% increase. She indicated she is struggling with that percentage.

153

154 Dr. Jette commented that the agreement makes up for past history when the economy was weak
155 and raises were not provided. He indicated the district continues to be competitive with the
156 marketplace and finding teachers who are certified and trained is challenging.

157

158 Mrs. Couture asked if a market survey was completed.

159

160 Dr. Jette indicated that a survey was done and Litchfield falls in the middle and would like to
161 maintain that. Litchfield would like to continue to attract and retain certified and highly
162 qualified teachers.

163

164 Mrs. Couture commented if there is a critical shortage, why not differentiate some of those titles.

165

166 Dr. Jette commented that would be a matter of collective bargaining and could be problematic to
167 value one over another.

168

169 Mrs. Couture agreed and commented a critical shortage would already be designated and that is
170 just economics. She indicated this is one of the highest contract requests since 2013, when the
171 contract failed.

172

173 Dr. Jette commented that the district research contract agreements back to 1988. He indicated in
174 2006 the contract cost was just over \$400,000 per year over three years and was a recovery
175 contract in those years.

176

177 Mrs. Couture noted there was a significantly higher number of students and staff in 2006.

178

179 Mrs. Bourque commented this is \$1.1M over three years. She indicated that what this room is
180 hearing is understandable, but when people vote it is different. She asked why there is change in
181 contract years.

182

183 Dr. Jette commented the goal was to stagger the years for our two union contracts. He indicated
184 that the other piece is the co-curricular segments, for which there are some increases. He noted
185 there will be a committee to study the way the co-curricular dollars are distributed.

186
187 Mrs. Couture asked if the principal decides which co-curricular activities run. Mrs. Messenger
188 indicated that is correct.

189
190 **Article 3: LMS Part Time Enrichment Tutor \$28,490**

191 **Article 4: LMS Part Time Math Tutor \$28,490**

192 **Article 5: Teacher Hiring Expendable Trust Fund \$75,000**

193
194 **Article 6: Building Maintenance Capital Reserve Fund \$50,000**

195
196 Dr. Jette asked if there were any questions regarding Articles 3, 4 or 5.

197
198 Mrs. Couture indicated the only concern with the tutors is that they exist at GMS and will now
199 be added to LMS and that they will not be used for other duties.

200
201 Dr. Jette commented that because there are not enough substitutes in the district it cannot be
202 guaranteed that tutors will not be called to sub in classes occasionally. He indicated when the
203 sub list is exhausted there is a backup protocol of who we can use in the building. He noted the
204 district is committed to increase the substitute pool and we have some ideas and strategies.

205
206 Mrs. Couture commented the concern with Article 5, a teacher hiring expendable trust fund, is
207 that although there was an attrition reduction of \$250,000 in salaries and benefits in this current
208 budget, the district was still able to bring on an additional staff member for grade 1. She
209 indicated there was also a \$200,000 underspend in salaries and benefits. She believes this fund is
210 not needed. Mrs. Couture commented the district did a good job reprioritizing funds. She
211 indicated she cannot support this article unless a larger attrition reduction is made to the FY20
212 budget.

213
214 Mrs. Fordey asked for the rationale behind the development of the article.

215
216 Dr. Jette commented this year we had a last minute hire for grade 1 due to the unanticipated
217 increase in enrollment. He noted that we are currently looking at kindergarten. Enrollment was
218 projected at 70, we opened kindergarten with 80 and we currently have 86 student. He pointed
219 out these projections seem fluid, but we felt having something available if the "perfect storm"
220 hits and we need that additional teacher in a specific grade would alleviate the need to find the
221 funds in the budget if it occurs. Dr. Jette indicated the district and the School Board feel
222 responsible to have funds placed aside in that situation. He noted this article is for the
223 unanticipated hiring of staff due to an unexpected increase in enrollment.

224
225 Mrs. Douglas asked how close enrollment is at this time in some of these classes that will cause a
226 problem. She believes what occurred this year with first grade was an anomaly. She does not
227 feel that many children will move into Litchfield and will result in the increase in staff.

228 Mrs. Douglas commented feeder classes should be steady. She indicated we are planning for a
229 problem we do not have.

230
231 Mrs. Bourque commented that she is struggling with this article. She indicated that from her
232 experience on the committee for the last three years and with what has been returned from
233 salaries and benefits, she agrees this fund would not be needed.

234
235 Brian Bourque, School Board Chair, clarified that the \$200,000 unassigned fund balance was
236 from FY18 and the additional teacher for grade one was funded out of FY19.

237
238 Mrs. Couture commented that the Budget Committee received information that there is a
239 \$110,000 underspend.

240
241 Mr. Bourque clarified it is too early to project a fund balance at this time.

242
243 **Article 7: Building Maintenance Capital Reserve Fund \$50,000**

244 Mrs. Douglas asked for the current balance of the fund.

245
246 Mr. Izbicki indicated the current balance is \$183,000.

247
248 Mrs. Douglas asked why the district is asking for an increase.

249
250 Mr. Izbicki indicated catastrophic failures can happen at any time.

251
252 Mrs. Douglas asked if the district's insurance would cover that type of failure.

253
254 Mr. Izbicki commented it would depend on what failed. He indicated, for example, the LMS
255 roof warrant was voided and the insurance will not pay if the roof has to be replaced.

256
257 Mrs. Douglas commented this is on the recommendation of the maintenance committee. She
258 asked why the district is not putting the money toward those recommendations.

259
260 Mr. Izbicki responded we are working on the Capital Improvement Plan and we are not yet at
261 that point. He commented that a comprehensive plan needs to be in place.

262
263 Dr. Jette commented that it is a Capital Planning Committee decision. He posed the question
264 'how much do you spend on an aging building, or is it better to propose a new school'. He
265 indicated moisture problems will cost millions to repair and we have to figure how to proceed.

266
267 Mrs. Douglas commented these are the same issues over 20 years. She indicated we can keep
268 talking about it, but at some point we have to make a decision.

269
270 Dr. Jette indicated that is the goal with the Capital Planning Committee. He mentioned that the
271 School Board has invited the State Representatives to the January 9 meeting where building aid
272 and state aid funding will be major topics.

273

274 Mrs. Couture asked if there is a target for the fund.

275

276 Mr. Izbicki commented \$250,000 is the goal.

277

278 Mrs. Douglas suggested to pick one thing for which to use the fund.

279

280 Mr. Izbicki indicated the district is facing HVAC problems that will be extremely costly to fix.

281

282 Mrs. Couture commented she would rather add article 5 to Article 6 and put the money into the
283 buildings.

284

285 Mrs. Couture commented that she was surprised the district did not get support for the middle
286 school vestibule.

287

288 Mr. Izbicki indicated that funds for the application to the State were awarded, but not the full
289 amount. He noted the district was asking for \$340,000 and they funded only \$100,000. He
290 reported that the full amount was awarded for the CHS vestibule.

291

292 Mrs. Couture commented that LMS is more of a priority.

293

294 Dr. Jette explained that at LMS we have to create a main entrance and then add security. He
295 believes the State only wanted to fund the security piece and not the entrance itself.

296

297 Mrs. Couture asked if the entrance for LMS could be placed on the warrant if we wanted to do
298 the full project.

299

300 Mr. Izbicki indicated if funds are unclaimed as of April 1 they will reallocate the money and
301 there is a chance we could get more funding.

302

303 Mrs. Bourque asked if the Budget Committee is voting on the school district warrant articles.

304

305 Mrs. Couture indicated voting will be done at the hearing as there is not a full Committee. She
306 suggested hearing feedback from the community before making decisions. She noted this
307 information is new and she would like to have the Committee digest it.

308

309 TOWN DISTRICT BUDGET

310

- **Warrant Articles**

311 Mrs. Couture mentioned the police contract has been finalized and there is a default budget. She
312 noted the discussion last week was regarding the buyback of hours and accrual at the end of the
313 year and it seems as if those issues have been significantly addressed.

314

315 **Article 4: Operating Budget** \$6,757,953 **Default Budget:** \$6,713,245

316

317 **Article 5: Police Contract** Cost Items: Year 1 \$37,909; Year 2 \$24,942; Year 3 \$4,764

318

319 Mr. Brunelle commented that the contract is for two years. He indicated there was much
320 wording revision and the rate matching was eliminated. He noted the salary earned during detail
321 comes out of the Detail Activity account.

322
323 Mr. Brown explained the old agreement put the Town at more of a financial risk with the rate
324 match included. He indicated even with the increase in hourly rate, in order for them to leverage
325 the same amount of match they had and still will have to work more hours than in the past. He
326 commented this is a way to try to keep them whole as they can earn this money and decide what
327 they want to do with it. Mr. Brown indicated the \$2,000 match was eliminated.

328
329 Mrs. Douglas asked why not back that into the hourly rate we charge.

330
331 Mr. Brunelle indicated the only way the fund is solvent is to have a set rate.

332
333 Mrs. Couture commented it has been eliminated and there is no sense in arguing with something
334 that is not there.

335
336 Mrs. Douglas asked how many employees take advantage of the insurance buyout.

337
338 Mr. Brown indicated the amount represents 50% of the Town's cost.

339
340 Mrs. Douglas asked for the total increase of the contract.

341
342 Mr. Brown explained the cost for year 1 is \$37,909, year 2 is \$24,942 and year 3 is \$4,764. The
343 contract is allowing employees eligible for a step to advance a step, which will be based on
344 performance. The COLA is 2.5% in year 1 and 2.5% in year 2. The contract will start July 1
345 instead of April 1 with COLA and performance reviews granted on July 1. Mr. Brown indicated
346 that the July 1 start was negotiated in the event the Town would like to change to a fiscal year.

347
348 Mrs. Couture asked about the percentage between steps.

349
350 Mr. Brown commented in the past contracts had about 22 steps, but they
351 have been compressed to 5 steps. He indicated the percentage varies between steps from 2% to
352 3%.

353
354 Mrs. Douglas commented employees will max out in year 6.

355
356 Mr. Brown explained that when an employee reaches the max they can advance to master patrol
357 officer and receive an 8% increase. He noted they have the ability to be promoted to corporal or
358 sergeant, but it would be some time before that occurred.

359
360 Mrs. Couture asked for a snapshot of what that looks like now.

361
362 Mr. Brown indicated master officers are maxed out; some newer officers are moving through the
363 range; eliminating the match is a huge step; the 2.5% COLA is aligned; FMLA has moved to a
364 rolling 12 month period. He commented he never liked the fact that when an employee reaches

365 20 years they get a 3% raise that compounds every year. He noted now it is fixed, added to the
366 base and not compounded.

367

368 **Article 6: Human Services and Health Agencies \$25,000**

369

370 Mr. Brunelle indicated this article has been brought back to the Board of Selectmen. He noted
371 the money will go to agencies that only provide services to Litchfield.

372

373 Mrs. Douglas commented that could apply to any groups that provide services in the Town. She
374 asked if it is limited to certain organizations or will it be open to community service groups in
375 Town.

376

377 Mr. Brunelle explained it was suggested that a committee review the requests and organizations
378 and distribute the funds. He commented what is listed in the article is based on the
379 recommendation of the value of services of the organization to the Town. He indicated the
380 committee will establish the guidelines for distribution.

381

382 **Article 7: Town Earned Time Accrual Expendable Trust Fund \$50,000**

383 **Article 8: Technology and Communication Expendable Trust Fund \$50,000**

384 **Article 9: Land Purchase \$90,000**

385

386 Mrs. Couture indicated with Articles 5 and 6 coming in less than originally thought, all articles
387 could be supported and still be below the tax cap. She noted it is up to the Committee if they
388 would like to vote now or to wait for the full membership to be in attendance.

389

390 The consensus of the Committee was to wait until most of or the full membership is in
391 attendance.

392

393 **7. MEMBER INPUT**

394 Mrs. Couture commented our job as the Budget Committee is to bring forth a budget for the
395 district or the town. She indicated it is mainly about the process. She noted just because ideas
396 brought forward may not be supported does not mean the Committee does not support the
397 budget. She asked if there are any more reductions members feel are needed to bring forward on
398 either the district or town budget.

399

400 Mrs. Bourque commented with the same logic and school conversation, it seems none of us were
401 fans of the hiring article. She asked, should we not let the voters decide?

402

403 Mrs. Couture indicated it is a financial decision. She noted she was speaking about the main
404 article, or the budget. She clarified whatever this committee brings forward for the main budget
405 we need to support it. She commented if another article is not supported, then it is not supported
406 then that is the way it is.

407

408 Mrs. Bourque commented it is a balance between your own personal opinion and what you think
409 is best for town.

410

411 Mrs. Douglas commented her responsibility is whether it is appropriate or not appropriate for the
412 budget. She feels there is a cushion in a budget that continually returns money and she will not
413 support the budget.

414
415 Mrs. Bourque commented it is irresponsible not to support a budget when there are more
416 variables with certain departments than with others.

417
418 Mrs. Couture commented the budget should be looked at as a whole.

419
420 Mrs. Douglas commented if she feels the school district default budget is the right number and
421 can serve the district mission, she will not support the proposed budget.

422
423 Mrs. Couture clarified no one is saying a member cannot vote in the negative, but she does not
424 want to end up in a situation where we do not have a budget to bring forward. She indicated if
425 you feel there are places that have not been discussed, we need to have those discussions. She
426 commented when we get through the process we have a responsibility to bring forth a budget that
427 we support.

428
429 **8. PUBLIC INPUT**

430 There was no public input.

431
432 **9. ADJOURN**

433 **MOTION:** by Mrs. Bourque
434 *Move to adjourn the meeting.*

435 **SECOND:** by Mrs. Douglas

436 **VOTE: 6-0-0**

437 **The motion carried.**

438
439 **Next meeting: January 10, 2019 – Budget Hearing**

440
441 The meeting was adjourned at 8:45 p.m.

442
443 **Recorded by: Michele E. Flynn, Recording Secretary**

444
445 **Approved:**