

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(RE: FY 2014 SCHOOL DISTRICT BUDGET)**

March 18, 2013

7:00 p.m.

Mayor Gatsas called the meeting to order.

Mayor Gatsas called for the Pledge of Allegiance, the function being led by Alderman O'Neil.

The Clerk called the roll.

Present: Aldermen Craig, Ludwig, Long, Roy, Osborne, Corriveau, O'Neil,
Levasseur, Shea, Katsiantonis, Shaw, Greazzo, Gamache, Arnold

Presentation of the FY 2014 School District budget.

Dr. Thomas Brennan, Manchester School District Superintendent, stated good evening, Your Honor. I think we're going to begin with Mr. Gelinas.

Mr. David Gelinas, Vice Chairman Manchester Board of School Committee, stated thank you, Your Honor. This evening I'd like to introduce the superintendent, who actually needs no introduction, Dr. Thomas Brennan, and our financial officer, Ms. Karen DeFrancis. We're here this evening to present or discuss with you the budget for the School District as passed by the Board of School Committee, and I have to admit that the board sent two budgets to you. I can say that I voted for one, and that was for the higher one, and of the two budgets that were presented, five of our board members voted to send both of them to you and one member voted no on both. I'm not going to try to characterize or outline their reasons as to why they felt two should be sent over,

but I can say to you that a majority of the board voted for the higher budget. Without further ado, I'll bring it to the superintendent instead of me talking and just discussing what we did. I'm sure you want to hear the numbers and what affect the budgets have with the district. With that, I ask you to bring your attention to the superintendent.

Dr. Brennan stated this evening, as indicated by Mr. Gelinas, you have two budgets. One is noted as the tax cap budget and the other is the school approval budget. After much discussion and conversation in terms of sending budgets forward, I felt there was an obligation not only to create a tax cap budget for our Board of School Committee to review, but also what I, again, classify as a school approval budget. It's a minimal budget designed to meet school approval guidelines, the administrative rules as established by the State of New Hampshire through the New Hampshire Department of Education. We can review those numbers. As you can see we've divided it into three sections. The first section that you have before you is the budget as we presented in terms of the school approval budget. It started off with \$160,356,798 that I presented as the school approval budget to the Board of School Committee. After conversations relative to that budget, there were two reductions. One was a reduction in debt service line item for deferral of the textbook loan, and also the reduction of equipment line item for technology equipment, assuming that the \$2.8 million monies would be bonded to cover this needed equipment, thus leaving a net school approval budget of \$159,522,353. It should be noted that there are no steps or cost of living increases in this budget. There are no benefit structure changes included. It does call for 41 additional new teaching positions; the breakdown being 19 high school, 15 middle school, and 7 elementary teaching positions. It also assumes the transfer from grant dollars of 9.5 positions, which are included under IDEA's grants established for students with disabilities, education, and school improvement grants. Also, the revenues projected from Hooksett and Candia were

at the level that all students would be sent to our school district. On pages two and three you can see the breakdown relative to the the school approval budget identifying the line items from salaries through debt service. As far as expenditures and revenues, again, projections are there based on what we had at the time. Thus, again, netting out or merrying up to \$159,522,353. Now we have the expenditure under the tax cap. There is a breakdown on page three that shows that the expended appropriation target was \$155,724,449. On page four of the handout, at the meeting of the Board of School Committee on March 11, 2013, the committee reviewed recommendations relative to the above-referenced, and after due and careful consideration, the committee recommended to accept the recommendation to accept the bond for technology in the district for \$2.8 million from the Board of Mayor and Aldermen. This was a unanimous vote. I don't know what the pleasure of the committee is in terms of what you would like us to do. I think I presented an overview of the two budgets, how we got to those dollar amounts, and, again, it is in your packet. Rather than going through each of these items, I would entertain any questions or comments.

Alderman Arnold stated thank you very much, Your Honor. Dr. Brennan and Committee Member Gelinis and Ms. DeFrancis, thank you for being here tonight. I know it is a daunting experience, but I very much appreciate the information you've provided and I thank you in advance for responding to the questions of all the members of this board. First, if I could just ask a couple of questions about the process that you went through in getting from what I call the meeting minimum standards budget compared to the tax capped budget that the School Board sent over. You had said a few minutes ago that the meeting minimum standards budget, what you were trying to do was meet the state's minimum standards. What are we talking about with that? Are we talking about class sizes or teachers or what?

Dr. Brennan replied yes. Basically to get to the class size requirements that are outlined in the administrative rules of not having more than 30 students in our grade five through grade 12 classes, grade three to grade five, 25 students, and kindergarten to grade three, 25 students. What I did was I looked at the projections of enrollments, I looked at our current enrollment, any trending that we had there, and in order to meet that minimum requirement, these were the dollars necessary to bring that to fruition. It does not include any additional administrative positions or any clerical support positions, any other positions that if given the opportunity, I would have presented in a different level budget.

Alderman Arnold stated is my understanding that what we're talking about here between those two budgets is 41 teaching positions, and then an additional number of positions that would be retired positions that we wouldn't fill.

Dr. Brennan replied currently we have 23 retirements to date. We would not be able to fill 14 of those, so we would only be filling nine of the 23 retirees' positions.

Alderman Arnold asked so that is that lower number?

Dr. Brennan replied yes, sir.

Alderman Arnold stated the \$155.7 million; there have been a number of stakeholders who have weighed in on what the practical implications of the City passing such a budget. I think as recently as this morning, the *Union Leader* had a story about it and one of the concerns that I have is that existing staffing levels cannot be maintained, and thus the quality of education will suffer even further than what I believe it already has. Is that a safe statement to make that under the \$155.7 million budget that current staffing levels cannot be maintained?

Dr. Brennan replied that is correct.

Alderman Arnold stated thank you very much. I'm happy to yield to my colleagues.

Alderman Roy stated thank you, Your Honor. Thank you for coming. I've got a couple of questions, if I may, Your Honor. First, how did we come up with the titles of these? The school approval budget; what does that mean?

Dr. Brennan replied in order to receive approval, there is a set of administrative rules that the Department of Education has established, class size, course offerings, a variety of items. As you know, we've been in conversations relative to our class sizes for a period or time, and what that means in my definition is that to have the appropriate staffing in order to receive school approval, that's the number.

Alderman Roy responded okay, fair enough. I was looking at that saying school approval and tax cap and it seemed like one sounded nice and the other one didn't. Now you explained it to me, and I appreciate that.

Dr. Brennan stated yes, sir. That was the intent.

Alderman Roy stated you're talking about class sizes and what not. How far would redistricting go to correct the class sizes?

Dr. Brennan replied it wouldn't go very far because we would still need to determine where we would have our students and how many courses we'd have to have or not have. The first phase, just in terms of school redistricting, I

approached it with getting rid of what we call outliers or these islands of students going to schools where they really shouldn't have been assigned. And then the second phase was to align our elementary schools to our middle schools so there would be a vertical direction and it would limit the number of students being split among the four schools. The biggest piece is the one I think would deal with our high schools, and in my recommendation, I think you need to spend a year quite literally looking at that, based on the 2007 report and trying to determine what, if anything, you could do to encourage not only our own students to participate in perhaps a non-traditional school, but to secure other students to come there. That is the extent of the redistricting. It is mainly moving the bodies around, but at the level that we're currently staffed at, it would not have that significant of an impact, in my opinion. And I couldn't give you the numbers, I wish I could, but, again, it depends on sign-ups and that sort of thing.

Alderman Roy stated on page three that you talked about it shows with the tax cap the 2.17%. Where are those numbers in the school approval budget, the percentage? What would that percentage be in the school approval budget? Instead of 2.17%, it's almost \$4 million more, I think. I just did some quick math. Would that be like 5%? Maybe I missed it in here, and if I did, just point me to the right page.

Dr. Brennan responded we did not provide that percentage that you just asked for. I'm checking with Ms. DeFrancis.

Alderman Roy stated one of the things I'd like to do is make sure I'm looking at apples and apples, and I was going through this and I couldn't find it, so I'm saying okay, I'm missing something.

Dr. Brennan stated it's in there, it's just that we didn't translate it or place it in a percentage. We'll do that right now.

Mayor Gatsas stated I think it's about an additional 2.25%.

Dr. Brennan stated 4.67%.

Alderman Roy stated 4.5% not 5%.

Dr. Brennan replied yes, sir.

Alderman Roy asked could you get that exact number to us, not tonight?

Dr. Brennan replied yes, sir.

Alderman Roy stated I noticed that in the school approval budget, section two, it is about ½ inch thick, all kinds of information, but on the tax cap budget you have three pages. Why don't we have the same information? Again, I like to compare apples to apples. Why don't we have the same information there or did I miss something in the middle section?

Dr. Brennan replied no. We could produce that for you, it's just that a majority of the detail would stay the same. We could identify the areas that were impacted.

Alderman Roy stated that's what I'd be looking for is what areas are impacted if we don't do the school approval.

Dr. Brennan stated if you go to section three, the very last lavender page.

Alderman Roy stated it says reductions to meet the tax cap. Does that mean reductions from the school approval budget because it doesn't say that?

Dr. Brennan replied yes, sir. On page two of that section, reductions to meet tax cap. And then the first line you see school approval budget, which was at \$160 million back then, use of additional impact fees would be \$1 million, use of expendable trust reduction would \$1 million, the elimination of the 41 new teaching positions would be \$1,986,162, and at the time that we made this we only had 19 staff members who had retired, but that's another reduction because we'd only be able to, and as I said earlier, we'd have to eliminate 14 of the 23. So when you net it out, the original one that you see on page two of \$155,922,591 was based on a higher CPI number that we were working with when we developed this.

Alderman Roy stated that was the other question I had. How come that hadn't been corrected because it says 2.30% on page one of section three?

Dr. Brennan replied because we wanted to present to you what we had for two budgets as they were presented. The tax cap budget was presented when we didn't have definitive information. Often times here I hand out things and there are discrepancies, now I try to get back up to show why there was a discrepancy and that was the reason because we thought the...

Alderman Roy interjected this was done in mid-January and we didn't know exactly what the numbers were going to be.

Dr. Brennan responded yes, sir.

Alderman Roy stated I'm sitting here trying to make a decision between two budgets, and I was hoping I would have the correct numbers, today's numbers. I'm looking at this 2.30%.

Dr. Brennan stated but we did make the adjustment.

Alderman Roy stated if you could tell where, I'd appreciate that.

Dr. Brennan replied section one, page three.

Alderman Roy stated very good. I'll make a note here to go to page three, section one. Thank you, Your Honor.

Alderman Craig stated thank you, Your Honor. I have a number of questions, but I'm going to start with asking what are the overall goals that the School District has for educating students in the Manchester School District for next year?

Dr. Brennan replied we are in the midst of a strategic plan, but the overall goal in my mind is to provide an adequate education so that students would meet or exceed, or to demonstrate rather, school growth as far as student achievement.

Alderman Craig asked so in your opinion, what are the non-negotiable things that you need in order to get there?

Dr. Brennan replied staffing.

Alderman Craig asked and the cost of that?

Dr. Brennan replied the difference is about \$1.9 million, plus the other \$400,000 something thousand, I believe, because we want to increase the staff by 41 and also to fill all of the positions for the retirees.

Alderman Craig stated so just to be clear; in your opinion the school approval budget of \$159.5 million would provide students with the best chance to receive an adequate education in Manchester?

Dr. Brennan replied yes.

Alderman Craig asked and do you feel that there's anything wasteful or non-necessary in that budget?

Dr. Brennan replied not at this time, and I think over the last five years we've been working hard to eliminate what people would consider fat or excess. There is just no more to give, in my opinion. And I want to emphasize the word adequate. That's the educational level that we would be providing to meet the administrative rules.

Alderman Craig stated then regarding the sending the towns, in the budget that you've provided to us you have indicated that you're keeping the number of students from Hooksett and Candia the same from a revenue prospective.

Dr. Brennan replied yes.

Alderman Craig stated it doesn't seem to me that there seems to be an urgency of keeping those students in our schools. And I want to hear from you what your thoughts are regarding that.

Dr. Brennan replied I believe those students, and I've said this at all three boards at the time, Auburn, Hooksett and Candia, they are critical to our School District. I think we offer a lot to them and they offer a lot to us in terms of what they bring relative to their cultures even though it may sound odd talking about different cultural changes within New Hampshire, but they do exist when you look at rural or urban settings. I believe they bring a different culture to the school, they continue to help the schools evolve, and at the same time we provide them, because of our diversity, with a better understanding of individuals who may not come from not only the same rural background but also from a different culture entirely, international. The assets that are available in this city are phenomenal, and to have children be able to experience that as early as possible, I think not only academically but culturally, will make a significant impact on our future.

Alderman Craig stated I absolutely agree with you, and I'm happy to hear you say that. And I agree from a student population perspective we need to keep those communities involved in our School District. From a financial perspective, to me, it looks like it is a devastating loss if they leave. Can you talk a little bit about that?

Dr. Brennan replied yes. If they were to leave, there would be fewer dollars available through the revenue. We've already experienced that this year with some of the students not coming, so we projected a revenue and we did not realize that. If we were to have large numbers of students not come here, we'd have to make up that money somewhere else, and I believe there are not too many places in our budget that we could make that shortfall up.

Alderman Craig asked so would that mean letting teachers go?

Dr. Brennan replied yes, I think we'd have to consider it. I'm not going to answer that specifically, but my inclination is yes, we would because where else are you going to take it from. Other than programs, quite candidly, and we don't talk about that too often, but another way of looking at it in, which I don't want to do, is the elimination of athletic programs because that causes a firestorm. We tried that before and it didn't work, I'm not saying you particularly, but my question to myself is where would I find these dollars.

Alderman Craig stated and we're talking \$7 million.

Dr. Brennan responded if all of them failed to come.

Alderman Craig stated right. I don't see a lot of answers. Do you have an idea of how it would impact the class sizes in Manchester? What would happen if those students did not come?

Dr. Brennan replied if we lost \$7 million in revenue; we spend about \$1 million for every 22 teachers, and I'm not saying that that would be an exact number. There is 22 times seven, but it would be a good percentage of that.

Alderman Craig asked so higher class sizes?

Dr. Brennan replied absolutely. There would be, and it would be across the board, kindergarten to grade 12, because you couldn't take them all out of the high school where that would be the greatest impact of that lost revenue. It would have to come out of other places, other levels, and it would be similar to what we did a year ago where we seemed to try to spread it throughout the district.

Alderman Craig stated thank you.

Alderman Long stated thank you, Your Honor. Dr. Brennan, thank you for this opportunity. Regarding the sending towns, are these budgets assuming \$7 million, is that what I heard, or is it \$9 million?

Dr. Brennan replied the \$7 million were if all of our students, or nearly 700 students or 600 and change, were not to come. This includes every student coming that we're projecting to come here.

Alderman Long asked which is a revenue of \$9 million?

Ms. Karen DeFrancis, Business Administrator, replied the revenues as shown on page one of section two actually split those revenues between the operating tuition and the capital tuition. So if all three sending towns were to leave, it would be a loss of \$9.8 million. A portion of that, maybe about \$400,000, is for vocational education tuition, so we would still keep that piece. But the majority of that \$9.8 million, if all three sending towns were not here, we would lose approximately \$9.4 million.

Alderman Long responded okay. With respect to both of these budgets the assumption of sending towns is what number? Do we know what number we're assuming that revenue? Is it the \$8.7 million in section two, page one? Is that the number for tuition operating?

Ms. DeFrancis replied yes. In section two, page one, those first two numbers on the right-hand side, tuition operating of \$8,750,000 and the capital tuition of \$1,108,000. So what we're assuming in those numbers is that we have an anticipation of the students that Auburn will be sending because they're phasing out, so we have an estimate as to the numbers Auburn would be sending, we also

have an estimate based on past history of Hooksett and Candia. If Hooksett and Candia do not send 100% of their students as they've done in the past, that number would go down. And I believe we've been notified that there could be 61 less Hooksett students.

Alderman Long stated that's what I was trying to get my hands across because in section one the revenue assumes Hooksett and Candia will send all required students. How do we know that required student? There are freshmen, there are 8th graders in Hooksett who want to send their kids to Central. Do we know what that incoming freshman class is?

Dr. Brennan replied yes. We know, based on the eighth grade, a general idea, but there are also students who may go to non-public schools and it varies from time to time. But we do have a number that we're using to base this on, not only the incoming freshmen class, but the maintenance of other students.

Alderman Long asked are we assuming \$10,000 per student?

Ms. DeFrancis replied this year that we're in right now it is \$8,300 per student. Next year we're assuming \$8,500 per student.

Alderman Long stated I'm just trying to get my hands around what number you're looking at if they send all required students, and that number is the 9.8% over here on the report.

Dr. Brennan replied yes, sir.

Alderman Long asked and all required students is what they currently have that you know and your anticipated number of freshmen coming in from both, Auburn is not going to have any freshmen coming in, but Hooksett and Candia.

Dr. Brennan replied yes.

Alderman Long stated back to the minimum standards question. From what I understand on class size, that's the minimum standard we're meeting is class size.

Dr. Brennan replied yes.

Alderman Long asked does that also take into consideration reallocation of teachers? Are there opportunities, and I don't know if this is contractual, I'm hearing both sides that it may not be, that if there's a teacher who has a lighter schedule they could be allocated if they qualify to formulate another class or what have you? Is that contractual? If not, does this consider the reallocation of teachers?

Dr. Brennan replied it does not. It's difficult to determine this because it is so early in the process to know exactly how many teachers we have. The board of school committee has voted in a new policy that limits the number of students at both the upper level of 30 and the lower level of 14 or fewer, it's 15 or fewer, so we look at that. We'd be able to combine some of those teachers to teach multiple classes and we try to do that. It would be difficult for me to say here tonight what that number would be, but we've always done reallocation of staffing, it's just that we did it within the existing policy. Now that we have a newer policy we'll take a different look at that and see what happens. The students are just now signing or about to sign up for their courses next year, so we'll have a better sense in the latter part of this school year exactly what the impact would be more realistically.

Alderman Long asked would it be safe to say that within that reallocation we may need fewer teachers?

Dr. Brennan replied no.

Alderman Long stated so we definitely need the 41 as far as you're concerned.

Dr. Brennan responded yes, sir.

Alderman Long asked and even though we don't know about the reallocation we can reallocate but that won't have an effect.

Dr. Brennan responded that's right. And the reason I answered that so quickly is because I'm talking about minimum staffing requirements and we might see some but I'm not even going to project because I can't do that. But with my intuition and my history of working with staff, that would not simply be a way of meeting the number because we reallocated students. We don't know what they're going to sign up for. We do continue to encourage them to participate in online learning to do college credit work, to do a variety of things. Again, it is fortunate the board passed policies that allow this to happen, but that takes a transition time.

Alderman Long asked and the minimum standards that we're talking about, class sizes, is there a measurable enhanced academic process? Unless I assume that 30 students are going to be better educated than if there are 35 in a classroom, and I don't even know if I could quantify that, but other than that debatable statement, are there any measurable matrixes that will show us that these minimum standards are giving us an enhanced academic process for our students?

Dr. Brennan replied the only research that I feel very comfortable with is the research that was done from kindergarten to second grade in terms of the impact of class size. I believe that is real that the fewer students you have within a class for kindergarteners through second, or perhaps third grade, has an impact, a positive impact. There is no data that I have found, and no research that I have found, that indicates that those other class sizes impact on student achievement. I do think that there are concerns to how many students you can have, particularly at the high school level depending on courses, that teachers would be responsible for. Unless someone out there or in here can show me data...

Alderman Long stated but within our district would we be able to measure enhanced academic achievement meeting these? From what you're saying I think the answer would be yes.

Dr. Brennan replied yes, we could, but it can't happen overnight because of longitudinal assessments.

Alderman Long stated no, I don't expect that. The 19 teachers in the high school, that meets the high school agreement. Does the \$159.5 million budget cover the high school agreement totally?

Dr. Brennan replied yes, in my opinion.

Alderman Long asked and the 19 teachers is included in that to meet the high school agreement?

Dr. Brennan replied yes.

Alderman Long asked and if just the 19 teachers, would that be \$920,416?

Dr. Brennan replied I believe so. We're just going to run those numbers.

Alderman Long asked so that would meet the high school agreement with those 19 teachers?

Dr. Brennan replied yes it would; \$920,000. May I just ask a question before you ask me another question. I would just caution the Board of Mayor and Aldermen that we have a K-12 district and I understand there may be a sense to fulfill the school approval portion so that we can maintain our relationship with our sending towns, but when you asked the question about matrixes in terms of student achievement, I think we would be setting our schools up for difficult times if we don't have the appropriate class sizes at elementary and we're really pressed at the middle school. I just wanted to say that because I wouldn't want people to think if we solved this one pot of it that we're going to solve the issues that confront this district. We won't.

Alderman Long stated this is on the \$2.8 million bond. In the mayor's remarks, the \$1.5 million for the 5,000 PC and tablets should be supported with a bring-your-own-device policy. Does the School Board have a bring-your-own-device policy currently?

Dr. Brennan replied we currently do not, however, we are running a pilot at Webster School. The last I heard is that we're going to have a pilot, the board approved it to have a pilot at Webster to bring your own devices. We're also watching other school districts, in particular Hooksett has a bring-your-own-device, and we're monitoring that as well. But I think when you talk about what the mayor, not to speak for the mayor, but what the \$2.8 million would really help

us with is our infrastructure, which is critical whether we go BYOD, bring-your-own-device, or we remain within the tablets and other devices.

Alderman Long stated a follow up on that. On the pilot program, when do you believe that pilot will be done and when do you anticipate a timeframe with which the Board of School Committee would evaluate that pilot program and come up with a policy?

Dr. Brennan replied I don't think you'd see that until probably this time next year.

Alderman Long stated this time next year so we're spending \$1.5 million.

Dr. Brennan added but again, you're spending it to put out important infrastructure to allow for this.

Alderman Long interjected that's different from the \$1.5 million. We have half a million dollars for the WiFi and bandwidth access points.

Dr. Brennan added and the \$1.5 million is for the equipment to take advantage of that. Is that correct?

Alderman Long replied it's for the PCs and the tablets; 5,000 PCs and tablets.

Dr. Brennan stated I think it would take a two-year timeframe to spend that \$2.8 million and those dollars.

Alderman Long asked referring to the \$1.5 million for the tablets?

Dr. Brennan replied yes, sir.

Alderman Long stated okay, so it would take you two years for the tablets.

Dr. Brennan added and I only bring that up because when we had the textbook loan, thank you very much for that, by the way, that had to be resolved within a year, and in some cases some accounting of textbooks was not accurate, and I would not want this district to repeat that. Not only that, we don't have the appropriate staffing at this time for our IT department.

Alderman Long stated that was my next question. With these PCs and tablets, the district is not prepared for implementing courses where they will use this? I know we have to build the infrastructure, and I don't know how long that is going to take, but to authorize \$1.5 million this year for the next budget, would there be curriculum set up for using these? When would that be?

Dr. Brennan replied we have curriculum. What we don't have is the education that we needed and that's why I believe in the \$2.8 million there is about \$300,000 for training. Again, that would be part of the phase-in and that's why it's going to take two years to get this thing accomplished so that not only would we instruct and prepare our teachers and refine our curriculum, we'd also have the infrastructure in place to allow that to happen. I think a big mistake would be to go out and buy \$1.5 million of hardware within the first two or three months and say we have that done because then what we have is a lot of, and I know I've been criticized for this comment, but we'd have a lot of shiny toys on peoples' desks and nowhere to connect to, not having the people to know how to use them. It is a critical piece but it has to be understood that we're talking over a period of time and not immediately. I hope that answers your questions.

Alderman Long asked so your understanding is that two years out you should have curriculum and full use of these devices?

Dr. Brennan replied that would be my projection, yes, with those dedicated funds.

Alderman Long stated just one more, Your Honor. The school book loan deferred, does that add any interest? Currently there is 1% interest. We deferred it for a year last budget, and I'm thinking of the question now because now we're going to eight years. Does that add interest above the 1%?

Dr. Brennan replied I would speculate, yes. At the end of the seven years you would pick right up but you'd also owe the interest. So yes, accumulatively.

Alderman Long asked do we know what that is for the eight years? Well, there are seven years proposed here and we already deferred one year. So for eight years do we know what that number above and beyond the 1% interest would be?

Dr. Brennan replied yes, we do.

Ms. DeFrancis stated the principal balance is \$2.8 million, so it would be \$28,000 per year in interest at 1%. By eight years it would be \$224,000.

Alderman Long stated I think this would be for the solicitor. I know the contract calls for 1%. Is there a possibility of waiving the \$224,000 above and beyond that 1%? There is \$224,000 above and beyond the 1%?

Mr. Thomas Clark, City Solicitor, stated that's not above and beyond the 1%. That is including the 1%. That is the 1% that would accumulate and be tagged onto the back end. It's not compounded.

Dr. Brennan responded yes, sir.

Alderman Long asked so there isn't any added interest for deferring? Any compounding of interest?

Ms. DeFrancis replied based on a conversation we had with the board a week or so ago, I thought that that \$28,000, because for the first seven or eight years we would not be paying the loan, when we start to pay the loan, the \$2.8 million we would pay seven years from now, and the way that the loan was set up we would pay \$400,000 a year. So seven years from now we would pay \$428,000; \$28,000 for that year's interest plus the \$400,000 principal. So the next year you no longer owe the \$2.8 million, so you'd pay the interest on that balance. So it would be a declining balance on the principal, but it would be my understanding that we would still have to make that annual principal payment and then it's a matter in these next seven or eight years does that get added to the end at \$28,000 per year.

Alderman Long stated just to clarify that. If there was no deferment, you'd be paying \$428,000 year?

Ms. DeFrancis replied it would decline each year. It would be \$428,000. It was a \$3.2 million loan with payment of principal at \$400,000 per year. So as that principal goes down each year, the interest goes down slightly as well.

Mayor Gatsas added about \$4,000 a year.

Alderman Long asked so the added would be about \$4,000 a year, is what you're saying?

Mayor Gatsas replied that would be deducted.

Alderman Long stated okay, I think I understand that now. Very good. Thank you.

Alderman Corriveau stated thank you, Karen, Committeeman Gelinias and Dr. Brennan, for testifying here today. My first question follows up on Alderman Craig's and Alderman Long's line of questioning. In regards to the book loan, my understanding is that this technology bond is essentially taking the book loan money and bonding it out for about \$2.8 million and that would be used for a series of technology upgrades. Is that general understanding basically correct?

Dr. Brennan replied that's not my understanding. My understanding is that the \$3.2 million book loan is frozen in place, and then the \$2.8 million is an additional \$2.8 million bonded so that we can dedicate it to technology. That's how I understand it.

Mayor Gatsas added that \$420,000 payment on \$2.8 million is based on a seven-year loan that would actually be bonded and those bonds would be sold. Once that is completed at the end of seven years, then the book payment would step in with another \$420,000 a year for the next seven or eight years.

Alderman Corriveau responded okay. Dr. Brennan, one of the things I'm trying to reconcile is here we are as a City, as a district, doing our utmost to fulfill our contractual obligations to sending towns and fighting our hardest to meet minimum standards for a state adequate education set forth by the state, and that to me is what we should be focused on like a laser. What concerns me isn't the merits of this technology bond, it's that we may be taking our eye off the ball. If this board was to do what we did last year, or actually let me even go a step

further, if we were to forgive the school book loan in its entirety, would you venture to say those funds would be spent on laptops and i-pads or would they be spent on our teaching workforce?

Dr. Brennan replied if the decision was left to me, I would start with our teachers.

Alderman Corriveau asked could any potential savings be offset by the fact that we are going to need probably a considerable amount of new IT people to build up this infrastructure and teach kids and teachers actually how to use it?

Dr. Brennan responded I think in the long run you would see savings. In the short term no, because of just what you described. We have to set aside training time. One of my biggest concerns in education, whether it is here in Manchester or anywhere else, is that I have a two year old grandson who can manipulate an i-pad and get what he wants on the i-pad, and in four years when he's ready to go to school, I don't know if our teachers will be prepared to accept him with his background because, as I use the example, we may still be asking kids to color the tulip in between the lines instead of drawing on an i-pad. The only reason I share that story is because I think the short term impact there will be little or no savings. But in the long run if we integrate this properly, if we develop our infrastructure, which I believe is critical to this district, then we might start to see savings. But I don't even think then, the more I think about it, because you really need to staff this district appropriately and that would be with IT. You mentioned IT, comparative numbers five in Manchester, 17 in Nashua and they're just starting to get into the world of BYOD and other technologies. When we start spending those dollars we're going to need people to maintain them, and I don't want to say don't spend the money on infrastructure or don't spend the money on IT because we won't have the staff to do it, I'm just concerned that we'll never do it unless we earmark money and say this is our objective. Alderman Craig, when you asked

the question earlier what is another goal, I think a goal should be the establishment of, and we do have a solid instructional plan for the use of technology, that has to happen or my story about my little grandson will play out in every classroom in our city and that's not good. That is not good at all. I struggle with the whole notion of trying to take this budget apart and try to talk about reallocating funds because that's what I've been doing since I've been here, and I think we're at the bottom of that barrel right now and talking about savings, I just have a hard time answering the question about savings when I know we need to expend money.

Alderman Corriveau stated I hope you see where I was going with that question. I agree. I think as a long term effort that bond is an important initiative. What I see our City and our School District facing now is a pressing short term crisis in terms of meeting our contractual obligations and our duty to meet an adequate education. And when I think about what we did last year with the book loan and what theoretically could be done with it, I want to make sure that this board has its eyes wide open and says here is this money, do we want it to go to teachers, to meeting our contractual obligations, to fulfilling minimum state standards or to taking our first step toward this long-term program of building up our IT? I don't know if the way I'm seeing it as black and white is correct, but I'm looking for your input in terms of how we make our decision.

Dr. Brennan responded the order that I would place it in is that our number one obligation is to provide and meet the minimum requirements before we meet our contractual agreements because that means we may be doing something for someone else rather than our own kids. So I think that has to be number one. Then perhaps contractual agreements. But the whole idea of the infrastructure and the support of technology is one that is critical to education. The difficulty that I've found is that we're always dealing with short term fixes here and we're not going forward and looking at what it really should be. A year ago I presented

three budgets and someone said what is the real budget. The reason I didn't present a higher budget than the school approval request is because I felt that it didn't even stand a chance of being discussed, never mind going forward. We need, and I know the mayor and you are really strapped with this tax cap, I'm not going to get into the political aspect of tax cap, but it is a problem. It is a significant problem in trying to move forward as a district. So the number one priority is meeting the needs of all of our students and that, to me, would be providing the support under the school approval budget at a minimal level. And coincidentally, you'd probably capture the contractual obligations so they may be married, but I just think that it is more important to talk about what's right for all of our kids and then the need to have that support. They say the tablet is basically the pencil of yesteryear and how do we do that. That may take a longer period of time and that's why I'm saying a two year window to fully implement it. But I wouldn't want to see the \$2.8 million put aside unless we somehow include in any budget the recognition that we need to develop an infrastructure, we need to educate our teachers, and we need to provide the appropriate staffing for IT.

Alderman Corriveau responded sure. Dr. Brennan, in that \$3.6 million difference between the needs budget and the tax cap budget, as I'm sure you know, as time goes on, the City starts to realize revenues, and I certainly understand the dilemma you and our School Board are under where you'd like your budget at the earliest possible date in order to retain and hire teachers, but let's say last year this board came in and added, between the book loan and rearranging money, new realized revenues, I think, right around \$2.6 million. I have no idea if we can get to that number again. I don't know if we can get to \$3.6 million, but if any new revenues between now and the end of this fiscal year that we decide to appropriate to the School District, would it be safe to say that those funds would be used to restore however many of those 41 teaching positions as quickly as possible? Is that priority one?

Dr. Brennan replied yes, sir.

Alderman Corriveau asked of those 41, Alderman Long sort of asked this but, if we can only afford to give you the 19, do you go to the high schools first or do you prefer that spread-out approach of the 19, 15, and 7 or would you say we couldn't get the full \$3.6 million, let's get our high school situation straight so that we don't lose all of this tuition revenue?

Dr. Brennan replied the only reason I would do that is because of the contract. I wouldn't do it if we didn't have to deal with the contract. I'd put as many as I could in the elementary schools.

Alderman Corriveau stated it being a given you'd like the budget as early as possible because we could theoretically, anytime in the next couple of weeks, give the School District a budget, give the School District the Mayor's budget or the tax cap budget. Obviously I think we'll be leaving some money on the floor, seeing what we do with this technology bond, we could move quickly or this board can put in that grunt work over the next couple of months to try to realize every potential source of revenue we can get allocated into the schools, try to build up that teaching workforce, meet those contractual obligations, those state minimum standards. Would you rather see the board undertake that course for your own planning purposes, for the planning purposes of whoever your successor will be, get you your budget and clean our hands of the whole matter?

Dr. Brennan responded I have a question of you and perhaps other board members as well. When you talk about revenue, are you talking about tax increase? Because to me that's the elephant in the room, that's the one that as a superintendent I don't have to answer, I'm not an elected official. But if we have

to continue to wait to determine how many parking tickets we get or how many licenses are sold or everything else, we'd be in the same situation. And what we're losing, we're losing established staff members who up until this year felt that the mayor or myself would come up with \$3 or \$4 million at the 11th hour and none of this would happen, it would simply go away, because that's been the history of the School District. Well that is not going to happen; it didn't happen this year and it won't happen next year from what I can see. The notion is we can go through a lot of conversation here and we can talk what about this and what about that, but until there is a feeling among you folks that you will override the tax cap, there is a lot of conversation going on and as we used to call it, vi nado, no action, talk only, and that's what I've been accustomed to here, and that's unfortunate because I know you're well meaning but no one wants to take on additional taxes. And I don't know how you generate more revenue without at least considering, I'm not saying 5% or 4% or 3%, but an override, but have an impact on taxes. I just don't see how that can be done any other way.

Alderman Corriveau stated thank you.

Mayor Gatsas stated just a question on your position, Dr. Brennan. You said based on the tax cap budget of \$155.7 million that we could have never met those expectations.

Dr. Brennan responded I believe that.

Mayor Gatsas stated let me just go there so you can maybe change your mind with some discussion from me. If we didn't have a downshift of \$2 million from retirement, that would have given you your 41 teachers.

Dr. Brennan responded yes, sir.

Mayor Gatsas stated so we could have lived within the tax cap budget, meeting all of our other expectations if we didn't get hit from the State of New Hampshire on a downshift.

Dr. Brennan responded I guess I would agree. But the reality is, we did get downshifted.

Mayor Gatsas stated the tax cap budget, if everybody left us alone, we could have met those expectations.

Dr. Brennan stated the minimal expectations we more than likely would have.

Mayor Gatsas stated that's correct. Your budget that was in place, or that you presented over and above, it would have gotten us those positions that you needed or you wanted, and I'm not too sure that that would have kept us under the 30 restriction of the state. I guess my follow-up question would be: If you got the minimum standard budget, would you guarantee this board there would be no classes over 30?

Dr. Brennan replied no core classes over 30.

Mayor Gatsas stated that's not where the sending districts are. I hear you and I understand, but the sending districts are saying all classes. Because if we have a conversation about where the sending districts are, last year nobody made a fuss about anything and can you remind me how many core classes we had over 30.

Dr. Brennan replied last year I believe it was in the 60s.

Mayor Gatsas asked and there wasn't one discussion from any of the sending districts, and I think we heard from some Candia students that the classes over 30 didn't bother them. I guess I come back to a question that Alderman Long asked you and that's about the 700 students leaving and the \$8 million in revenue. Do you know of a school district anywhere in the state that could accommodate those 700 students in their entirety?

Dr. Brennan replied no, sir, there is no school.

Mayor Gatsas stated so for anybody to assume that all revenues are going to be gone, unless they build their own high school, that's not going to happen.

Dr. Brennan responded I agree.

Alderman Craig stated point of order. On the tax cap budget there are two things in here that I just wanted to note. The use of one-time money... Is my understanding correct?

Dr. Brennan replied yes.

Alderman Craig stated so \$1 million in impact fees...

Mayor Gatsas interjected no, no; hold on. The comment was the \$155.7 million is the tax cap budget without any other revenue source.

Alderman Craig asked can I just make my point?

Mayor Gatsas replied go ahead.

Alderman Craig stated so it is \$1 million in impact fees and \$1 million with the use of expendable trust money. So the mayor's budget that he put forward, the tax cap budget, if we didn't get the downshift of the \$2 million in pension, meets the obligation of the tax cap. However, we're using one-time funds to do that. So next year we would have been in trouble with \$2 million potential downshift in money. So I absolutely agree with you Dr. Brennan that the elephant in the room is the tax cap and that's a huge issue with the School District, and I don't think it's something that we can ignore. I also don't agree that it's the \$2 million in pension that would have caused the issue, there are others. And I think that regarding the sending towns for us to sit here and be so boisterous about them not having another place to go is the wrong way to go about doing business with them. We should be welcoming them and appreciating the students that we have in this district and trying to keep them in a nice way rather than saying hey, they have no other place to go so they'll be here because they will split their kids up and walk. I am with the parents. I know a number of these families of the 61 whose kids are going to other schools, and it is happening, it's slowly happening. So I think that we need to change our attitude about the sending districts quickly because it affects our kids.

Mayor Gatsas stated point of order, Alderman Craig. I think it was you who brought up the \$7 million not I, and I'm not boasting that they have no place to go. My arms have been open, I've been looking for them to drop their letter so that we can get to a table and have a conversation. But I guess my question is, you're projecting \$8,500 that will be spent by the sending districts. What is our total expenditure in this district per child according to the auditor?

Ms. DeFrancis replied according to the auditor and looking at all of our expenses and dividing it by the number of students that we know, or the average daily membership, it would be \$12,000 per student.

Mayor Gatsas asked is that an assumption that we may be subsidizing for the sending districts?

Dr. Brennan replied there is language in the contract that stipulates how that calculation or student tuition is figured.

Mayor Gatsas responded I understand what you're saying, Dr. Brennan, but my question to Ms. DeFrancis is, is there a possibility that the taxpayers of Manchester could be subsidizing the sending communities?

Ms. DeFrancis replied well there are certain things that are not included in this sending towns' tuition, which would include debt service. They do pay a piece of the capital tuition, which was for the design-build, however, the entire debt service is not allocated to the sending towns. There are also other things that are taken out of that calculation. When we bill the sending towns, we have four different rates. We have a regular education rate and then we have three special education rates. So we look at the sending towns' tuition rates a bit differently than the state looks at the blended tuition rate for all students.

Mayor Gatsas stated but I just want to get back to where Alderman Craig was going about the \$2.2 million. The \$155.7 million has nothing to do with the one-time expenditure of \$2.2 million? Is that correct, Ms. DeFrancis?

Ms. DeFrancis asked could you repeat that?

Mayor Gatsas stated the expenditure, the tax cap, which was applied to \$152.4 million, that tax cap was a \$3.3 million increase, which gets us to the \$155.7 million. That number has nothing to do with the additional allocation of one-time

spending. That's not a revenue that we're talking about; that's an expenditure. Is that correct?

Ms. DeFrancis replied the impact fees is a revenue.

Dr. Brennan stated I will try. I believe what I'm hearing you say is that if we stayed at the tax cap, we would not have to do the impact.

Mayor Gatsas responded correct.

Dr. Brennan stated so the delta that exists is predicated on the school approval as opposed to the tax cap.

Mayor Gatsas stated that is correct.

Dr. Brennan stated yes, sir. I understand.

Mayor Gatsas stated so the tax cap increase has nothing to do with the \$2.2 million. That was just an additional delta to try and take care of the retirement number.

Dr. Brennan added and to deal with the school approval. Yes, sir.

Mayor Gatsas responded correct. Thank you. I just wanted Alderman Craig to understand that.

Alderman Craig stated I don't understand it. The page I'm looking at here says that impact fees are \$1 million in revenue.

Dr. Brennan responded that's if we want to get to the school approval level. You would want to go up the other way.

Alderman Craig asked \$155.9 million.

Dr. Brennan responded that was the original number, 2.17%. What I believe the mayor is saying, and I'm agreeing with him, is that if we just did the tax cap budget, we would not have to ask for one-time money. It's not included in the tax cap budget.

Alderman Craig asked can you look at page two of the tax cap budget please.

Dr. Brennan replied yes, I see it right here.

Alderman Craig stated so the revised general fund budget of \$155,922,591, is that what you're saying. You took out the impact fees and you took out the expendable trust so they're not included. The one-time funds are not included in this budget.

Dr. Brennan replied that's how we got to \$155.9 million. That's not included in the tax cap budget. They are included in our school approval budget. That is the difference.

Alderman Craig stated very good. Thank you.

Alderman Shea stated thank you very much for preparing the budget. Just a clarification. The 41 new teachers, if you add up the high school, the middle school, and the elementary, but there are also 9.5 more, which means in your budget you're asking for 50.5 new people rather than 41.5.

Dr. Brennan responded that is correct.

Alderman Shea stated I just wanted to clarify that for Alderman Corriveau and the others. My second point is there is a... I discussed today with Karen, she was very nice, I'm a slow learner in certain things. Could you explain why there is a difference between the impact fee on one side of the ledger, meaning expenditures, and on the other side in terms of revenues? In other words, if you look at the forms, your budget actually, and she explained why it is \$156 million rather than \$155.7, but on the impact fees it is \$1.555 million and then on the other side it is \$555,000. So could you explain for the members of the aldermanic board why there is a difference between the two then maybe they could understand this. I think, Your Honor, you put in your budget the \$1.55 million for impact fees.

Mayor Gatsas replied yes.

Alderman Shea stated and the budget that you prepared both has different figures from what he has.

Dr. Brennan stated I also am a slow learner, so I'm going to ask Ms. DeFrancis to explain this. She has on numerous occasions.

Ms. DeFrancis stated in section three on page two, when the superintendent initially presented the budget to the Board of School Committee as he mentioned, there was a school approval budget and then at the time we were anticipating because the final CPI for December was not out yet, so the estimate that city finance was using at the time was 2.3%. So if you were to take that 2.3% and allocate it on the \$152.4 million budget this year, you would come down to a bottom line under the tax cap scenario of \$155.9 million, and that number is on

page two in section three of the report. What we were trying to show to the board was an example, the board did not vote on this, but it was an example of how we can go from the school approval number of \$160 million down to the \$155.9 million tax cap budget. On page two we've identified how we would do that. We would use impact fees of \$1 million, expendable trust of \$1 million, we would not add in those 41 new positions at almost \$2 million, we would not fill ten of the 19 retirement positions, and then there was a small contingency of \$36,000. That would get us down to the \$155.9 million tax cap budget at the 2.3% that we assumed at that point in time. When the mayor was putting his budget together, we met with Mr. Sanders and also the mayor and we discussed what the final tax cap was, and the final tax cap budget is in section one and that is now at 2.17%. So that number is \$155.7 million. One thing to keep in mind is when we were preparing the tax cap budget it was our assumption we were just trying to get down to that \$155.9 million, so we were saying we would utilize \$1 million of impact fees. In order to do that, however, the Board of Mayor and Aldermen would have to appropriate that million dollars to us. So under section three on page three you can see under that scenario we would actually be asking for \$1 million more than the tax cap. The tax cap expenditure should have been \$155.9 million; we were actually going to ask for \$156.9 million and utilize the \$1 million of impact fees. Again, when the mayor was preparing his budgets, we met about this, and as Mr. Sanders had indicated, we really needed to come forward with a tax cap expenditure number, which was the \$155.7 million. So the difference, I know it's a bit confusing, but the difference would be the \$1 million of impact fees that we were hoping we would get an additional appropriation for and then also the \$200,000 variance between the 2.3% tax cap and the 2.17% tax cap final number.

Alderman Shea stated thank you. The next one has to do with the differentiation between benefits this year and benefits in both budgets. In other words, last year it was \$32.6 million and in one of the budgets it is \$36.7 million and in the other budget it is \$37.8 million. So that is a \$4 million and a \$5 million difference between the two. Could you explain why? When we think of benefits, normally we think just of medical benefits, but I'm just wondering if you could elaborate a little bit on the reason why the increase is so high in both of those areas.

Ms. DeFrancis responded on pages 49 and 50 there's a little bit more detail to the benefits and hopefully this will put a little insight as to what line items are increasing. On page 50, the second column of numbers, is the budget for FY 2013 and that budget for benefits is almost \$32.7 million. That budget does not include \$1.1 million of expenditure trust monies. When we built the budget last year, the board voted to utilize expendable trusts of \$1.1 million. So at that time we knew that we were not going to come in at \$32.6 million, we knew that we would come in at \$33.7 million. That was our assumption at that point in time. The projection for FY 2013 is actually \$34.7 million, that next column of numbers, and the majority of that increase is in health insurance. So we anticipated health insurance to be the \$15.7 million plus an additional \$1.1 million, we're actually coming in at \$18.1 million. So our health insurance was higher than budgeted. So looking at the projection in FY 2013 of \$34.7 million, now what we expect those benefit line items to be in FY 2014 are \$37.8 million. The health insurance goes up by about \$800,000, that consists of a few things. An 8.1% increase in the claims that are anticipated, and that was based on an estimate by WBS, Workplace Benefit Solutions. In addition to that we're going to see some decrease in health insurance because for the fiscal year that we're in right now the \$18.1 million is going to be the final number that we anticipate and that number includes five months of health insurance claims for the positions that are no longer in the district. The teachers that received layoff notices last year were actually on our health insurance until

September 30th. In addition to that there's usually a runout of six to eight weeks. So those positions were actually utilizing the health insurance for five months of this fiscal year that we're in right now. So we would anticipate obviously that those people will not be on the plan for the entire 12 months next year, so we would see some savings there. So our health insurance we anticipate this year coming in at \$18.1 million and for next year we're looking at \$18.9 million. Another big change that you'll see in the benefits about four line items down is the retirement. This year we expect \$9.2 million, and next year we expect \$11.4 million, and that was, again, due to the rates that were sent to us by the New Hampshire retirement system.

Alderman Shea stated thank you. But nobody wants to mention it in any budget. What would happen in that regard? This is kind of a theoretical question, but I'm just asking where would the impact be felt or how could it be felt.

Dr. Brennan replied because I don't know how the negotiations are going, what I would hope to see happen would be a reduction in the benefit line item and perhaps a slight increase or something in the salaries because of the negotiations that I'm not privy to.

Mayor Gatsas stated if I could just give you the numbers from last year.

Alderman Shea stated I know you said \$4.4 million, whatever the case was.

Mayor Gatsas stated the numbers from last year, they would have been on the table, would have been \$4.4 million increase in benefits for the City side that we would have realized, but the cost would have been \$3.2 million.

Alderman Shea asked without going into all of the details, would it allow you if there were that kind of a reduction for additional teachers to be hired?

Dr. Brennan replied it could, but as you know, neither one of these budgets has any impact as far as salary or benefits. So I'd have to see how that ended up sugared off.

Alderman Shea asked assuming that there is some sort of an improvement in the amount of, or less than you have to pay for health benefits, would that allow more people, in your opinion, to be hired so that there would be better classroom staffing?

Dr. Brennan replied if given the opportunity, I think the next level that I would look at would be administration in the buildings.

Alderman Shea asked you mean hiring additional...

Dr. Brennan interjected assistant principals or administrative support.

Alderman Shea stated excuse me for interrupting. You would do that before you would hire more teachers?

Dr. Brennan responded because the teachers would meet the minimum standard. Under this budget that I'm proposing...

Mayor Gatsas interrupted I don't think that's what he's talking about. He's talking about the tax cap budget that's before you.

Dr. Brennan stated I'm sorry, I misunderstood. It would be all teachers if it was the tax cap piece. I apologize, I was thinking of the approval. I thought we had gotten to that point.

Alderman Shea stated I'd like to bring up another subject, and again, I don't want to veer too far off. What about a proposal that was raised by the mayor maybe two or three years ago about having permanent subs in different buildings. In other words, rather than a principal or an assistant having to call someone. Has that ever been discussed at the school board meetings?

Dr. Brennan replied we've talked about it.

Mayor Gatsas interjected it's a negotiated item.

Alderman Shea stated okay, thank you for that.

Mayor Gatsas stated but I think if my memory serves me right, it was about a \$600,000 savings.

Dr. Brennan added if I remember correctly, I think you're right, Your Honor.

Alderman Shea stated and as far as I'm concerned having served as a principal, I think it is a no brainer because you would have reputable people who you would be obviously able to, if you had an opening on your staff, to be able to recommend for hiring. Another point is the redistricting. How far along have you gone with that?

Dr. Brennan replied just as I said earlier, I've gone to eliminating the islands of those outliers as I call them. We're looking at realigning our elementary schools to go to specific middle schools, but the real meat of it, the real decision making, I think, needs to be in front of the board for a year. And I'm saying that if anything, it would be for the 2014-2015 school year because I just worked around the edges to make some equity issues more in line. It was less than most people wanted me to do, but at the same time, as you know, redistricting is one of the most difficult things to deal with, and I was concerned about starting that conversation with a new superintendent coming in and walking into the middle of that.

Alderman Shea stated my last question, Your Honor, for now, but I have a comment at the end. With surpluses, do you anticipate that there will be, I know you have a contingency fund in this budget, you don't have it in either of the other ones, but do you anticipate any surpluses in any kind of areas like health or athletics or the other ones we have?

Dr. Brennan replied I think with any surplus or under-expenditure that we may have in one line item, it will be more than absorbed by those items that we've overexpended.

Alderman Shea stated this year.

Dr. Brennan replied yes, sir.

Alderman Shea stated if later on I could go into about the \$175,000 versus the \$180,000 in terms of that. I will reserve that for after. Thank you, Your Honor. I know it doesn't relate to the budget, in my opinion, but I'll just give you what I think about that.

Alderman Osborne stated thanks for coming. I'd just like to get into the tax cap. I know you brought it up. I don't have a bunch of questions for you as far as figures. I don't want to micromanage anything. At this point it is very hard for you people with the handcuffs on. As long as you have a tax cap out there and it's going to be there for quite a while from the way its going, because there is nothing to stop it. In other words, it's either ten aldermen or it's a tax cap, and I can talk here forever and all night long about every figure that you've come up with and what we think, but it's not going to work unless the tax cap can be overridden or another method of approaching it in a different way. I had the idea, and I think the Charter Commission should think about this a little bit up there where this should come up before the people, let's say every other City election or if you want to skip one that is fine too. But it has to be put in there somewhere so that the people can change or make a change in their heart or their mind about education and the City side as well for their services in this city. So as long as that tax cap is in place, we're going to be up here for a long time and for many, many years. That's the only thing I can say to you people out there. Unless this tax cap is put on the ballot again at City election time and let the people decide each time what they see, it has only been through here one time, I guess we've only had one time we had to vote for or against the tax cap, but if this comes up another time, we might get away with it another time, but the next time is going to be worse, worse, worse, worse. There is nothing to stop that tax cap, and unless we sit here and do something about it instead of talking back and forth all night long and getting nowhere, this is going to happen every single year. It is time for us to get together here and to get the Charter Commission to get something on the ballot that means something to the people out there. There are services and there is education and everything else. That's all I have to say. I think that's it in a nutshell. Thank you very much for coming.

Alderman Levasseur stated 2.17% increase in your budget and all I hear is doom and gloom. I wish that my restaurant could count on 2.17% in revenues next year without really having to go and do too much to get it. Last year we went through hell because your request was \$160 million and we dropped you to about \$150 million and then found another \$2 million one-time money. This year we're not talking about decreasing you guys or flat level funding you, we're actually talking about increasing you at 2%, and all I hear is doom and gloom about our School District and about our City of Manchester, and I've had discussions with aldermen and I think we have an image problem. I'll just ask you one basic question. What percentage of our kids are going to graduate or move onto the next class this year, Dr. Brennan?

Dr. Brennan replied we've been averaging somewhere in the 70th percentile. I don't have an exact number.

Alderman Levasseur asked 70% of our high school students will graduate? I said graduate or move on.

Dr. Brennan replied I don't have an exact number. I can have that available for you in the future.

Alderman Levasseur asked 99% of our kids will graduate?

Dr. Brennan replied I'm not going to get into a situation where I'm going to give you a number that I don't have data to support, sir.

Alderman Levasseur asked you don't have any rough idea off the top of your head?

Dr. Brennan replied rough ideas become real problems when you share them. I'm going to share the actual data. I will collect that data and present that to the aldermen. I do not have a number for you.

Alderman Levasseur asked how about last year's graduation rate?

Dr. Brennan replied I'd have to look that up. It's nothing that I have available in front of me.

Alderman Levasseur stated I started off with a comment and I didn't mean it to be nasty or mean, and I just think we're always talking about doom and gloom but the mayor has come in with an increase in your budget. Last year was really tough. I think comparing last year to this year is a heck of a lot of different than the fact that you had to lay off. We were talking about losing 200 positions; I think we were fortunate to get back about 90 of those, but still you lost over 100 positions. And then this year with a tax cap, I think you are looking at losing, I don't know what the exact number is, but you're going to lose 23 retirements and then hire back 9 and not lose any other positions. Is that correct?

Dr. Brennan replied that is correct.

Alderman Levasseur stated so there won't be any layoffs this year, there won't be any need to do any pink slipping this year, that has to make you feel kind of good. Last year was hell for you. I know you talked about having to do that. It is a lot different this year compared to last year in that respect. You don't have to pink slip anybody.

Dr. Brennan stated that's one way of looking at it. I don't look at it that way.

Alderman Levasseur stated alright, well, I'd like to provide a different perspective if I may. I appreciate that. And I don't mean to be facetious, by the way, when I say that. The 2.17%; there are demands on the whole city, there are demands for revenue and it is an increase. Can I ask you, Your Honor, if we've already raised the money and we already have the money in an impact fee and we already have the money in one-time funds, why is it then the \$2 million included in a budget as part of the increase in the tax cap? In other words, if you took the \$2 million, is that \$2 million in addition to the amount of money that you were allowed to increase that 2.17%?

Mayor Gatsas responded if I take you to page...

Alderman Levasseur interrupted in other words, you're not having to go raise that \$2 million again; you've already raised it. Is that right?

Mayor Gatsas responded let me just take you to a page so that you can see where that comes into play. One side is an appropriation; the other side is a revenue. The revenue side is what increases the impact fees. That's what that increase is. There is also a decrease if you were to look at it from where it was last year on revenues from the sending districts. That's why it was a flat-funded budget because in my budget presentation I have to make up revenues.

Alderman Levasseur asked at the \$152 million number from last year? If you apply 2.17% to it, does that get you to \$155 million?

Mayor Gatsas replied no. If you take \$152.4 million, which was appropriated to the School District last year, apply 2.17% to that number, you come out to \$155.7 million.

Alderman Levasseur stated so then the other \$2 million would make it \$157 million.

Mayor Gatsas responded that's what we were attempting to do when we put that in place because those were appropriations, they are one-time dollars. Those one-time dollars, as the conversation I had with Ms. DeFrancis and Dr. Brennan and Mr. Sanders, was that they have to pay \$720,000 in one-time expenditures for the 19 teachers who are retiring. So it is a one-time expense and a one-time revenue for them going out the door.

Alderman Levasseur asked and that's not including the \$155 million number?

Mayor Gatsas replied it's in the appropriation line not in the expenditure line.

Alderman Levasseur stated I have quite a few questions, and I'll ask them until you say it is somebody else's turn.

Mayor Gatsas stated I will give you four or five and then we can come back to you.

Alderman Levasseur stated the book loan versus the computer loan. How much was the bond for the original book loan?

Mayor Gatsas replied \$3.2 million.

Alderman Levasseur asked how much is the interest going to be on the \$3.2 million?

Mayor Gatsas replied the \$3.2 million had a 1% interest attached to it. In seven years they would have been paying roughly, I think it was \$210,000 in interest, I believe, round number, without me having something in front of me and that would have been paid at roughly \$20,000 a year. We've now taken that book loan and applied it to the backend of the loan for the computers. The payment, because it is an actual bond, we're not lending them more money, they're actually going out and borrowing those dollars, the payment on a seven-year loan based on the numbers that Mr. Sanders got is roughly \$420,000 a year.

Alderman Levasseur stated I just want to clarify; the Board of Mayor and Aldermen are not charging them 1% because we feel like charging them 1%. That is actually the interest on the loan itself, the bond.

Mayor Gatsas replied right. Bond council told us we have to have an arms-length transaction.

Alderman Levasseur stated and also under the IRS you can't just loan money, there has to be an interest attached, I thought.

Mayor Gatsas stated but that is not attached to IRS. That's basically whether it is an arms-length transaction.

Alderman Levasseur asked on this new loan that's coming out for the computers, how much is that? The \$2.8 million?

Mayor Gatsas replied \$2.8 million, yes.

Alderman Levasseur asked are they going to be paying that back to us?

Mayor Gatsas replied they're not paying it back to us; they would be paying the bond.

Alderman Levasseur asked are we the ones who are floating the bond or are they floating the bond?

Mayor Gatsas replied bond council will go out and float the bond when Mr. Sanders goes out in the spring or the fall of this year and says he's got collectively, let's say, \$10 million in bonds. He would float those bonds, the payment from the School District would be added to their debt service and they would be paying, I think, it is every six months. I don't know how you pay your bonds, but whatever the number is, I think it is six months, and that interest and principal would be carried on that seven-year term.

Alderman Levasseur asked Ms. DeFrancis, is that money included in your budget for the bond of the \$2.8 million?

Ms. DeFrancis replied actually we assumed that that bond might not be sold until a later time so that's why we... We did have a \$160 million number, we did have \$428,000 for the book loan, but after this presentation came out it was our understanding that if the City did bond the \$2.8 million that we would not have a payment due in fiscal year 2014. The first payment would be in FY 2015. So in the \$159.5 million budget, we do not have either a text book loan or a \$2.8 million bond payment.

Alderman Levasseur stated we can't tell you how to spend the bond, Dr. Brennan. Right? That is factual that the Board of Mayor and Aldermen can't tell you how to spend it. Do think that we should be spending the money strictly for

computers or do we have any book shortages? Because you could apply that money anywhere you want or is it specific for computers?

Dr. Brennan replied my understanding is because of bondable-ness it has to be for the computers. We can't go and get more textbooks with it. I believe that is the case.

Alderman Levasseur asked are you okay with taking on a \$2.8 million bond and debt for that particular purpose because you're going to be... Although we'll probably end up deferring it or paying it ourselves.

Mayor Gatsas stated we can't.

Alderman Levasseur responded well we did it with the book loan.

Mayor Gatsas replied that's because we lent them the money.

Alderman Levasseur asked okay. We're not going to do that this time?

Mayor Gatsas replied that's correct.

Dr. Brennan stated there will be a bond payment schedule that we have to meet as a district.

Alderman Levasseur asked how is the use of the one-time money going to affect your budget next year, Ms. DeFrancis? Is it \$1 million we know for a fact is going to be used out of a trust or is it \$2 million? I keep hearing the \$1 million out of impact fees. Are there two different accounts that you're taking \$1 million each out of or is it only \$1 million?

Ms. DeFrancis replied the Board of School Committee has actually not voted on that, and I know some members have voiced their opinion about not using one-time funds. But in order to come down, the tax cap budget that the superintendent presented, in order to come down to the tax cap number, a million was coming from impact fees and a million was coming from expendable trust money. So there was \$2 million of one-time funding in there.

Alderman Levasseur asked so the money from the impact fees is not a trust that the School District controls? That is the City side? Correct? I mean it is the City, I don't like to say we're all separated, but as a whole it is a City fund but it was intended to go for schools, I think, for building schools. But the one-time money out of your expendable trust, is that out of your health care trust?

Ms. DeFrancis replied it would actually be out of two of the trusts. A portion would come out of the health care and another portion would come out of the special education trust.

Alderman Levasseur asked and what will that leave you with as a balance going forward?

Ms. DeFrancis replied approximately \$215,000.

Alderman Levasseur stated oh my goodness. On the insurance issue, what was the exact amount of positions that we lost last year? And I know it is kind of gray, but did you not see a much bigger savings in your insurance coming to this next year because of the loss of the positions?

Ms. DeFrancis replied there were 118.5 teaching positions that were eliminated last year, or the year that we're in now, and then there were other positions like assistant principals, administrative support, some paraprofessionals. So in total we had 139.25 positions.

Alderman Levasseur asked so your insurance numbers, they are still going to increase going forward in the 2014 budget even with that loss?

Ms. DeFrancis replied correct. We lost approximately 100 positions off from the health insurance.

Alderman Levasseur asked and you fit those numbers into the \$155 million?

Ms. DeFrancis replied yes.

Alderman Levasseur asked can I ask you if the \$155 million was the mayor's number and then the \$160 million, Dr. Brennan, was that your number?

Dr. Brennan replied yes, we considered the tax cap number.

Alderman Levasseur asked did the School Board itself put a budget together?

Dr. Brennan replied no, sir.

Alderman Levasseur stated in the past they used to do that. Is that right? I thought there was a finance committee that they expanded to 15 or 12 or something and they all worked on a budget and put their own budget together.

Dr. Brennan responded since I've been here I've brought forward a budget or budgets and they discuss it and then ended up with a number that they approved to then send forward.

Alderman Levasseur asked on the 23 retirees of your teachers that you're expecting, are they critical to core subjects? In other words, have you looked at the retirees that you're going to get? I only ask that question because I know the board implemented I think six... I remember you had the votes, there were six, we were going to vote, class sizes were going to be eliminated below 15, and then I think you dropped the amount of credits down. Did you not see any savings in teachers under that implementation of those six action plans? And that's the reason why I'm asking you about the 23 retirees if they were related to core subjects or if they happen to be the leather class we keep hearing from. Is that person ever going to retire?

Dr. Brennan replied I would have to sit down and go through all of these. We have several core subjects at our high schools, we have our basic courses at our middle schools and elementary schools. We have people across the board. As far as those courses, we're taking action within our own policies and procedures to eliminate those types of courses. The majority of those were dedicated to English learners and that's a misuse, in my opinion, of that staffing.

Alderman Levasseur stated on the redistricting you said that you don't think that redistricting the city would downsize the size of the classes. So there would be no real reason to eliminate West then because I was assuming that the idea to get rid of West was going to be... Was that to save money or was that to help with class sizes? I'm kind of confused by the mixed messages I'm getting on that.

Dr. Brennan responded first of all I'd like to clarify one thing. At no time did I propose that we close West High School.

Alderman Levasseur responded and I never said you did. I know in the paper you did correct that, by the way.

Dr. Brennan continued and the intention was to look at the opportunity to use that space, because currently we could be at about 97% or 98% capacity if we put all of our students in Memorial or Central, but that is too high. You just don't have any movement there. What I'm recommending is that in 2007 there was a taskforce that looked at reconfiguring the west side of the city so that we could have room for our preschool and that the high school there would be a grade seven to grade 12 environment and in that way you could help with the elementary schools that are really full. So it was sort of taking elementary, moving some into the middle school, and then taking the seventh and eighth graders and moving them to the high school.

Alderman Levasseur asked do you have any money to put up walls at Beech Street?

Dr. Brennan replied no, sir.

Alderman Levasseur asked would it be more prudent to use the \$2.8 million bond to do that instead of buying computers?

Dr. Brennan replied no, sir, not in my opinion.

Alderman Levasseur asked the computers would have a bigger impact district wide?

Dr. Brennan replied in the long run yes, sir, absolutely.

Alderman Levasseur asked so you're in agreement that the computer purchase is the right move to make?

Dr. Brennan replied I agree because that's something we desperately need.

Alderman Levasseur stated and as far as books, is there a shortage of books or not a shortage of books? I noticed your line item for books is not very high. I think it was about \$250,000.

Dr. Brennan replied we believe with the course offerings that we'll have in the future we may have some requests that would meet this dollar amount, but we wouldn't have the same issue as we've had in the past, so I think we're comfortable with that. Also, I might add as we start talking about the \$2.8 million for technology, it would be my hope, and hopefully that of the Board of School Committee, that we would start looking at electronic books and that type of thing, because, again, it is the cart before the horse when you do that.

Alderman Levasseur asked did you look into that? Is that a savings possibility of having to have the electronic books than having the hardcovers?

Dr. Brennan replied I think in the long run, I know I keep using that phrase, but in the long run absolutely, and I believe by the time we're fully engaged in electronic books our teachers will be creating their own books, their own text books electronically and be able to take advantage of the curricular we want to cover.

Alderman Levasseur stated so they could narrow down that 600 page book to 200. That's relevant?

Dr. Brennan replied yes, sir.

Alderman Levasseur stated and save us all a lot of work.

Dr. Brennan responded a lot of work, a lot of replacement, a lot of things. Also, it gives you what I guess they call in business now being nimble, it would allow you to be more nimble. I think it makes sense but we need to lay the groundwork, and I believe that's what the mayor is trying to accomplish with the \$2.8 million.

Mayor Gatsas stated the board probably understands there are going to be two items that will come on CIP. One is going to be \$3.2 million for energy efficiency savings that the School District passed probably three months ago. I don't know why it hasn't come to us as of yet, but I've got it to the agenda, so \$3.2 million, can have the conversation and that entire bond would be paid for with the savings that are generated through the items that Mr. O'Maley and the School Board looked at. So there would be no impact to their budget for those savings of \$3.2 million, and the other would be the book loan so that we could move that forward. The School District voted unanimously to move it forward. That is the computer loan. So that will be coming to CIP so that we can move that along so that we can get that done because whatever it is this board needs to understand that in two years, and I'm not too sure if the School Board all understand it, but in 2015 the way the state tests will be given will be on a computer. So if we don't do it now, we're going to have to do it then, so it has to be done.

Alderman Craig stated thank you, Your Honor. Just to following up on what Alderman Levasseur said. I agree that it's not all doom and gloom in our School District. I have a child in elementary school, one at middle school, and one at high school and they're receiving a wonderful education. The teachers they have are amazing, but I do see holes, and that's why I think it is important that we focus on making sure that we keep the stellar education that our School District is known for and make sure that it continues and that people get word of it. One of the examples that I'll give you is my son is a freshman at Central, he has two studies and a lunch. He has two studies because there wasn't one class that would fit within his schedule in either of those places. Why is that? Would your budget that you're proposing, the one that meets the minimum state standards, allow for enough class offerings so that students do not need to take two studies or even three? I have a schedule right here of a friend who has three studies and lunch. So 50% of his time in high school is not academic. That I have a huge issue with, and I don't know if it is because the course offerings aren't there. In looking at the course offerings that are offered, there are an awful lot of classes that are not offered to all students and there are not prerequisites associated with those. I don't know why. They range from business law to marketing I to creative writing to art history. Are we sure that when we talk about low class sizes is it because students aren't taking them or because students aren't able to take them?

Dr. Brennan replied I would say it's a combination of the two. To answer the first part of what I believe your question was: With additional staffing would that be minimized. Yes, it would be. I also, philosophically, believe that we have too many course offerings, quite candidly, that cause students to want to request a course that may or may not be needed other than their own desire to have them. One of the things in public education is we've gone from a course of studies that says this is what you need in order to go forward, to a development of course studies in what would you like and we'll try to meet that need. And I think that's

problematic as we go forward. But the basis of my answer is yes, with the additional staffing I believe those would be minimized.

Alderman Craig stated and with a high school student it is not just all about core classes. Is that correct?

Dr. Brennan replied yes.

Alderman Craig stated so we need to provide them with options other than those classes that are mandated from the state. Is that correct?

Dr. Brennan replied right. There are 45 required course offerings that must be made, and I can't remember the last number in terms of the actual course offerings we have, but it is over 170, 180, maybe 200 course offerings.

Alderman Craig added with leveling.

Dr. Brennan replied with leveling. That's a whole other issue.

Alderman Craig stated but that's one of the reasons why you have so many.

Dr. Brennan replied sure.

Alderman Craig stated I had sent a couple of questions to Ms. DeFrancis on Friday and one of them I just wanted to follow up because Alderman Shea had brought it up. If the unions were to take the same package as the City side, I was curious, and I don't know what's going to happen either, but to give a sense as to what the cost versus the savings would be. Can you give me that?

Ms. DeFrancis replied sure. The mayor had actually mentioned some of the numbers before. The \$4.4 million would be the savings in the health insurance. That's, again, looking at the city plan, and then the increase in salaries and benefits is \$2.7 million based on the current staffing that we have. I think the \$3.2 million was maybe with the higher staff. And that would include these salaries and obviously the FICA and retirements that would be looking at a 1% COLA and the steps that go along with those collective bargaining agreements.

Alderman Craig stated thank you. Then one last question. When you're talking about the tax cap budget, we would not be able to keep all of the retirees?

Dr. Brennan responded that's correct.

Alderman Craig asked would we be able to keep those teachers that are on one-year contracts?

Dr. Brennan replied I don't have any answer for you.

Alderman Craig asked would you replace the non-renewed teachers?

Dr. Brennan replied yes.

Alderman Craig asked roughly how many teachers are on a one-year contract?

Dr. Brennan replied I don't have an exact number, and as you know, I don't like to give out numbers. We'll have that available for you also.

Alderman Craig stated in the budget that meets the minimum requirements, would you be able to keep staffing as it is today and then add 41 teachers so you would replace all retirees, you would replace or keep the teachers that are on the one-year contract.

Dr. Brennan responded and assume the 9.5 positions, yes.

Alderman Craig asked so it is staff as it is today, plus 41?

Dr. Brennan replied yes, that's correct.

Alderman Greazzo stated thank you, Your Honor. What was the total number of students last year?

Dr. Brennan replied the beginning of the year is 15,585. I don't know why I remember that number.

Alderman Greazzo asked and the number this year?

Dr. Brennan replied I don't have that number off the top of head. It is around 15,400 or so.

Alderman Greazzo asked roughly about the same every year?

Dr. Brennan replied yes.

Alderman Greazzo asked is that what you anticipate next year?

Dr. Brennan replied we're anticipating that we will level off for a period of four to five years, around the same number.

Alderman Katsiantonis stated Alderman Shea and Alderman Craig asked my question, but I want to get into a little bit more on the IT. Are we still using Windows 98 at the schools?

Dr. Brennan replied I don't know the answer to that.

Alderman Katsiantonis stated I'm pretty sure that's what it is. I want to tell you a story. Not too long ago I picked my son up from school and he said Dad, our computers in school are very slow. When I try to go here or go there I can't because it is too slow. So definitely we do need the technology bond. When an eight-year old kid can tell you that the computers are slow, then we definitely do need a bond then. The question that I have is, do we know where we're going to put the motherboard? I know right now the main system is at the main office. Do we have a place that is going to be the main storage for the motherboard?

Dr. Brennan replied in terms of servers and the like, we've been using a lot of the cloud, so to speak, we've been using a variety of things. I would anticipate that we would not be going through the school administrative office like we are currently. So there would be a more precise distribution so that we can ensure that if one goes down the others will be in place.

Alderman Katsiantonis stated I remember we were looking back then and we couldn't find a place. We were talking about Central. So you don't really have an idea of where that would be?

Dr. Brennan replied no, that's part of the plan, and I'll make sure that you get a copy of that plan.

Alderman Shaw stated thank you for taking my questions and thank you for coming before us. Alderman Greazzo asked my first question so I'll just have to ask one more. The number of fulltime teachers right now excluding principals and assistant principals and paras... I thought I might be missing it in the packet.

Dr. Brennan replied I don't think it was stipulated in the packet. In terms of teachers and teachers only, we have 1,138.5. Then we talk about psychologists, that's part of the definition, we have an additional ten psychologists because they fall within the teacher recognition clause. That would be 1,148.5.

Alderman O'Neil stated thank you, Your Honor. I want to work off a couple of things that were handed out as part of the packet. You identify 41 new teaching positions. In all honestly those are 41 restored teaching positions, aren't they?

Dr. Brennan replied yes, sir.

Alderman O'Neil stated okay. And you break them down to 19 in the high schools, 15 in the middle schools, and seven in the elementary schools. Do you have more details, and if not for tonight, you must have some idea what schools they would be going to and what they would be teaching.

Dr. Brennan replied yes.

Alderman O'Neil asked is that something you can provide the board?

Dr. Brennan replied yes, I believe I can.

Alderman O'Neil stated the \$1.9 million for those 41 restored teachers, is that salary or is it salary and benefits?

Dr. Brennan replied it is both.

Alderman O'Neil stated the technology bond. You had a conversation with Alderman Corriveau earlier this evening. Are there any associated or additional costs that are not included in that \$2.8 million? You were talking about teacher training, and I want to make sure I clearly understand what is involved. And you told Alderman Katsiantonis you'd be providing us a plan, which I think is important. What is the plan, what's included in it, what's not included in it? Did you say debt repayment starts in 2015? Did I hear that correctly earlier?

Dr. Brennan replied yes, it does.

Alderman O'Neil asked and how much is that per year?

Mayor Gatsas replied roughly \$420,000 for seven years.

Alderman O'Neil stated I want to go to Dr. Brennan on that. I want to make sure I didn't misunderstand the conversation that you had with Alderman Corriveau regarding associated or additional costs. You seemed to reference teacher training.

Mayor Gatsas stated that's all in that \$2.8 million. It is in the package that I gave you when I presented my budget of how it breaks down. That is \$1.5 million was for software, \$200,000 was for...

Alderman O'Neil interjected, Your Honor, with all due respect, it wasn't very detailed what you presented, otherwise I wouldn't be asking this question.

Dr. Brennan stated we have a detailed plan that was developed and I will send it to you.

Alderman O'Neil stated you've got \$500,000 in increased bandwidth and WiFi at every school, 5,000 PCs and tablets and professional development. It is not anymore detailed than that?

Mayor Gatsas replied you can have the entire plan detailed if you want.

Alderman O'Neil stated that's what I'm asking for, and I would like to know if I misunderstood Dr. Brennan's comment to Alderman Corriveau. Are there additional or associated costs that are not included in that \$2.8 million?

Dr. Brennan responded I would have to give you the plan and tell you how it lays out. Again, one of the things I didn't mention was the safety aspect. It would include telephone and intercom systems to replace those in our schools because we have schools that have inoperable communications, whether it be through telephonic or through intercom systems. Of that \$2.8 million, \$500,000 is identified in that area. But I will give you the plan and it will have more specifics.

Alderman O'Neil asked so we're rolling school safety and security into this technology bond?

Dr. Brennan replied yes, sir, because it's through the telephone and intercom system.

Alderman O'Neil stated one of my concerns I picked up on from one of the meetings and I wrote some notes, was that there was a lot of discussion about school security and safety and it included discussions about Mr. Robidas and Mr. O'Maley, which is great, but who it didn't include was the chief of police, the fire chief or the public health director because if there are issues, Mr. O'Maley is not responding, Mr. Robidas is not responding, and I know you just had a very successful training, I want to say over a holiday, at Parkside, but you seem to be missing three very key players in the discussion.

Dr. Brennan stated we're not missing them at all. We have constant conversations with them.

Alderman O'Neil stated Dr. Brennan, with all due respect, conversations are not having them at the table. Are they at the table? I don't see them sitting before the Board of School Committee. Let me tell you where I'm going with this. My concern is that we're putting money into what may be a feel good. I want to make sure that if we're going to spend \$500,000, that we're providing the absolute best options for that \$500,000. I can't tell you that telephone and intercom is a number one priority, but when I see three key players missing at the table, I'm bothered by that. I can only give you my opinion.

Dr. Brennan stated and what I'm trying to say, even though you don't see their names here, they've been involved in our conversations.

Alderman O'Neil stated but again, the reference I hear in watching some of the school board meetings is Mr. O'Maley and Mr. Robidas, which you're talking about do we put up a wall, do we change out glass, do we put cameras up, if there is an incident in a school, and God forbid there is, it's not going to be Mr. O'Maley or Mr. Robidas responsible for it. So I would like some assurance on the

involvement of the Manchester Police Department, Manchester Fire Department and the Manchester Department of Public Health in these discussions, are these just recommendations supported by all three of those departments. I'm not trying to be controversial tonight but, I don't want to see us get caught up in this feel good about we're providing the best safety for our students.

Dr. Brennan stated if we wanted to get caught up in feel good, we'd throw in metal detectors, we'd throw in all the superficial things. The number one concern our principals have is that they cannot communicate with all of their students and staff at that critical point and that is the difficulty and that's what this will address. As far as other activities or other discussions and/or planning we've already done that with our fire chief and police chief, and as you pointed out, we are running drills to ensure that not only do we have it down on paper but we have it in terms of real life of what happens if and we will continue to do that.

Alderman O'Neil asked would it be possible to get a copy of these plans?

Dr. Brennan replied sure.

Alderman O'Neil stated I'm bothered by that, in my opinion, I don't see the discussion with those three departments in this, and again, when I watch School Board meetings about Mr. Robidas and Mr. O'Maley, in all honesty the safety of all citizens including our school students, does not lie with those two gentlemen. It lies with the chief of police, the fire chief, the public health director.

Dr. Brennan stated not to belabor the conversation, the reason you see references to Mr. O'Maley and references to Mr. Robidas is because this is what we've identified as our number one concern and they are the ones who will help us implement that.

Alderman O'Neil asked if money was available, can you give me what the next items would be in addressing student safety and teacher safety?

Dr. Brennan replied I would say more training would be at the top of the list.

Alderman O'Neil stated I'd like to see that list. If there was \$1 million available for it, what would be the next step?

Dr. Brennan replied I don't have a list. I'm just responding what my next reaction would be.

Alderman O'Neil asked so this is the only item that we believe addresses student safety?

Dr. Brennan replied no, sir. I don't know how to answer your question because we continue to work with our Police and Fire Departments, our Public Health Department, we continue to improve and develop strategies to ensure that our emergency response is prompt and is accurate, we're revising those, we have done that with the input of our Police and Fire Departments and that's what we do just because I don't have a document that says the chiefs of fire and police sign off on this. My response to your question is that the only concern I have about student safety is that we provide telephone and intercom systems. That is the most practical thing we have in front of us, but we continue to have conversations and develop plans, revise our plans, which we have been doing.

Alderman O'Neil stated I can only reach a conclusion in what I observe watching School Board meetings, and that seems to be where the focus is.

Dr. Brennan stated it's because that's the most immediate need in terms of a tangible piece. I guess we could have a meeting and bring them all in and then people can watch and see and then we can cross that off the list because we have done it. If that's what you want, we'll set it up, but I don't want anyone out there or anyone around this chamber to think we're going to put telephones and intercoms and we're all done with security of our staff and students. That's the furthest from the truth.

Alderman O'Neil stated that's why I asked. What's the next step if there was more money available?

Dr. Brennan replied I can't give you an answer. I won't make it up. I'll talk with them and we'll figure out what our next steps are.

Alderman O'Neil responded very good. Thank you. You made a comment not too long ago about too many course offerings, and your opinion is that you think the district does offer, and I don't want to misquote you, but I think you did say you think the district offers too many courses.

Dr. Brennan responded I do.

Alderman O'Neil asked can you tell me what is being done about it either by school administration or by the Board of School Committee?

Dr. Brennan replied we've eliminated, and I don't know the exact number, around 90 courses from two years ago, and I think we need to continue to do that and focus on that because we do have other opportunities for students. And I'll say this but it's not an absolute, but we do have online learning, we do have college

participation, we have extended learning opportunities that would meet the competencies that we've identified within all of our course offerings.

Alderman O'Neil asked if the board decided to forgive the book loan, what would you do with that money that's available?

Dr. Brennan replied well, it wouldn't be available until seven years out under the current conversation.

Mayor Gatsas responded that's correct.

Alderman O'Neil asked the book loan?

Mayor Gatsas replied that's correct.

Dr. Brennan stated I guess the only thing is we wouldn't have to worry about it for seven years.

Alderman O'Neil stated we could write it off in a year if chose to. Mr. Sanders?

Mr. William Sanders, Finance Officer, stated under the mayor's proposed budget the school book loan is being deferred for seven years, so it will not become active again until 2020 or 2021 and then it will have seven years to run.

Alderman O'Neil asked has it been deferred previously?

Mr. Sanders replied it was deferred for one year this year.

Alderman O'Neil stated my point with all of this, to be honest with you, is we're going to defer it and defer it in seven, it will be deferred again. My question is if \$428,000 were available, what would you do with it?

Mayor Gatsas replied pay the computer loan.

Alderman O'Neil stated how about the superintendent answers the question.

Dr. Brennan replied actually it's almost the same dollar amount. It is about \$420,000. It would be \$428,000, I believe, for the bond payment for the IT or computer loan because it really doesn't become our money.

Mayor Gatsas stated there was a reason to my madness when I put that computer plan out there.

Alderman O'Neil stated I see we have deferred once, we're talking about deferring again, it will just continue to go on deferred, deferred, deferred.

Dr. Brennan stated I imagine the superintendent sitting here seven years from now would be very grateful.

Alderman Levasseur stated thank you, Your Honor. As far as the negotiations go, Ms. DeFrancis, did you make any projections? I know that since there are not contracts, we haven't settled anything, the steps and COLAs are not going to increase in next year's budget. Am I right or wrong with that?

Ms. DeFrancis replied in the budgets that are before you we have not included any step or any cost of living increases.

Alderman Levasseur asked but you did increase the insurance because the insurance costs still stay the same?

Ms. DeFrancis replied we increased the insurance by the 8.1%, which was recommended by the consultants. However, we haven't changed the structure. So if the employee is currently paying 7% for an HMO, they would continue in this budget to pay the 7%.

Alderman Levasseur asked is there anything else in the contract that you're allowed to change? Everything stays the same? Status quo, 100%?

Dr. Brennan replied yes.

Alderman Levasseur asked have you done a cost analysis, a cost basis analysis, of what you're going to need to have in concessions on the insurance side to cover the steps and COLAs? In other words, do you know what the increase needs to be? I'm sure you don't want to balance it out so it is equal, you want to see a positive increase on the benefit side so that you could probably have more money to hire more teachers. Is that in your equation or thought process?

Ms. DeFrancis replied I think you stepped out of the room when someone asked the question, but the savings on the health insurance, if we were to look at the plans that the City currently gets, this was a question that was asked by Alderman Craig, would be \$4.4 million savings on the health insurance, and then the steps and COLAs. A COLA at 1% and the step at the current contract benefits would be \$2.7 million. So \$2.7 million for the salary and FICA and retirement that go along with the steps and COLA and then the \$4.4 million savings in health insurance, if it was the City plan.

Alderman Levasseur asked so they offset each other?

Mayor Gatsas replied no, it is \$1.7 million in savings.

Alderman Levasseur stated so you'd just get another \$1.7 million and then you could apply that. Would that affect the tax cap if it was done before?

Mayor Gatsas replied no.

Alderman Levasseur asked because it's a revenue?

Mayor Gatsas replied it's because it's within their budget.

Alderman Levasseur stated \$1.7 million would get you halfway to \$159 million. Is that what you're thinking, Dr. Brennan?

Dr. Brennan replied actually I'm not thinking about any movement in the negotiations for at least a year.

Alderman Levasseur asked you don't think there will be any? Would they be retroactive?

Dr. Brennan replied that would be part of the negotiations. I doubt it.

Alderman Levasseur asked their contract expires on what date?

Dr. Brennan replied 30th of June 2013. That is all five.

Alderman Levasseur stated say the number again on the savings that you're going to realize on the steps and the COLAs in the 2014 budget, because those aren't going to increase by contract. Is that right?

Dr. Brennan replied there will be no savings. It will be flat and that's what's in there.

Alderman Levasseur stated okay, so it won't be an increase.

Dr. Brennan stated correct.

Alderman Roy stated thank you, Your Honor. I think you're correct, Dr. Brennan, that there won't be any movement on the insurance for, in my opinion, more than a year. Just a brief comment on the book loan. When we did that book loan, my biggest concern was that it would never get repaid, and it looks like that one is going to come true, which is very unfortunate for the City of Manchester. Dr. Brennan, when is your last day at work?

Dr. Brennan replied June 30th.

Alderman Roy stated I want to say that I want to thank you because you've got a position that sometimes is a loss, loss in my eyes, and you've stood there and you've taken the hits, and I want to thank you for your service to the City.

Dr. Brennan stated thank you, sir.

Alderman Roy stated I may not get the chance to say that again because I may not see you in this venue again and you may prefer that.

Dr. Brennan stated I don't mind coming here at all.

Alderman Roy stated I just wanted to say thank you.

Dr. Brennan stated I appreciate that very much, alderman.

Alderman Craig stated I just wanted to follow-up on a couple of things. One is regarding the online courses. The grade that the students receive, does it go toward their GPA when they take an online class?

Dr. Brennan replied not at this time.

Alderman Craig stated so that could be prohibitive in terms of some students wanting to take online classes. Is that correct?

Dr. Brennan replied if they are concerned with their overall GPA and status, yes.

Alderman Craig asked do you think there are a number of students in high school who are?

Dr. Brennan replied yes, but I also know that we have nearly 500 students who are taking online.

Alderman Craig stated my son is too. I'm not saying it's not an option, I think it's an option, but I think we all need to understand that it is not the same as having a teacher teach you in a classroom, and it doesn't count the same as their traditional grade that you receive from a teacher, it doesn't go toward a GPA, and I think that this board needs to understand that and the community does as well. The \$3.2 million bond that's going toward energy and deferred maintenance costs,

why are we seeing an increase in costs from 2013 to 2014 if we're issuing that bond?

Ms. DeFrancis replied we had increased the utilities based on a recommendation from Kevin O'Maley and the facilities department. The gas was a 2% increase and the electric was at a 4% increase. There are, as the mayor had stated, which I believe comes before the committee at some point, savings in there. So if that bond did go, we would see savings in the utilities line, which would cover the cost of the bond.

Alderman Craig asked so the savings would cover the cost of the bond but we won't realize savings from a budget perspective?

Ms. DeFrancis replied we would see savings in the utility line once all of these things are up and running.

Alderman Craig asked but not in 2014?

Ms. DeFrancis replied it depends on when the projects actually start.

Mayor Gatsas stated I think the payback is somewhere in the vicinity of five to six years when the actual dollars would reduce the budget, but those dollars coming in as a savings and would pay the bond in the first five years.

Alderman Craig stated but not a savings from the budget perspective. One last question: Is it your intention, Dr. Brennan, to change the number of classes per day at the high school level? Will students have eight classes or less next school year?

Dr. Brennan replied there's no intention to change the current schedule in terms of number of periods. Those would remain the same.

Alderman Craig stated regarding the comment about the computers and in 2015 the state tests having to be on the computer. This is another example of, to me, a mandate from the state that's not being funding. Have we heard anything from them in terms of assisting with helping to fund computers necessary to take these tests? Because what if we are a district that can't afford it, what would we do? What would you do?

Dr. Brennan replied that would be a very interesting question. The projections are because the window is going to be so much wider in terms of the number of weeks for the tests to be done that you would be able to accommodate that with minimum technology. However, that's a debatable issue number one and whether or not you have the current technology. We're going to run a pilot program as a BETA site for a smarter balance, which is what the mayor is talking about, and we're going to have it at one of our school and improvement grant schools to determine, we're going to use all of the technology that we have, old pieces of equipment, new pieces of equipment, a variety of equipment to determine what our capacity truly is. Other school districts in the state are really in a quandary because they don't even have the minimum in terms of that requirement. But the smarter balance group is working with the state in trying to resolve these questions.

Alderman Craig asked can you check with the state to find out what the implications are if we can't meet those obligations and what the consequences are?

Dr. Brennan replied yes, we can.

Alderman Long stated thank you, Your Honor. Dr. Brennan, there are high school credits that students are getting that are not paid by tax dollars. For example, at St. A's there is a humanities council that's offered to every high school student and they receive credits and it's not paid by tax dollars, it is paid by St. A's.

Dr. Brennan responded correct.

Alderman Long asked are there any initiatives like that other than St. A's?

Dr. Brennan replied the University of New Hampshire at Manchester. We just developed that program with them. There are two courses that are running, and actually the student takes on the cost for the textbook and for the course.

Alderman Long stated and it's a high school credit.

Dr. Brennan stated our board policy allows for dual credit. So the student will receive the high school credit and also the college credit so that gives them a step up. And also financially helps if you're able to expand upon that, which I think this district should just continue to grow that and then take advantage.

Mayor Gatsas stated there are 12 students currently.

Dr. Brennan replied yes, and they're all from Central.

Alderman Long stated I know in the St. A's program there are 35 or so students who they have, and it's offered whether you're an upper level or any student. It's open to all students, refugee immigrants and all students.

Dr. Brennan stated it's a great program.

Alderman Long stated I heard that they're able to take more students. They pay for bussing, \$2,000. If they didn't have to pay that \$2,000, they could add another 20 students to receive these credits. So when I look at our budgets and I see \$2,000 of a credit to 15 more students, I'm wondering if, with the secondary education that the Manchester area offers, there a correlation in your mind with respect to the budget where entities like St. A's and UNH, it obviously saves tax dollars because they are receiving credits and the taxpayer is not paying for it. Are you looking in the future with respect to offering more of those with other secondary educational facilities that we have in Manchester?

Dr. Brennan replied that's our goal. That's another one of those opportunities we want to take full advantage of. It's going to take a while just as the program at UNH Manchester did. I think the next go around you'll probably have 24 to 30 kids. It's the timing issue also; now that we start talking about it and as students start signing up for courses, they can anticipate going perhaps to UNH Manchester or going to St. A's. Yes, that would only makes sense to expand those opportunities such as dual credit, extended learning opportunities and other alternative means of earning credits. Absolutely, when you talk about win-win situations, this is truly a win-win situation because it really helps parents as their children go forward if they already have credits. We've had some students who earn anywhere from 25 to 30 college credits going through these programs, and that's something that we've underutilized in the past but needs to be truly expanded. We're also working with Manchester Community College to develop similar programs.

Alderman Long stated that is great. Thank you.

Alderman O'Neil stated thank you again, Dr. Brennan. This issue I think came up earlier with Alderman Corriveau, but there was a discussion about the approval date for a School District budget, and I happen to agree with Alderman Corriveau. The longer we have at it, generally the better the School District budget has been. The vice chair and I had this conversation maybe three weeks ago, and if you're not in a position to give a date or a ballpark range, don't answer the question, but I would respectfully disagree that it is all based on overriding the tax cap because last year we found \$2.6 million without overriding the tax cap by having more time to work on the budget. So is there was some ideal dates as the target dates for notification to the teachers?

Dr. Brennan replied administrators and teachers.

Alderman O'Neil asked and what is that date?

Dr. Brennan replied I believe it is April 15th for administrators and no later than May 10th for our teachers.

Alderman O'Neil asked and when you say administrators, we're talking principals or assistant principals?

Dr. Brennan replied yes.

Alderman O'Neil asked is there anyone else included in that?

Mayor Gatsas added the administrators are first, then teachers and then everybody else is after that.

Dr. Brennan responded right. We have a memo that we can send to you with the exact dates on all of them and when you can notify someone. It varies from union to union.

Alderman O'Neil stated again, not trying to put you on the spot, would you be nervous if there was not a budget by April 15th?

Dr. Brennan replied yes, but nervousness comes with the job. I think the point that I'm trying to make is the longer it takes for us to get a budget, the more opportunity it gives teachers to consider whether or not they want to stay in the district, and as I look at our make-up, our demographic of our staff, I'm concerned about the middle ground staff members, nine to 18 years. There seems to be a smaller number of those, and I believe that has a lot to do with what's happened with our budgets over the last couple of years. We keep getting the younger ones but we also have people when in their fifth or sixth year they said I'm not going through this, they're still affordable for other school districts and they go there. My comment about the tax cap; I wasn't laying this all on the tax cap in terms of this particular issue, I just think in general having the tax cap is a problem for our district and perhaps for the City. We've been very fortunate, I believe, over the last two years under the tax cap that we've received the majority dollars that we're allowed under the tax cap, and I'm very appreciative of that. However, it is not enough, and I'm not saying you throw money at everything, but we lost 118 teachers last year and that was to get to the tax cap. If we have to do the same thing, how do you bring them back, how do you get us back to a level where it is minimal? That is the difficulty that I see with the tax cap, and as long as you have the tax cap, you'll have these conversations. I'm sure you have them with the departments as well, but with our School District we have made significant drop offs, and I know the questions about declining enrollment, I think we've lost about 3% of our students and in the same time we've lost about 17% of our staff and it

has not all been grade one in X school. You loose 500 kids or 300 kids, it sounds like a lot of students, but when you spread it across 22 entities, it just sort of goes along. Instead of having 31 you have 30 or 28 or 27. So the point I bring up about the tax cap is I think the City is faced with a real problem and will continue to have this conversation where we tweak this budget \$2,000 here, \$5,000 here and the real issue is when are we going to provide what I believe, in this case, is an adequate budget to at least get to minimum standards.

Alderman O'Neil stated and I hope you respect our challenge that many on this board think the longer we have a crack at it the better we might be able to do for the School District and that's the challenge. If we get your budget early, it may seem favorable, but if we had another month at it, we might be able to identify some additional funds.

Dr. Brennan added or you could drop the tax cap and increase taxes.

Alderman O'Neil responded I suppose we could.

Dr. Brennan stated that's the revenue base.

Alderman O'Neil stated as I said, we were able to accomplish \$2.6 million last year.

Dr. Brennan interjected and we lost 118.5 teachers.

Alderman O'Neil asked well you would have lost how many more if we didn't find the \$2.6 million for you?

Dr. Brennan replied I hate to have that discussion. It might be another 50 to 55.

Alderman O'Neil stated you lost people, not much, we did the best we could but we did get the School District an additional \$2.6 million last year. It had to have saved some jobs.

Dr. Brennan replied it did, but not enough.

Alderman O'Neil stated I understand. We can't print money. Unfortunately, only the federal government can do that. I wish we could.

Dr. Brennan stated but you could increase taxes.

Alderman O'Neil stated we could and we did. We increased taxes to get some of that up.

Dr. Brennan stated increase them to the level that would provide adequate education for our children. That's what you need to do. No one asked, but that's what I think.

Mayor Gatsas stated Dr. Brennan, one question from me. Would that guarantee outcomes?

Dr. Brennan replied no, sir, but it would improve the opportunity to have positive outcomes. I can tell you one thing is if we continue to lose staff, you won't have any outputs that would match anything in terms of significance relative to student achievement. It will have continuous growth but minimal.

Mayor Gatsas stated right, but if you can't guarantee outcomes and you can't guarantee that there won't be classes with more than 31, and raising taxes like you just told Alderman O'Neil, wouldn't matter. We would still need more money.

Dr. Brennan stated we have issues in the School District that if we could eliminate certain jobs and positions, we would have enough money to reallocate resources but because of the unions, we can't do that in some cases.

Mayor Gatsas responded maybe you should provide this board with a list on what you think would be an allocation of resources, and maybe we should take a look at it and be very bold about what we may have a conversation about.

Dr. Brennan stated I'd share that with the Board of School Committee first and then go from there.

Mayor Gatsas responded sure.

Alderman O'Neil stated one final thing, Your Honor. Working with the clerk and the availability of some of the aldermen, we're going to have two budget working nights, which will include City departments. It could include the School District, and if Dr. Brennan has additional information and he wants to come in, and those dates are Tuesday, April 9, 2013, and Monday, April 15, 2013. Alderman Roy is away on April 9th so that's why we're having the 15th, otherwise we wouldn't have either night.

Dr. Brennan stated those dates are in my calendar.

Alderman Shaw stated correct me if I'm wrong, but to answer your question Alderman Craig, the DOE will provide in extreme hardship for a certain period of time on a paper test option if they don't have the computers. Then as far as the school enrollment, the dual enrollment, which used to be Catholic and public schools, now it's colleges and high schools. The GPA issue, isn't that a local school policy? The School Board can develop a policy that will allow the course credits to be in the GPA. That's local.

Dr. Brennan responded yes, it is.

Alderman Shaw stated because we just killed two bills in our committee that would have made it a state mandate, and they said it's already being done on the local level so that might be something that the School Board could look into. One other thing, the education committee in Concord is going to have a presentation by the DOE on smarter balance and on the common course standards. Its date is uncertain at this point because they're trying to coordinate, but if anyone is interested in attending that presentation, it would probably be about two or three hours. I can let you know if you're interested in attending to learn about it. Thank you.

Alderman Shea stated thank you, Your Honor. In terms of giving you a number for the budget, and again, whatever the case might be, we do vote on it, but I would say that if you're given a specific date, you can always amend your budget in terms of whether some of the aldermen come up with creative thoughts as they did last year, I wasn't one of them, but I give credit for those who were. But the point is that if a budget is set and you can sort of get a better handle on how you can, not you necessarily but in conjunction with other people, handle whatever the needs might be, I think that an amended budget can always be forwarded up to the DRA whenever we do that. The second point, if I may, Your Honor, is there has

been discussion, this has nothing to do with the budget necessarily, but 175 days versus 180 days. Experience tells me, and teachers have called, the more veteran types of teachers, indicating that there will be a lot of illness when you do go to a March type of recess for the children. We had implemented that, I'm not sure if Alderman Shaw remembers that time, we had teachers out, we had children out, the elementary schools, I'm not speaking for the high schools, I don't know, but there are so many kids who have colds, who have infections and it spreads like wildfire and you're going to have a tremendous amount of problems. That's not to say, and I don't mean to be bringing this up but we did discuss it, Jim Roy and I, concerning people who plan vacations around the February or April vacations. The industry in New Hampshire relies on a certain amount of children and families and so forth. So I would say serious consideration should be given to the 180 day vis a vi, the 155 day. And, again, I don't know what the impact will be on the elementary schools, keeping the kids in, and I'm not sure how the schedule would be but it seems to be that it's an accommodation for more of the middle and high school students, but an impact at an elementary school, kindergarten, the first and second grades, would probably be a little bit more profound than it would be at the others. But, again, if you want to comment on that.

Dr. Brennan responded I would like to because I don't want people to think that the hourly calendar that we're talking about, often referred to as 175 days, I don't think we should call it a 175-day calendar. It is an hourly calendar that meets the requirement. That is one calendar and there's a second calendar that you're referring to which is still a 180-day calendar but it eliminates the February and April vacations. We have a March vacation and students get out sooner.

Mayor Gatsas stated just for clarification, Alderman Shea. The 175-day calendar, the 995 hours, has two vacations. It has the February vacation and also the April vacation.

Alderman Shea responded okay.

Mayor Gatsas stated the 180-day calendar they're offering now to see if they can get the unions to move to the other calendar, because what we heard is if we can extend the day and keep the kids in class longer, that was some of the discussion that kids aren't in class long enough. And in the high schools the problem is that the elementary schools have a 23-minute lunch, the junior high schools have a 24-minute lunch and the high schools have 48 minutes and that's the problem. It's change-of-work conditions.

Alderman Shea stated the clarification for me is I didn't realize that the 175-day calendar does have a February and April vacation. I'm sorry if I misunderstood that.

Dr. Brennan added the hourly calendar has those vacations still in place.

Mayor Gatsas stated and as you said, they did try it once when Henry McLaughlin was here, and I can tell you from principals who I've talked to since then, the reason why they have the February vacation is to clean out the schools for the germs and everything else and the April vacation is because kids are getting very ansy for the end of the year and they find more problems happening. They had it, one in March, and I can tell you that any principal I've talked to will say that that is a headache.

Alderman Shea stated a big one.

Mayor Gatsas stated thank you, Alderman Shea. We can keep going if everybody has more questions because I have about 15 or 20 so I would like the same courtesy.

Alderman Levasseur stated Dr. Brennan, as far as the mandate of 30 per class... Are you a big fan of mandates?

Dr. Brennan replied no, sir.

Alderman Levasseur stated no, especially unfunded ones, I would imagine. But in this instance how is this going to affect you or the new superintendent going forward? Is it basically just the policy that they put in place but nothing you really have to follow?

Dr. Brennan replied no, sir. The reason I pushed for the policy is so that it would be a policy and it would have to be followed.

Alderman Levasseur stated you pushed for it. Okay.

Dr. Brennan responded yes, sir.

Mayor Gatsas stated I think the policy is already in effect. There aren't supposed to be any classes over 30. Principals are supposed to shut them off.

Dr. Brennan stated but it's not in policy, Your Honor. We finally have a policy.

Mayor Gatsas stated the state mandate says 30.

Alderman Levasseur stated well that's fine and good, but the reason why I bring that up is you say there's not going to be any pink slips, I assume there are not pink slips under this budget.

Mayor Gatsas responded there are no layoffs in the \$155.7 million budget.

Dr. Brennan stated that's correct.

Alderman Levasseur stated okay. If you have the mandate and you don't get any more money, from the temperature that I've taken, and you, as a pragmatic gentleman, I think you know that there's probably not enough votes to override the tax cap, there may be a will to find some more money if there's any under the trees or the rocks, but I think last year we dug pretty hard and I think the mayor did also. So at \$155 million, at the tax cap number, are you still going to be able to formulate a plan? Because I'd be willing to vote to give him the tax cap number tomorrow night and then with the caveat that if there are more revenues coming in in the spring, because he's going to have to make a plan to get this thing going. Are you still in "hopeland" right now or are you in "realityland" where you know we're looking at the \$155 million number and I have a plan in effect? I'm assuming we're going to hire a superintendent reasonably quickly and they will be working in the office with you, and maybe two heads can be brought together as one on that, but as far as the mandate goes, and let's say we have the tax cap number, do you have a plan in place for that scenario?

Dr. Brennan replied yes, we would be able to do that. I would have to look at, of the 23 positions only being able to fill nine of this, where the most critical needs are. The second piece is, in my opinion, that we will not meet school approval with the tax cap budget.

Alderman Levasseur stated in that scenario where you got the tax cap money and you have the mandate in effect, could you still, if we voted on and got you your number before the May 10th deadline, could you still make some alterations and hand out pink slips or are you not allowed to hand out pink slips or are you allowed to hand out pink slips under any scenario where you could say I have ten classes with only six people in them, I can lay off those ten and bring off ten others or do you have to bring back those ten first? The ones you laid off first, do they have to be brought back first?

Dr. Brennan replied yes, it would be a seniority decision. That is why we had such a hard time at the end of the year or at the beginning of the year where we were shifting people from one high school to a middle school because it is a seniority process. It is not one that you described where we don't need these ten positions, therefore we can tell those ten people to seek employment elsewhere. We don't have that ability in the district.

Alderman Levasseur asked could you take those ten and place them into other necessary spots?

Dr. Brennan replied you could.

Alderman Levasseur asked are you bound by the contract and they can stop you from doing that?

Dr. Brennan replied yes.

Alderman Levasseur asked going forward, mayor, I know you are not negotiating or representing the School Board, but are you involved with the new negotiators to make them aware of some of handcuffs that are put on your ability to be flexible going forward?

Dr. Brennan replied yes, sir, he is well aware. They both are; there are two of them.

Alderman Levasseur asked they are going to be bringing that forward with the hope that there will be more flexibility in the contracts?

Dr. Brennan replied that would be the hope, yes, sir.

Alderman Corriveau stated Dr. Brennan, we have asked this question before but it just dawned on me to ask you this year about the per pupil spending figures.

Mayor Gatsas stated you must have been in the backroom because she already said it.

Alderman Corriveau asked could you repeat those for me?

Dr. Brennan replied sure. I'll ask Ms. DeFrancis because she has those.

Ms. DeFrancis stated as we mentioned earlier, the DOE-25, the state report, calculates the per pupil cost with certain things included and certain items excluded. That number is about \$10,000 per student.

Alderman Corriveau asked included or excluded?

Ms. DeFrancis replied expenditures that the state includes, that comes out to about \$10,000 per student. If you were to look at all expenses in the district, we are looking at about \$12,000 per student. Then we have the amount that we have for the sending towns and that is by contract and we have four different rates. One is for regular education and that is dictated by the contract and then three rates for special education.

Alderman Corriveau asked could you share those rates with me?

Ms. DeFrancis replied the only one that I have tonight is the regular education. This year we are charging \$8,300 and in next year's budget we have estimated \$8,500. That is an estimated rate that we bill and then when we complete the DOE-25 at the end of the year, we do a true-up. Last year, I think we charged \$8,300 and then at the end of the year we got to charge the sending towns another \$300. As far as the special education rates, I will have to get those to you.

Alderman Corriveau stated you actually alluded to the reason I asked the question. If we are theoretically supposed to be spending \$10,000 per pupil and we are charging the sending towns \$8,300 or \$8,500 and maybe this alludes to the mayor's point, but are we subsidizing \$1,500 per pupil?

Mayor Gatsas stated that was my point.

Alderman Corriveau stated I guess I am just directly asking. Is that one way to look at this? Are we undercharging, theoretically?

Mayor Gatsas replied no, because the contract says what you can charge.

Ms. DeFrancis stated also, if I could just comment, that the state has a blended rate so it takes into consideration all costs and all students. When you look at the amount that we charge the sending towns we separate it between regular education and special education so we have four rates and the state has one blended rate for all aspects.

Alderman Corriveau asked may I ask if the day comes where the Manchester School District is solely comprised of Manchester students, are we going to see our per pupil spending actually go up or will it go down or will it be the same?

Ms. DeFrancis replied I guess it would depend on the amount of expenditures if we lose the sending towns so as our expenditures go down, our enrollment would go down so the average daily enrollment went down, the expenditures would go down or stay the same, then the cost per pupil would actually stay the same because you are dividing it by less students. It would all depend on what the expenditures would look like. Would the expenditures go down, would we lose positions?

Alderman Corriveau stated thank you. That was very helpful.

Alderman Craig stated Dr. Brennan, how much have we spent on legal fees in association with the sending towns?

Dr. Brennan replied I would have to get you that number. I don't have that answer.

Alderman Craig stated I would be interested to see actuals of how much we have spent to date and then the projections going forward. I'm just curious, can you guarantee an increase in student achievement with the purchase of the tablets and computers?

Dr. Brennan replied no.

Alderman Craig asked can you guarantee an increase in student achievement by eliminating course offerings?

Dr. Brennan replied no.

Alderman Craig asked can you guarantee increases in student achievement by making classes online with VLACs?

Dr. Brennan replied no. May I respond to that?

Mayor Gatsas stated go ahead, Dr. Brennan, because if you weren't I was going to jump all over that.

Dr. Brennan stated the questions laid out there and people keep asking me if I can guarantee things, and not just you, but others, and no one can guarantee.

Alderman Craig stated I agree.

Dr. Brennan stated however, I can say that by providing these opportunities, I believe that our students would be more benefitted by it because then they can truly pick their path and it will help with their costs if they choose to go on to further education. What I could guarantee, I think, is a more effective educational

system but there is no guarantee about the test results because what we tend to do is take a test, this time it is known as NECAP, I don't know what it will be known as in 2015 and that is the threshold or number that we look at. If we didn't have AYP we would be bragging about the growth of our schools. Our schools continue to show growth over the years to the point where the secretary of education comes to Bakersville to talk about the growth that has occurred over the years for student to student. What we do now is take a snapshot and we call it a test and everyone says they we are doing poorly. We are doing poorly with respect to AYP. I believe after this year, after AYP comes out, I would say close to 80% or 83% of our school districts have schools that are not AYP. It depends on the matrix. It depends on what you look at. If you develop a strategy where you say you are going to look at growth I can guarantee that. I would say I have 95% or greater confidence that we would see growth with all of those things.

Alderman Craig stated we started this meeting by talking about the two different budgets and the budget that you presented, the higher end budget with the increase in teachers, do you feel that with the increase in teachers you would see the maximum growth or with the other three options that I mentioned? Where would you see the most growth in your opinion?

Dr. Brennan replied I'm trying to formulate this because I don't think I could segregate it into having teachers with that growth. I think at the elementary school level if we can reduce those class sizes to below 20 for k to two or k to three, I would say that you would see significant student achievements within three years of that implementation. In other words, the kindergartener or third grader who really works with those smaller numbers you would see that that group of students would increase their achievement. There is no doubt in my mind about that. As far as going up the ladder in terms of middle and high school, I think it would be a combination of things, especially at the high school level. I would like to see

more students take advantage of getting high school credit while they are in the middle school so that we can start working toward that so that by the time they get to the high school they have three or four credits, theoretically, which would allow them to do more things sooner and take advantage of the dual credit and take advantage of everything else. To do it in isolation is hard for me, but from a systematic standpoint yes, I would feel very comfortable sitting here and telling you that I would see growth, but not so much on the state mandated test.

Alderman Craig stated something that you just said today with things like VLACs where we have kids in the middle school taking a geometry class as an eighth grader. They can, it is a matter of educating parents as to what the options are for the student and then making the time outside of the traditional classroom to make that happen. I appreciate your candid answer here because I agree that it is very hard to sit here and just said can you guarantee this. I didn't expect you to say yes, which is why I asked the questions. I appreciate that and what you have said.

Dr. Brennan stated I would just like to point out at MST, our first year program we have a group of maybe a dozen and a half students who have already completed their algebra competencies, probably 90% through them, and are now taking geometry in the competency focus so things are happening like that and I think you will continue to see that increase or improve as we get into the competency conversation as we go forward.

Mayor Gatsas stated Ms. DeFrancis, to make sure that we restore all the retired position, the nine, what would that cost?

Ms. DeFrancis replied the position would be, because we are looking at the new teacher coming on at a BA-3, which is what we have estimated, would be \$32,932 times 48% for the benefits so it would be \$48,000 times nine which would be \$432,000.

Mayor Gatsas stated the tax cap budget is \$155.7 million. Would that roughly be a third of the budget to find enough money to bring back nine teachers. You and I had a conversation that we could probably reduce the supply line by \$150,000 so now we are looking for \$300,000. I would think that in a \$155 million budget we could find those kinds of dollars to restore all those positions. That is just my opinion, Dr. Brennan, just like all opinions that have been flying around this room.

Dr. Brennan stated I would like to respond to that. We may be able to do that, but when you reduce a minimal budget it will have an impact, whether it is supplies or whether it is in other areas. This is true; we could reallocate the money. I think that if we are going to have a discussion about reallocating money it should be in athletics. That is going to cause a fire storm.

Mayor Gatsas stated you could have the discussion.

Dr. Brennan stated I would much rather find money in the \$400,000 in athletics than the \$150,000 in supplies for other things required in the class, as you say, that is just an opinion.

There being no further business, on motion of Alderman Shea, duly seconded by Alderman Greazzo, it was voted to adjourn.

A True Record. Attest.

A handwritten signature in black ink, appearing to read "Matthew Normand". The signature is written in a cursive style with a long, sweeping underline.

Clerk of Committee