

SPECIAL JOINT COMMITTEE ON EDUCATION

February 11, 2013

4:30 p.m.

The Clerk called the meeting to order.

The Clerk called the roll.

Present: Committee Member Ambrogi, Alderman Corriveau, Committee Member Connors, Alderman Craig

Committee Member Staub and Alderman Shaw arrived late

Messrs.: K. DeFrancis, W. Sanders, T. Brennan

3. Existing FY13 contracts between the City of Manchester and the School District.

Alderman Corriveau stated I know we have been notified that members of the City's facilities division were unable to testify today due to longstanding previous commitments. We do have agreements before us, not just the facilities agreement, but we do have the agreement between the School District and the City Health Department. I don't know if we want that to be a topic of conversation today. We also have the Information Systems agreement in front of us. I don't recall from previous meeting if IT or Health were necessarily the particular items we wanted to discuss in terms of chargebacks; I think facilities was the biggest topic of conversation in terms of repairs to schools and what is charged. If that is the case, maybe we can table the item until our next meeting. I know that it was expressed to me and Sarah that they are perfectly willing to testify, it is just that today wasn't a good day.

Committee Member Ambrogi stated that's correct. That was my understanding as well.

Alderman Craig stated I have a fundamental question about how we are addressing this and why and wanted to ask the School Board members within this agenda we also have your budget and it looks like \$9 million is charged back from City services that include, I believe, about \$4 million from Aramark. When we are talking about chargebacks is it your intention or are you questioning the quality of services that you are being provided or the charges you are receiving? I guess I am trying to get an understanding of what we are trying to accomplish here when we are addressing these. Is it the amount you are being charged, do you feel like you are not have appropriate input in the services, are the services are not being provided to par?

Committee Member Ambrogi replied I don't think there is any question... I don't believe this topic came up because of quality of services. I think it is purely a dollars issue. It has been stated to me outside of these meetings that there is no way we could get a better deal if we were to go to the open market, but I know over the course of time there have been a lot of times when various members of the School Board have said that it is a lot of money that we are paying for these things, should we be looking at any other way of doing this? My understanding was that we brought this up simply to look at the contracts, talk more about the dollars than the quality of services and perhaps just to see if there is something that is missing that we are not doing or have we been going along with something that needs revisiting? I think that is really the impetus behind it.

Committee Member Staub stated I think the other issue is that if we were to make a choice between hiring another math teacher and mowing the lawn on the soccer field that would decline the amount of money that would be going into the Parks

and Recreation Department budget and that would have an affect on them. I think that we need to talk about it together because if we are going to make those choices between teachers and maintenance on the buildings or maintenance of the athletic fields, it is going to have an impact on your side so I think we need to work together on that.

Alderman Craig stated I think one thing to keep in mind is that you would be paying for services one way or another, whether it would go in the pocket of the City or it would go into the pocket of a private entity and if you chose not to have that service, you may not... If you had a private entity mowing the lawns and you chose not to have that service, you wouldn't pay them for it. I don't know if you can assume that the money would come from the City side if you say I'm not going to mow the lawn. That is something that we should think about.

Committee Member Staub the upper limit on how much we can spend this year, if we stay underneath the tax cap, that means that we have to figure out how we are going to use that money. When we decide to use it to hire a math teacher instead of maintaining the athletic fields, if we get the tax ca amount, are you suggesting that if we decide not to mow the soccer fields you are going to reduce the amount we get because we won't be mowing the soccer field? We have a finite amount of money that we can use because of the tax cap and we are trying to figure out what is the most beneficial way to our students and the families that we serve to use that money.

Alderman Craig stated as you should. If you are not going to use the City services, if you are not going to do something that you are saying you are, I can't guarantee that you are going to get the money. Certainly from my perspective you know that I am a huge proponent of the schools and I will do everything I can to help the schools, but I think we have to be real here when we are talking about

these chargebacks. I do believe that some School Board members believe that if we do away with some of these chargebacks to the City that we will have millions of dollars to spend in other ways. I don't believe that will be the case. I don't know, but I just want to put that out there.

Committee Member Connors stated I think the biggest thing is that we do need to hear from facilities, we need to hear from parks and rec. From my perspective, it is that we have nothing to compare to because we are being charged based on a certain employee's hourly wage and benefits, we can't say it costs this much per hour for City services. If we could at least see what we are being charged per hour, we can see if we are in fact getting a good deal or if we should be going out to bid. That is the main reason that I would like to look at those numbers.

Alderman Corriveau stated this dovetails into the next topic, the fiscal year 2014 School District budget, but page 71 or 4.73 of the packet depending on how you want to number it, it is the rundown of the 2014 City services, the chargeback issue. My look at it is that building maintenance is projected to jump by almost \$130,000. The other items are fairly consistent. They might go up \$1,000 or \$2,000. I don't know if there is anyone here tonight from the district or if anyone from this committee could answer why there has been a \$100,000 jump. It does look like that has been pretty consistent, but is that due to the contract with Aramark? Is that inflation? What would account for \$130,000 difference in City chargebacks from one year to the next?

Committee Member Ambrogi stated I know Karen DeFrancis is here. Would you be willing to come forward and help us with this?

Alderman Corriveau stated thank you, Ms. DeFrancis. I know these are projections so I'm not looking to get anything set in stone. It was a number that made me wonder if it was due to contractual obligations or if there is any particular work being done at any particular school that the City is doing. Maybe you could help me with that.

Ms. Karen DeFrancis, Business Administrator, stated on that entire line item, we have just increased it by 2.3% and that was based on the tax cap number. At the time we prepared this we did not have all the information from the City departments. What they do is prepare a budget, but then they look to our direction to determine how much we are willing to increase that line item by. For this first pass we just put everything at a 2.3% increase. You are correct that what would be included in that 2.3% increase would be any increases that Aramark has charged as well as any increases within the other budgeted line items within the facilities department and Aramark is a huge piece of that. Then there are other things in there such as the employees of the facilities division who do work for the School District. Obviously, as they get increases it would affect this number as well. Right now, the number you are looking at is a 2.3% increase and that is strictly based on the tax cap.

Alderman Corriveau stated we don't have the contract with Aramark in front of us. Could you tell us a little bit about the particulars of that contract, for example how long does it run for, are there bumps in costs that go from year to year; for example, next year you will pay us an additional 3% or 5%?

Ms. DeFrancis replied I would have to get you that information. I don't know off the top of my head. We just went out to RFP for the services and Aramark did win the bid. This might be the second year of the contract that we are in. I would

have to check to see. I think it was a three-year, but I would rather pull that information and get back to you on that.

Alderman Corriveau asked we are probably in year two of three of the contract?

Ms. DeFrancis replied I believe so, but I'll check.

Committee Member Ambrogi stated thanks for coming forward, Karen. In general, has our experience been that if we just assign that 2.3%, with all these chargeback items, we have been able to hold to that pretty well? Our budget experience is usually pretty good with those numbers? Does there tend to be a lot of variation?

Ms. DeFrancis replied actually the past few years we have asked the facilities division to keep them. They came forward with a higher budget and we have asked them to come down to a lower number. What we used to do is have the City departments come before the Board of School Committee and explain their budgets. For instance on the Health Department, if not all of it, 99% of it is all salaries. Again, if we want to keep X amount of nurses in the schools, this is what the dollar amount is based on how long those individuals have been employed with the City and based on their salary. If the Health Department came and their budget was 5% and we only wanted to give them a 2.3% increase, the Board of School Committee would have to make the decision if we want to not have as many nurses in the buildings or if we want to give the Health Department 5% and maybe take a little bit more out of another line item.

Alderman Corriveau stated we will get the people from facilities in here and maybe for our next meeting if we could also have a copy of the Aramark contract that would be appreciated.

Committee Member Ambrogi stated picking up on what Committee Member Connors said, in terms of comparing, we have nothing to compare this to. I would assume and the School District and the City have been in this relationship for a very long time and one would assume that it is a good deal on both sides. We are trying to watch all our pennies. Is there anything that we should be doing? Is there anything that we should be doing differently in terms of approaching these either from a contractual point of view or from purely the top line cost numbers? Are we missing something? That is my question that I feel like I don't have the answer to and I'm not quite sure how to get to it. Any ideas?

Ms. DeFrancis replied I guess I would suggest, I know on the School Board there are several new members and I don't believe last year that the City service departments came forward.

Committee Member Ambrogi stated they have not come forward in the years that I have been on the board. It has been several years. I have heard members say that, but I think that predates me and I am in my fourth year so it has been awhile since we have approached it that way.

Ms. DeFrancis stated so that might be something that the Board of School Committee wants to discuss, having the different City departments come forward and present a budget and give a detail as to what is in that budget. We have asked, in the past, for facilities, for instance, if we asked you to reduce your budget by \$300,000 what would you do? They would come forward with recommendations. I know one year we looked at reducing the hours of our day porters. That may have only been for a half a year. The School Board wanted to add that back because of the affect that it had on the schools. They could come forward with different suggestions as to how to reduce that line item and then obviously the

Board of School Committee would determine whether or not they wanted to take that road.

Committee Member Ambrogio stated I know from my time on the Building and Sites Committee that Mr. O'Maley is very responsive with those kinds of requests. In general it is my sense that the people on the City side who manage these areas for us certainly have the School District best interests at heart. I'm not at all saying by having this discussion that we think there is something wrong with the way things are set up. It is just that they are big numbers and I think it is appropriate to ask the questions. Are there any other questions, in this area, or should we move on to the budget?

On motion of Alderman Corriveau, duly seconded by Committee Member Connors, it was voted to table this item.

4. Discussion regarding the proposed FY14 School District budget.

Alderman Corriveau stated we were presented with the school approval budget and with the tax cap budget.

Committee Member Ambrogio stated in that packet that Maura has, both are in there.

Alderman Corriveau stated it is at the very end, the tax cap budget, 4.82. One question I had, and I see Mr. Sanders here, is the 2.3% CPI three year average, is that firmed up now? From what I can recall, we had a meeting of the Committee on Accounts, Enrollment and Revenue Administration and you mentioned that it would be another month or so before that number was finalized. Are we at that stage yet?

Mr. William Sanders, Finance Officer, replied yes, we are. The final CPI through the end of December was released about January 18th or 19th. The final cap calculation, and I am delinquent in providing it to the board as well as to the School District, is 2.17%. That is the final three-year average for CPI. We can provide the detail of that to the respective boards.

Alderman Corriveau asked does anyone have any questions for Mr. Sanders, either about the tax cap or the particular number we are looking at while he is here.

Alderman Craig stated I have a question for Mr. Sanders and probably Dr. Brennan or Ms. DeFrancis. In looking at both of these budgets, I was curious, first, for the School District, did you include revenues for the sending districts? 100% that exist today, revenues?

Dr. Thomas Brennan, Superintendent of Schools, replied yes, we did, the 100% that we anticipated. That is what we used as our number.

Alderman Craig asked is it true already that for the next fiscal year we will see a decline in those revenues?

Dr. Brennan replied it is my understanding that approximately 50 students who would normally have been identified as coming to our district from Hooksett have been given permission to go to other schools. That is about a third of what we were projecting in terms of Hooksett students if I remember correctly.

Alderman Craig stated so one-third of the revenue for the sending...

Dr. Brennan stated we were projecting 150 students coming to Manchester high schools from Hooksett and from the information that I read in the paper and have heard, it is 50 so that is why I said it is about a third.

Committee Member Ambrogi stated it is one-third of the freshmen.

Dr. Brennan stated correct. It is one-third of the students coming.

Committee Member Ambrogi stated not of the existing students.

Alderman Craig asked how much revenue is that?

Ms. DeFrancis stated for Hooksett, for regular education, we are looking at \$4,360,000; for special education \$1,650,000 and then for capital costs \$616,000. Under that scenario they would still have to pay the full capital cost of \$616,000 and then we are projecting \$8,500 per student so it would be the \$8,500 times the 50 students.

Committee Member Connors stated \$425,000.

Alderman Craig stated so my question to you, Mr. Sanders, is when there is a loss in revenue and there are other revenue issues on the school side and with the tax cap, what needs to happen? What do we need to do? I know that you have talked about, and we have talked about, a spending cap, as well as a revenue cap, but it makes me very nervous when I see the start of the loss of students from sending towns. Can you talk a little bit about that, please?

Mr. Sanders replied as you mentioned, the tax cap actually has two components: an expenditure cap and a property tax revenue cap. It limits the amount of money that can be raised through property taxes. When we have declines in non-property tax revenues we are unable to offset that anyways other than through reduced spending either at the City or the School District. If we cannot find other revenues, be they at the City or the School District to offset the \$425,000 that Ms. DeFrancis just mentioned and assuming we are peaking at the tax cap at 2.17% we can't raise property taxes any further to offset the loss of revenues. Let's speculate for the moment that we don't have any other sources of additional revenue so spending would have to go down by \$425,000 either at the School District or the City or a combination thereof.

Alderman Craig asked we feasibly could increase to the tax cap, but we wouldn't see an increase in dollars because we have to make up for the revenue shortfall?

Mr. Sanders replied that's correct. One we have gotten property taxes up 2.17% any losses in non-property tax revenue have to be offset with spending reductions.

Alderman Corriveau stated Dr. Brennan, while we have you up here, it appears to me that there are four or five items that essentially... I should say for the viewing audience that your school approval budget is listed at \$160.3 million and the tax cap budget is at \$155.9 million. Is that right?

Dr. Brennan asked for the tax cap?

Alderman Corriveau replied yes.

Dr. Brennan stated yes, we will be revising that down about \$200,000.

Alderman Corriveau stated so \$155.7 million. The differences between the two appear to be... The biggest one is nearly \$2 million to hire 41 new teachers. Is that correct?

Dr. Brennan replied yes, sir.

Alderman Corriveau stated let's just stick on that for a moment. Those potential 41 new teaching positions; do you have any idea where you would be looking to place most of those teachers? For example, out of the 41, how many would go to elementary, how many to the middle schools, how many to the high schools?

Dr. Brennan replied the 41 would be spread throughout the three levels, perhaps more at the middle and high school because the last time, we reduced more at the high school and middle school level. There would be 19 at the high school level, 15 at the middle school and seven at elementary.

Committee Member Ambrogi asked you would describe it as primarily a restoration of teaching positions that we lost in a primary cycle?

Dr. Brennan replied for the most part in order to be consistent with the school approval requirements of class size.

Alderman Corriveau stated I think that is a good way to put it; this would be a potential restoration of 41 positions, not new positions. For those of us on the Board of Mayor and Aldermen, the \$152.4 million that we appropriated, not just in terms of layoffs, but in terms of vacancies, the total number, what is the shortfall in teaching positions from this current school year to the previous year?

Dr. Brennan replied it is 118.5 full-time equivalents. That is across the district in terms of staffing; teachers only.

Alderman Corriveau stated one item you have in here is the retirement rate increase of \$2 million. Could you address that?

Dr. Brennan replied this is what is commonly known as a pass down or push down from the State. We did not anticipate those dollars or that requirement being place on the School District or the City for that matter. Because of the revisions done at the New Hampshire retirement system, it is being passed back to us. As employers that is our share and that equates to approximately \$2 million.

Alderman Corriveau stated so this is basically \$2 million of what would be new spending that is incurred upon us due to downshifting?

Dr. Brennan responded if that downshifting had not occurred, we probably would have been alright with 41 teachers in terms of the \$2 million. It is pretty close to it.

Alderman Corriveau asked could you also address 9.5 grant transferred positions? What grant?

Dr. Brennan replied there are multiple grants that we have.

Committee Member Ambrogi stated I believe this is a situation where the grant is coming to an end, but we want to retain the position so we have to pick up the funding.

Dr. Brennan stated correct and we are unclear as to whether there will be additional monies. Where we are sitting right now, IDEA for students with disabilities, there is a transfer of four teaching positions. There is an alternative education grant. There is a transfer of two positions to the general fund and school improvement grants that total a half of an assistant principal, no teachers. I would like to go back to the alt-ed. In addition to the teaching positions, there is one certified instructor position and two administrative support positions. When you look at that, the IDEA impact is four positions; alternative education is five positions and the SIG, or the school improvement grant, is 0.5, giving you a total of 9.5 positions.

Alderman Corriveau stated as I mentioned, the final item that I wanted to address was the \$208,000 in increases in City chargebacks. As I said, looking at the page that we already went over, it appeared as though \$50,000 of it was an increase in school nurses. Karen, you mentioned that that is really just a salary item; nothing can really be done about that. The \$127,000 in repairs we can't yet ascertain, but it may be safe to say that some of that is built into the Aramark contract.

Ms. DeFrancis stated correct.

Alderman Corriveau stated that's all I have in terms of the differences. Dr. Brennan, is there anything in terms of these two budgets that while you have the ear of a few aldermen you would like to enlighten us to as to why two budgets? Will the aldermen be presented with both budgets or with one? Is that something that is currently being ascertained by our Board of School Committee?

Dr. Brennan replied I was asked to prepare two budgets; one was a tax cap budget and the board asked me to prepare another budget and I felt that, considering all of the impact that we are currently going through, the best budget to present was what I refer to as a school approval budget. If I wanted to produce a budget for more dollars I could have done that quite easily. However, I think it is critical that we at least get to the point of where school approval is no longer a question. That is why those two budgets were submitted. I submit those to the board, as you indicated, and then the Board of School Committee decides what dollar amount they are going to send forward.

Alderman Corriveau asked would it be fair to say that the school approval budget would be how you would ascertain the Manchester School District meeting minimum standards set forth by the State of New Hampshire?

Dr. Brennan replied yes, sir.

Alderman Corriveau asked the tax cap budget it strictly the best you can do given the math of the tax and spending revenue numbers we are looking at?

Dr. Brennan replied yes, sir.

Alderman Craig stated in looking at what you are calling the school approval budget, is it your opinion that that budget will provide an adequate education to the students?

Dr. Brennan replied it will meet the minimum standards as established by the administrative roles. I actually think, considering the budget that we have and have had, we are providing more than an adequate education to our students. It is

just that we put our stuff under a lot of pressure to get that done. Adequacy, as you know, is a hard to define word. The State and everyone else has a hard time defining it. I think that is a minimal approach. As I said earlier when asked about the budget if I wanted to I would include more assistant principals, more councilors and other support staff so that we could get that job done. Full time kindergarten and other things... However, looking at the current administrative roles, commonly referred to as minimum standards or school approval standards this would allow us to be in compliance.

Alderman Craig asked would this budget meet all contractual obligations that the School District has?

Dr. Brennan replied I believe it would.

Alderman Craig asked what would be the impact on class sizes? Do you have a sense of that?

Dr. Brennan replied this would allow for all class sizes to be less than 30 at the high school level and middle school level and 25 or fewer at the elementary levels. It would be at the high end of the scale.

Alderman Craig asked but under the minimum standards?

Dr. Brennan replied yes, unless there was an influx of students.

Alderman Craig stated I know that you have a close working relationship with the folks at the Department of Education. Have they been made aware of what our current tax cap budget it? If so, have they commented? Will you be talking to them? Do they have a say in any of this?

Dr. Brennan replied I believe their say is Dr. Brennan, you need to be in compliance, and you need to meet the school approval status. That is what I believe they would say. I meet typically every other week with the commissioner and deputy commissioner to bring those two individuals up to date. The past couple of weeks we haven't done that for a variety of reasons including weather. We do lay it all out. They do pay attention to these meetings and any other meetings plus minutes so they understand. There is an expectation, a clear expectation, from the Department of Education that we be in compliance.

Alderman Craig stated I have a couple other questions specific to the budget. The salary line item... Does that account for steps and COLAs?

Dr. Brennan replied no, it does not.

Alderman Craig stated it does not. You are assuming that negotiations are not complete and you are just keeping salaries flat?

Dr. Brennan replied I felt that if I had put in a 1% or 5%, whatever, that would not be the best way to approach negotiations. It is a frozen number with the knowledge that both in terms of salaries and benefits there may be some adjustments.

Alderman Craig asked are the impact fees 100% of fees available to you?

Committee Member Ambrogio asked you are looking at the tax cap budget?

Alderman Craig replied I'm looking at revenues right now on page 4.3.

Dr. Brennan stated we want to get the actual number, but it is pretty close to using all of those dollars that are currently collected.

Alderman Craig stated I just want to make sure they are. On the aldermanic side, we have talked about a number of new developments, one off Cohas Road, on one Wellington, Smith and Rayburn and then 20 plus three-bedroom townhouses on the Westside. This may be for Mr. Sanders, but when do impact fees become available to the School District for the development of new neighborhoods?

Mr. Sanders replied I think it is when the property is actually sold to the ultimate occupant of the property. I believe that is the case.

Alderman Craig asked and those funds can be used for specific things such as making a school larger?

Mr. Sanders replied yes, they can be used anywhere in the School District, they are not isolated to where the impact fee was generated and they can be used for expenditures that enlarge the size of schools or build new schools. You can't use them for desks or any of those sorts of things; they have to be capacity generating activities. At the present time and for some years, it has been the fact that it can be used to pay for debt service for projects that do that and design build project that you might recall, did that extensively throughout the city and the debt service on that is about \$7 million a year approximately. That is the basis for us using the impact fees to offset the cost of the debt service.

Committee Member Ambrogi stated one question that I would have, Dr. Brennan, because I know we are going to get into this discussion, to some extent, at the School Board level, but we started talking quite a bit, thankfully, at board meetings about student achievement and what our students are accomplishing and

how we can measure that. I think it is important for everyone on this committee to understand that class size is one metric that we can use. Obviously, it is the one that the Department of Education uses in terms of measuring our schools. I think it is fair to say that I would like to see over the next six months for us to also look at other ways of measuring our students' achievement. It is not just going to be NECAP scores, it is going to have to be a panoply of things. I would be interested, and I'm not saying that I want this now, but I'm saying that in the future I think it would be helpful, as we go forward into future budget years of being able to make some kind of estimate, this budget will allow us or we would anticipate or we would hope would allow us to see improvement in various other metrics in other class sizes. It is not a purely financial issue. I think that if we were able to say we want to go with this budget and if we do that we think we will see improvement in student achievement in the following areas. I don't know if that is an impossible thing to ask, but it is something that I think ought to be part of the conversation. It is just more of a comment than a question, but if you have any response please feel free.

Dr. Brennan responded I believe it rests with the Board of School Committee and the school administration to establish that metric, whether it be 80% of our students will be at reading level or 90%. I think that is what needs to happen. We haven't done that since I have been here and we haven't done it prior to my arrival. We continue to tweak with the NECAP results around 10% and that really is a false metric in my opinion in terms of we are really assessing the curriculum, as opposed to student growth and achievement. I also believe that if you set that as a goal then you make sure you develop the resources to accomplish that. It is not always about money. It really isn't. The reallocation of some of our resources in this budget, if we were able to do that, I think would allow our district to move forward in those areas that you are describing. There really needs to be a sense that we need to get to 90%. It is very simple; you don't need multiple goals. As

many of you know, I believe that until we get our reading under control at the elementary level we will continue to struggle at upper elementary, middle and high school and provide band aids in deficiencies in reading. If you would state that by the fourth grade you would be at 90% reading level, I know there are other districts that have done that and then you work at it and over a period of six to ten years you can still see that district working to get that, that would send a very clear message. Also, I believe that by the time you go through one term of this cycle, by the time 11 or 12 years passed, if you are successful at getting at 90% you will not deal with a majority of the issues that we deal with in terms of attendance or behavior. I guess I am pushing back to the Board of School Committee saying this is a realistic goal, whatever it is.

Committee Member Ambrogio stated what I am gathering from what you are saying, number one, if we set that as our goal that would obviously inform our budget crafting a little bit differently because there might be some resources that you would reallocate. As you are suggesting, if it was a reading goal, it would be down to the elementary level perhaps. I think what I also just heard you say and it is kind of an encouraging thing for us to think about, both boards to think about, is that if we set that goal and then if we achieved it, we would begin to see fewer problems in other areas and it would further allow us to reallocate resources.

Dr. Brennan stated I'm convinced of it.

Committee Member Ambrogio stated I think that is something that the boards really need to hold on to and begin to really think about. What I would like to see our School Board doing and then giving that information to the aldermen is to begin to push toward setting that goal. Whether that can be part of this budget cycle it would be nice, but it may be difficult. I think that is the direction that I would like to see us go.

Dr. Brennan stated one other point is that we have been using NECAP, as our main source or metric, to determine student achievement and then we have other district made instruments such as running records and others. The district really needs to make a decision about selecting a norm metric, whether that be what we refer to as NWEA which many school districts are using in the state that provides real timely and indefinable metrics on each and every student. That is costly. That is one of the reasons that hasn't ever come to the forefront. It is about \$13.00 a student under their current rates and you could project that out. You wouldn't necessarily have to do beyond the eighth grade. I would recommend the initial pre-k to eight, but that is another way of doing it; provide norm, reliable and validated instruments that our students can take on an ongoing basis and then use that as our level of success, whether or not we made it. That is another piece of this conversation.

Alderman Craig stated to your point, Committee Member Ambrogi, I can't speak for the whole board, but I would love to see that as well. Taking it one step further, when we are looking at two different budgets and we are identifying one as meeting the tax cap and one as the school needs budget, if you could articulate specifically what the differences are within those budgets from a student achievement perspective it would be helpful, I believe, for our board when we are assessing these. Right now we are looking at it on paper, but we are not the experts from the educational perspective and we would need your feedback to go beyond not hiring 41 teachers. What does that mean from the students' perspective and what they can achieve? I think that would be very valuable.

Dr. Brennan stated I believe by not hiring the 41 we would not meet school approval. However, school approval is minimum standards. I know the question you asked about adequacy, it is minimal. One of the biggest difficulties we have, as a district, is we have no baseline other than the NECAP. We have no baseline of data to demonstrate students other than those reading records. Usually when you make comments like this it is not an absolute. We have been trying to put things together so we could say this has really contributed to this or that, but we don't have a baseline of data. That is a critical piece and how do you catch up on that. I know Committee Member Stewart has been asking about where is the direct correlation—my words, not his. I can't give you a direct correlation between monies given and student achievement accomplished. We don't have that baseline. In fact, one of the reasons we were unable to apply for race to the top district level is because we don't have that data. We just have never collected that data and have relied, in my opinion, a majority of the times on simply dealing with NECAP results.

Alderman Craig asked what do you do with the reading records information because parents don't get that?

Dr. Brennan replied it allows teachers to look at the strategies they are working on with students and perhaps modify those instructional strategies to identify areas that students need enrichment in to advance themselves. It is an ongoing process. It is very work intensive. As you start getting back to part of your question, you stop having full staff and that puts more onus on our staff and administration and our teachers. It is a running record of assessment to the best of our ability this is what we understand it is mainly used at the elementary level. We really typically rely, and I'm sure someone out there will send in that I'm not quite getting the middle school and high school, but typically here it has been grades and NECAP

results. Again, in high school it is only one grade level and that is grade 11. We don't have a solid basis of data. Everyone talks about data driven decision making and our decision making has been based on limited data so I couldn't point to what instructional strategy works best, is that a way to show that by looking at the data? We don't have that data.

Alderman Craig asked is it that you don't have it or you haven't been given direction from the board as to what to measure and look at? We certainly do have a lot of data, or we did. As far as I know from a high school perspective, we know the number of graduates and we know the number of students who go on to college. We could start tracking things if we decide to, or if the board decides to put certain lines in the sand...

Dr. Brennan stated we hope, just as you pointed out, we can point to graduation rate, we can point to drop out rate, we can point to all of those end line activities, but we really need to get to the beginning, to get the data beyond running records. That is a costly proposition. Even if we were to track graduation rates and we could pull them out, but with no fidelity that this is... If 92% of our students graduated, what does that tell you? Is it based on grades they received or is it based on a variety of things? What we don't have is a solid data bank and it is a costly proposition. If we are going to track where students go to college, who does that? There are companies out there that will do it, but there is a cost to that. If I go to our administration or our guidance folks and say next year we are going to track where all of our 2013 graduates went to school that is work for someone to do, but we don't have the fiscal resources to make that work because some students may have been accepted at school x, but because of financial reasons or whatever, went to y or didn't go at all or put it off for a year. There are companies that do that. There is a general sense that it is relatively easy to track and it is not true. We cannot track. We can give it our best shot, so to speak, but unless you

dedicate those resources for that particular reason and have the resources both in terms of fiscal and staffing it just frustrates everyone because we can't give you that data. Until Aspen was brought into play, we were struggling with giving you that information. Now we are starting to turn the corner with Aspen.

Alderman Craig stated when I was on the School Board there were unfunded mandates. Do you feel that that is still an issue or has that gone away? I'm just wondering with a shortage of funds, are we forced to pay for unfunded mandates or can we use that money in another way?

Dr. Brennan replied we continue to, in my opinion, receive unfunded mandates. Even the retirement one that could be considered downshifting or an unfunded mandate. The development of administrative rules, known as minimum standards, could be considered an unfunded mandate when they say you must have or you shall have these positions. The administrative rules are based on strong educational theory and are applied, but there should be some exceptions to that. I think we continue to have them and you see downshifting, and not just at the state level, but at the federal level. I think I have said, on more than one occasion, that one of the biggest helps to our School District and across the country is for our federal government to simply fund IDEA at the level that they committed to in 1970-something, which was around 40%, and depending on who you talk to, we are between 17% and 21%, not even at the halfway point. You want to talk about an unfunded mandate, there is one there that continues to fester and will continue to fester. That needs to be addressed. If you can just imagine, if you received 50% more than what you have to assist our students with disabilities, what an impact that would have, not only in their lives, but in the fiscal life of school districts. That is my reaction to those.

Alderman Shaw stated I'm sorry I came in late; I had a family issue that came up at the last minute, as usual. It is always something. My first question was on special education and you answered that. Thank you. I was wondering what we are up to now for funding. The second thing, at one point, there was some talk about... I know the State has a program called Follow the Child. Did we ever adopt that in Manchester formally?

Dr. Brennan replied I believe we committed to working in that area as a district, but again, resources are so thin that in order to make that work, you chose between that and something else and Follow the Child has basically gone by the wayside.

Alderman Shaw stated I assume that No Child Left Behind came in and it overtook or it was concurrent, but we went with No Child Left Behind because it was a federal mandate. I know that there is a new program starting that is called smarter balance that requires computers and data collection individual testing. That is being implemented next year.

Dr. Brennan stated the year after.

Alderman Shaw asked 2014?

Dr. Brennan replied right, they will be looking the 2014-2015 year.

Alderman Shaw stated so that is going to burden again because in order to do that testing, I guess it can be done with pencil and paper, but it is more effective if it is done with a computer and it is an individualized program, which I personally think is a great program because it identifies the reading levels of the kids much sooner and tests them at their level, which I think is great. I just want to comment that I agree with you and I would like to see some way of insuring that the resources are

received in the elementary school at the level of k through three to ensure that the reading, which is such a vital part of their education, that if they can't read on grade level that is when all the problems come in. There are still kids who come into fifth grade, because they moved around from state to state or whatever, that come in and they are not on grade level. That is such a difficult thing when you are trying to bring about excellence in each child and you are trying to make sure that every child gets the proper attention to whatever their issues are, you need to have the reading level. That needs to be the focus; reading. I strongly agree with that. I hope that we can somehow get a decent budget that will address a lot of issues that we have to ensure that. I'm probably going to have a thousand phone calls, but I'm not this person who just goes out and says all these negative things about our School District. I also don't believe that class sizes are a major issue when it comes to the older kids. I do think that elementary school is the foundation, the basis, and that is where you need to have the most focus and if you catch them at that point then you are not going to have as many of the issues when you get to the middle school and the high school. It is all about training and discipline. I'm going to throw this in because this is another thing that I have that I think is so important, if we don't have the parents backing the schools and the teachers and providing the discipline at home that is necessary to follow up on discipline that occurs in the schools, you are never going to be able to have truly effective teaching if there isn't that element of cooperation and accountability between parents and the schools. The discipline is so important. If your classroom is not disciplined and I am a disciplinarian and I taught 45 years and I still can remember years where I had disruption in my classes and many cases that I had to deal with that were almost impossible to deal with because I didn't have any parents who were willing to cooperate and help in that discipline of very troubled children. We need to make sure that we have resources to deal with these kinds of things and catch them early enough so that the schools can provide the

most effective education. They are doing a great job now, but I know that we could always do better because that's the way education is.

Committee Member Stewart stated Dr. Brennan, you are asking for, on your \$160 million budget, you are asking for a 5.18% increase over fiscal year 2013. In terms of student achievement, I missed your answer to Committee Member Ambrogi's question in terms of what improvements we are going to see district wide with those new monies into the system.

Dr. Brennan stated I continue to repeat myself that I cannot guarantee any. It is a matter of providing the level playing field, to allow opportunities for true learning to take place and to have the appropriate resources. It is a catch-22 where if you don't have the resources in place then you are not going to have the results and if you don't have the results you are not going to pay for the resources that you need and it just continues to go that way. I know you have spoken about the increases to our budget over the last few years...

Committee Member Stewart stated 95% increase over the last 12 years according to the New Hampshire Department of Education. It is a compounded annual rate of about 5.27%.

Dr. Brennan stated at the same time, we have been reducing our staffing, at about 17%.

Committee Member Stewart stated our student enrollment has dropped over the same time about 11% district wide.

Dr. Brennan stated district wide. There is a difference. When you have 15,000 students and you look at a net loss of last year of approximately 500 students, where are they coming from? It would be nice if we could say that those 500 students could come from grades eight, nine and ten and we can take them all out, but when you start talking about percentages I think that is risky business, quite candidly, when you look at what that true impact it. It sounds great, but how many students are we talking about. What is the number, not the percentage? All I know is over the last year we are 118.5 fewer teaching positions.

Committee Member Ambrogio stated I think, Dr. Brennan, going back to Committee Member Stewart's question, the truth is that we at the School Board have not set those metrics, we have not set those goals so it is kind of difficult to, at this stage in the game, ask for what the results will be because we have never looked at it that way. We have been focused on staff positions because that is the only metric we knew. I'm suggesting that we take this board in a different direction, maybe starting with this committee, starting with the Curriculum and Instruction Committee and start changing how we measure those outcomes.

Dr. Brennan stated if I may, I believe, if given that challenge or charge, our staff will respond appropriately and you will see over a period of time growth in a more demonstrative manner and a reduction in behavior and attendance issues at the same time.

Alderman Craig stated that was my point; if we are losing one student that is one too many in my opinion. If we pay it now we will see a return later. I think that is something that we need to think about as a full board, how we are spending our money overall. We have truancy issues that involve Police and OYS. It is not just schools. We need to think about this as a whole. I do come back to the point that

if the Board of Mayor and Aldermen is going to be presented with two budgets and we may not be, but if we are, I think it is important that either the School Board or you be able to articulate in real terms what the differences are between these budgets outside of one meets the tax cap and one meets minimum standards. What does it mean for the students in Manchester? What would the tax cap budget mean for the students in Manchester? What would the other one mean? I don't expect an answer now, but when you present, I hope that we can get some context around that.

Alderman Corriveau stated to follow up on Alderman Craig's comment, and it dovetails into my line of questioning, the 41 teaching positions, that is a major difference knowing where those positions go: the 19 into the high schools, 15 into middle. At least speaking as an alderman, that certainly gives me a lot of guidance that you don't get by getting this second hand through the *Union Leader* for example.

Dr. Brennan stated I get a lot of information from the *Union Leader*.

Alderman Corriveau stated I get a lot of misinformation from the *Union Leader*. I do really want to follow up on or second Alderman Craig's point that knowing the difference that that roughly \$5 million makes really gives the aldermen that sense of here is what we are spending money on. I remember when Alderman Craig made the motion to allocate \$200,000 to the schools there was all this talk about what it was going to go towards and you had just testified to what it would have gone toward. Aldermen tend to get like that, unfortunately. I do think that if you do present both budget to the Board of Mayor and Aldermen or just one I would say as an alderman that I do think that regardless of whether one or two is submitted I do think the \$160 million should be submitted. I think seeing those differences right away will be very instructive playing out throughout the budget

debate. All aldermen get some calls about school related issues and unfortunately, there is not a lot we can do with it except for that one vote we get. I think that having that knowledge, when that budget presentation is made, is going to pay dividends. I can't say it will be \$5 million in dividends, but I do think it would be very instructive. Mr. Sanders, while we have you here and members of the School District, I wanted to go back to the CPI-U question. Obviously it has been built into both budgets that we are looking at here that all revenue increases would go toward the School District. If the City of Manchester had a tax structure, whether it was just a tax cap or just a spending cap, would you see any major differences in what we are looking at today? For example, the City of Nashua, Alderman Craig might need to refresh my memory, has a spending cap and finished with a \$2 million budget surplus, roughly. I don't know how they can allocate a surplus like that from year to year. I know this is a rather nebulous question, but if the Board of Mayor and Aldermen is going to have to continually look at shifting all increased revenues into the School District just for them to tread water fiscally, is there anything that we could do in terms of our tax structure that would alleviate that in any way? I know part of that might be a charter change, but if there is anything our board can do...

Mr. Sanders stated I answered a similar question a week ago to the Charter Commission regarding the property tax revenue cap and encouraged them to think about removing that cap. Right at the moment, as just the finance officer for the City of Manchester, nothing more or less, absent continuing, ongoing, significant increases in revenue annually, at least matching CPI, but more importantly exceeding CPI, it is difficult to see the points that Dr. Brennan has articulately brought forward being met financially, not just in one year, but over time, in the ten year frame that he mentioned. I just don't see that. I think that I am a fiscally conservative person. I think that people who know me know that. I'm not encouraging tax rates that are crazy, I'm just saying that today, to raise \$5 million

more than the tax cap will take a tax rate of about 4.5% or 5%. That will take ten votes of the aldermen.

Alderman Shaw stated I just wanted to mention NWEA. I liked to look it up online or something to see what it is.

Dr. Brennan stated it is NWEA, North West Educational Association.

Alderman Craig asked Ms. DeFrancis, in terms of revenues for this year versus projections for this budget, have they decreased for next year and if so, by how much?

Ms. DeFrancis replied we are actually showing a shortfall of revenues for the year that we are in right now. Comparing this year's revenue in the budget and the budget that you have, you can see that on page one and two of the school approval budget on the right hand side of both of those pages are the revenues. Page one is the fiscal year 2014 anticipated revenues or projected revenues and page two are the fiscal 2013 budgeted revenues so you can see the comparison in the different line items. Keeping in mind that our revenues on page two, we are projecting that they are coming in lower than budget.

Alderman Craig asked so for this year where are you projecting that you are going to come in?

Ms. DeFrancis replied we are projecting a revenue shortfall of \$323,000. The majority of that is in our tuition line item.

Alderman Craig asked in looking at these two, you are projecting revenues for next year to be higher.

Ms. DeFrancis replied we are projecting revenues to be higher, but that is only because of the total budget. You can see on page one we are looking at \$160 million budget and on page two we are looking at \$152.4 million budget. We are showing that basically in the local taxes. I think the number that you probably want to focus on is the subtotal on page one that shows \$15,487,000 and compare that to page two of \$16,426,000.

Alderman Craig asked so you are down \$1.5 million with the loss of 50 students from Hooksett? That is what I was trying to get at.

Ms. DeFrancis correct.

Alderman Craig stated so you need to make up from this year to next year, \$1.5 million in revenue.

Dr. Brennan stated not all \$1.5 million is related to Hooksett. I thought I heard you say that.

Alderman Craig stated looking at the subtotals, to me it is roughly \$1 million difference and then add the \$500,000, potential, from Hooksett. I'm just trying to get a sense of, when we are looking at your budget, from what Mr. Sanders is saying, we need to account for the way that the tax cap is set up, a loss in revenue first. We have to make up for, at a minimum, \$1.5 million before we even see an increase in spending if we are staying within the tax cap. That is what I am trying to find. So it is \$1.5 million?

Ms. DeFrancis replied that would be accurate based on the numbers, the \$1 million on page one versus page two and then the \$450,000 if those students do not attend.

Alderman Craig asked and the retirement cost?

Dr. Brennan replied \$2 million.

Alderman Craig asked so really it is \$3.5 million less in revenue?

Dr. Brennan replied yes.

Committee Member Ambrogi asked is the retirement a loss in revenue?

Dr. Brennan replied no, it is an expenditure addition.

Committee Member Ambrogi stated I thank the three of you very much for being here this evening. I think we will be continuing these discussions as the budget season unfolds so there will be an opportunity for further questions. I think we can let these folks go for the moment.

Alderman Corriveau stated to the members of the committee, before we adjourn, are there any other issues we would like to broach for our next meeting?

Obviously, we will return to the chargeback issue with members of the facilities division. I think Committee Member Ambrogi and I have agreed that we will keep the budget discussions going until there is a City and a school budget. That will be an item on the agenda, but is there any other issue that someone else would like to look into at our next committee meeting?

Alderman Craig replied I know we have talked about safety, at the Board of Mayor and Aldermen, so if that is something that we could talk about, I would appreciate that.

Committee Member Ambrogio responded certainly.

Alderman Corriveau asked is there anyone from the School District or from the City that you would request any information from or testimony from?

Alderman Craig replied I guess I would leave that up to the School Board. I don't know.

Committee Member Ambrogio stated I will talk to Dr. Brennan outside of this to determine who would be the most appropriate people to request the presence of. We will work towards that for our next meeting.

There being no further business, on motion of Alderman Craig, duly seconded Committee Member Connors, it was voted to adjourn.

A True Record. Attest.

A handwritten signature in black ink that reads "Matthew Hammond". The signature is written in a cursive, flowing style.

Clerk of Committee