

COMMITTEE ON FINANCE

April 24, 2000

6:30 PM

Mayor Baines called the meeting to order.

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

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Alderman Wihby, Gatsas, Levasseur, Sysyn, Clancy, Pinard, O'Neil Lopez, Shea, Vaillancourt, Pariseau, Cashin, Thibault, and Hirschmann

Messrs: N. Tanguay, B. Cook, T. Brennan, C. Hamblett, K. Mahoney, K. Burkush, L. Stewart, K. Clougherty, M. Hobson

Mayor Baines stated before we begin I just want to remind everyone that tomorrow morning at 9 AM we do have a reception here for Mayor Streeter and people from Nashua and we would like everyone who is available to please join us for that. The purpose of this evening's Finance Committee meeting is to hear from the Manchester School District about their proposed budget for FY01. Under the Charter of the City of Manchester, the School District is required to submit to the Board of Mayor and Aldermen this evening the budget that was approved by the Board of School Committee. That is required under the Charter. We will ask Mr. Tanguay to make his presentation and if people could hold their questions we will then call upon individual members to ask questions of people from the Superintendent's team. Mr. Tanguay, I will turn the meeting over to you and you can introduce your team.

Mr. Tanguay stated beginning on my right is Cathy Hamblett, the Assistant Superintendent for Elementary Education. To her left is Kevin Mahoney, our Business Services Consultant. To my right is Brad Cook, Chairman of Finance and to my left is Daniel Healy, Vice-Chairman of the School Board and next to Mr. Healy is Rob Sommerfeldt our Technology Coordinator and next to him is Tom Brennan, the Assistant Superintendent for Secondary Education. Next to him is Karen Burkush who is the Student Services Director and finally at the end is Leslie Stewart, School Board Member. I would like to thank the Board of Mayor

and Aldermen for the opportunity to present the School Board budget for FY01. The budget process began last fall with participation from the school principals and staff, as well as central office administration. The original budget request came in at \$120+ million. The School Committee requested three options. They had several meetings and did a comprehensive study of the budget and finally adopted a budget in the amount of \$112 million and some change. At this time, I would like to do an overhead presentation and we have also prepared for you a budget resource document and after the presentation we will field questions. I would like to begin by thanking the Board of Mayor and Aldermen. This is the FY01 adopted budget. The mission statement of the School District is "It is the mission of the Manchester School District to provide safe, healthy, nurturing and respectful environments in which all students have the opportunity to acquire knowledge and skills that will enable them to become lifelong learners, as well as positive and productive citizens. The success of our schools can only be achieved through collaboration and interdependence with the community. The District is committed to utilizing all resources toward this exciting challenge." The goals of the Manchester School Committee include: 1) to develop an education plan for the District so that the highest quality of education will be available for all students; 2) to evaluate the curriculum; 3) to develop an implementation plan for alternative school models; 4) to complete a long-range fiscal plan; and 5) to continue to maintain, revise and adopt Board of School Committee Policies and Procedures. Some of our accomplishments include the audit of educational effectiveness. That is also known as SchoolMatch and that is a project that was funded by the Chamber of Commerce. This year they funded it to the tune of almost \$40,000. What it did for the School District was basically set a benchmark on which we can build and compare our School District with school districts around the nation of comparable size and diversity and soci-economic level. It measured all areas of education and complements the State Assessment that is given to our students for competitive purposes. The Middle School Implementation. In August of 1999, McLaughlin Middle School opened their doors for the second year with the addition of grade 7. We also had the 22-room addition Middle School at Parkside. The Middle School implementation as of this year included that three junior high schools be converted to middle schools and the opening again of McLaughlin Middle School with grade 6 and 7 and next year's budget provides for grade 8 as an addition. Elementary Curriculum Implementation includes a language arts program, as well as a new middle school math curriculum. High School Accreditation for all three high schools. We have started to address the accreditation needs and have provided textbooks. We also, as you will see later on, have a new student attendance package to address concerns as required for our accreditation status. The Implementation of Fiscal and Student Management Software. The fiscal software that we purchased is now operational. It began with the one component, accounts payable, in July of last year and we recently added a payroll component in January of this year. Also, student management software,

again for accreditation purposes but also a software package that will be used K-12 that will track attendance, grading and schedules of all our students. The District Wide NESDEC Study was completed and I believe you have all received a copy of the study. It was a very comprehensive audit of our school facilities. Some of the budget development challenges as we proceeded in developing our FY01 budget included competitive professional salaries. At the present time, the school salaries for teachers and principals and administrators are not in the top 10 in the State and certainly much below that. One of the concerns we have has to do with the availability of teachers and principals. As you know, we are experiencing a teacher and principal shortage. We recently advertised for a principal and received 11 applications for one of our high school positions. On the other hand, the Concord School District advertised for an assistant principal and received 77 applications. We are very concerned about the salaries that we are offering our teachers and administrators. Diversified Students Needs. As you know, you have heard a lot about our expanding special education population, especially the ESL population. We are now at approximately 1,300+ students and you have the data in your budget resource book. It speaks about the number of languages that we have as well and the location of all of the students throughout our School District. That population continues to grow and it is very hard to project the number of students that we will receive each year. Also, to meet the requirements of the NH Minimum Standards in High School Accreditation which I just spoke about, the class size continues to be an issue. We have been fortunate in being able to reduce the class size in grades K-3 because of some Title VI(B) money that came in through the President Clinton initiative. We also have inequities in our K-12 libraries, which came through loud and clear in a study. We are faced with libraries that do not offer equity throughout the School District. The size, as well as the volume of books that we have and also the uniformity is lacking throughout the School District. We also have limited space in school facilities because of enrollment needs. Central High School has a need. McLaughlin School we are projecting or at least we are including in our budget five portables or 10 classrooms for McLaughlin School for next year. We have also included two more classrooms or four classrooms and two portables for the remaining elementary schools. We are looking at Weston, Northwest, Green Acres, McDonough and Henry Wilson. The budget development challenges also included some of the initiatives that we are looking at. The Alternative Schooling Program. The expulsion of our students is an area that we are all concerned about. Presently, we do not have a program that would accommodate their needs. That also would include such things as the Gifted & Talented Program. We also have an initiative for the mentoring or Best School Initiative, which is a State initiative for mentoring of our beginning teachers. A Full Day Kindergarten. We presently have two full day kindergarten classes at Beech Street and Bakersville School. Those are looked at to be expanded in some of our schools for this year. Library Collections. Again, I spoke about lack of inequity among our school libraries

throughout the School District. The State Assessment. Presently, we have the State Assessment, the NHEIAP scores, and that is the only assessment tool that we have for our students. That covers grades 3, 6 and 10. We would like to add more assessment tools to better evaluate the performance of our students. The Reorganization of Central Office. This became necessary because of the growth of the School District and also the assuming of duties previously performed by some City departments. The Facility Study I talked about and I believe in that area the Mayor is working closely with the School Administration and has also formed a committee to look at the facility needs throughout the City. I don't want to have to tell you that the needs are critical. The study indicated that one of the greater needs would be in the high school population. There is a recommendation that we eliminate the surrounding district tuition students or maybe build another high school. They also mentioned perhaps building another middle school and perhaps two elementary schools or even closing some elementary schools. Besides the capacity issue, another concern has to do with the design of the facilities. That design no longer fits in many cases the educational needs of our programs. Technology is an area that we focus on. We have been using a Federal Grant of \$2.8 million and that grant, I believe, will expire in June of this year. Technology is a high priority with the School District. We have made great strides in that area and we hope to continue to move forward. The adopted budget includes the following priorities: 21 staff at McLaughlin School for grade 8. That is one Assistant Principal, 15 regular education teachers, including one guidance counselor, two special education teachers, two educational assistants and one support staff for the Assistant Principal. It also includes 11 teachers district-wide to address enrollment, including special education and ESL, 2 teachers for the mentoring project, and 3 additional staff (an executive director of personnel, special education program coordinator and special education court liaison). It also includes five portables for McLaughlin Middle School and two portables for our elementary school. The proposed budget does not provide adequate funding to address the comprehensive district-wide needs. Areas adversely affected include staffing. We are very concerned about our ESL population and regular and special education teachers, mentors and assistant principals. Also, the inability to have middle school Spanish, a high school emotional behavior disorder program, textbooks and supplies are still funded at a level that does not meet all of our needs. The same is true with furniture, fixtures and equipment. Curriculum Initiatives Restricted and/or Eliminated and the addressing of NH Minimum Standards will continue to not be fully met. Also, meeting standards for high school accreditation and district-wide initiatives, which will be compromised include alternative schooling programs, the mentoring best schools initiative, the library collections and technology, full day kindergarten, building of interior classrooms at Southside Middle School and meeting staffing needs recommended by SchoolMatch such as a director of curriculum, professional development coordinator and director of planning and assessment. If we could move to the

enrollment projects, in October of 1997 the enrollment was 16,521. That following year it grew by 336 students to 16,857. On October 1, 1999 we had 191 more students for a total of 17,048. We are now projecting a minimum increase of 279 students or 17,327. That is K-12. The revenue portion of our budget includes State revenues, as well as local revenues. In the State category we have Foundation Aid in FY99 and Kindergarten Aid which was replaced this year with an Adequate Education Grant in the amount of \$36,878,752. That amount extended to next year's budget remains the same. It is a two-year budget. The State Tax also includes \$25,515,954. Again, the same amount next year. The School Building Aid has increased from \$281,134 to \$313,000, an increase of \$31,866. Area Vocational School has gone down by about \$1,384 to an amount of \$287,216. Driver Education is about the same at \$63,000. Catastrophic Aid has gone up from \$736,368 to \$910,199, an increase of \$173,831. Child Nutrition has gone up \$1,000. The State monies that have come in include Child Nutrition Programs from the food service program. We are projecting an increase of \$79,000 for a total of \$1,454,000. ROTC Program is also showing an increase of \$5,483. Medicaid, we are showing an amount of \$1.5 million. We feel that we will hit that number and maybe exceed it. The Tuition for all of our students, including special education we are showing a projected increase of \$468,481 or a total revenue budget of \$10,166,079. There is a slight decrease in that amount because the Litchfield students, totaling about 100, will no longer be at Memorial High School. Food Service Program. Again, an increase from local revenues of \$101,600 for a total of \$1,941,600. Pupil Activities (Athletics) remains \$79,000 as do Other Local Sources at \$94,500. We are projecting a total revenue and credits for this year of \$78,454,906. That number, we believe, will be exceeded. We are also projecting for next year's budget an amount of \$79,314,783 for a total projected increase of \$859,877 in revenues. The expenditure part of our budget includes the salaries. Salaries include all overtime, bonus pay, severance pay and extracurricular, as well as the recently approved MESPA and AFSCME contractors. Not included presently are any negotiated increases for teachers, principals, directors and coordinators. We are showing an increase in the salary account of \$6,199,740. Employee Benefits, which is a concern regarding the projected increases in cost. We are projecting an increase of \$3,649,807. Tuition Reimbursement for both Principals, Administrators and Teachers. The amounts we have listed are \$12,000 and \$80,000. Those are the negotiated amounts for this year. Those could change contingent on a new contract. The Teacher's Professional Development amount is also a contract amount of \$60,000 and that could change based on next year's negotiated contract. Professional Development is also by contract at \$5,000. Professional Services. These are services for special education consultants, as well as some legal costs for special education, student disciplinary hearings and personnel costs, testing/medical and therapeutic services in the IEP's, auditing services and technology services. We are showing a decrease in that account of \$171,090. Contract Manpower is mainly for the

athletic officials and district-wide temporary help as well as a School Board Clerk. That has gone up \$41,521. Custodial Supplies remains constant. Repairs and Maintenance for instructional equipment repair, copier maintenance, intercoms, telephone network, Alarm Systems, NORESCO operations and maintenance costs are also included. That has increased \$320,660. Rental of Land/Buildings. That would be for the Easter Seal classrooms leasing cost for the Manchester Developmental Preschool and Wilson School kindergarten, portables, rental of athletic fields, pool rental at NH College and warehouse lease. An increase of \$25,614. Rental of Equipment (leased copiers district-wide) has gone down mainly because of a pay-off of our last lease purchase. Transportation for Regular Education shows a slight increase. That includes bussing for K-8 and some field trips. That has an increase of \$35,913. Transportation, Student Services for Special Education Transportation shows an increase of \$301,630. Telephone services, including voice, data and Internet communications shows an increase of \$6,710. Postage has a nominal increase of \$1,000. Advertising has an increase of \$4,000. Printing & Binding also has an increase of \$15,000. Tuition Within State is showing a big increase. That is placement of our students in State programs. Students with needs that cannot be met in district, as well as foster home placements. Tuition Outside State also is showing an increase of \$591,197. Travel district-wide shows no increase and General Supplies also shows an increase of \$161,968. Natural Gas has an increase of \$15,000. Electricity we feel will remain the same as Fuel Oil will as well. Textbooks shows a slight increase of \$78,312. Equipment new and replacement equipment for district needs has a decrease of \$181,808. Furniture & Fixtures has an increase of \$93,507. Dues and Fees has an increase of \$4,812. I might also add that we have the detail for any questions that you have on the various items that we have. Debt Service. We are still using a figure of \$8,594,620 and that is subject to an audit that is being performed at this time. For City Charge Backs we are using a number of \$6.1 million and that number has been revised upward to \$6.6 million and we need to revise our budget accordingly. Community Projects has been separated out of our budget and that basically is for a recognition/awards program for teachers, community events, NH College Partnership, STAY Program and Kids Voting among other things. Special Projects shows an increase of \$460,133. That basically will be for the portable classrooms – 5 at McLaughlin and 2 modules at the elementary school for a total of 14 classrooms. Graduation expenses show a slight increase of \$1,823. That gives us a general fund total of \$11,123,880 plus we have a food service employee's increase of \$157,796. The total Board of School Committee adopted budget has an increase of \$11,281,676. The total budget adopted is \$112,006,125. On the next page we have the athletic budget. That shows an increase of \$198,886 with no increase in the revenues. The next page is Food & Nutrition. We are showing in that account a balanced budget basically. On the staffing analysis, we are showing increases in the principals account and you have the staff account indicating the number of principals you

have hired this year, as well as an increase in the teachers. We are projecting 30 more teachers, three more administrators, two educational assistants and one support staff. We are projecting an increase of 38 staff members for a total cost of \$6,199,740, which includes a salary adjustment of \$2.7 million. We also have for your information the breakout of all of our costs of \$112 million broken out into the negotiated cost, the mandated cost, the department charge-backs and debt service, fixed cost, textbook supplies and other costs totaling \$112+ million. We also have a pie chart for the negotiated mandated costs, including salaries, benefits, tuition reimbursement, professional development and food service of \$89 million, debt service and charge backs of \$1.6 million and then we have fixed costs of \$3,609,000 and school textbooks and supplies of \$2,173,000. Another cost of \$2.4 million. That is graphically shown in a pie chart. That concludes the presentation. I believe at this time it would be appropriate to field questions.

Alderman Wihby stated I want to commend you. So far, out of all the departments this is the best one that we can understand. I just want to go through a couple of pages that I had noted. On your enrollment page, Page 15, you have a total of 17,327 for October 2000. Does that include the School of Technology?

Mr. Tanguay replied yes it would. Is that correct, Mr. Brennan?

Mr. Brennan stated yes.

Alderman Wihby stated we had a thing that was provided to us back on March 31 that said that the total number of students was 16,802 and underneath that it said School of Technology 676.

Mayor Baines asked was that the enrollment report.

Alderman Wihby answered I don't know where it came from. It was in our book.

Mayor Baines responded that was from my office. We got that from the School District.

Alderman Wihby asked so in the grand total of 16,802, was the School of Technology in that total or is the School of Technology because it is in the bottom, on top of that.

Mr. Brennan answered the majority of the students come from our City and they are within that number.

Alderman Wihby asked so even though it says grand total of 16,802 with School of Technology at 676 that is just to tell us that out of the 16,802...do you have that sheet. Out of the 16,802, 676 of those are School of Technology?

Mr. Brennan answered that is correct. That is the enrollment figure.

Alderman Wihby asked why is there a difference. Is it just different dates maybe?

Mr. Brennan answered the number that you are looking at on Page 15 in your resource book, that is the 10/1 date and as of 10/1/99 that number was 17,048. What you have in front of you on this sheet is a monthly enrollment sheet that tallies and as we go along every year as it gets closer to June the numbers decrease.

Alderman Wihby asked so what you actually did was you took a picture of it on 10/1/00 but you can't really go by having 16,802. You have to pick a date?

Mr. Brennan answered that complies with the State. That is the date they pick in terms of developing their formulas as well as other issues relative to enrollment. That is the snapshot date that the State has picked.

Alderman Wihby asked on Page 16 you had the \$1.5 million for Medicaid. Is that number in this year? Is that number in the revenue of the City or did you get to keep that this year?

Mr. Tanguay answered that is in the City's revenues.

Alderman Wihby asked \$1.5 million is currently this year also.

Mr. Tanguay answered yes.

Alderman Wihby stated go to Page 17. There is a note on 0110 Salaries that says funding is also included for directors, teachers, principals but we are not talking about increases? There is no salary increases in this total?

Mr. Tanguay replied there is a salary adjustment amount of \$2.7 million, which is available for negotiations.

Alderman Wihby asked but that is in the total.

Mr. Tanguay answered yes.

Alderman Wihby stated I thought I heard you say that there was no negotiated raises in this total.

Mayor Baines replied in that line item.

Mr. Tanguay stated it is in that line item, yes.

Alderman Wihby stated that old budget that we had on March 23 that you had given the Mayor had a number and I notice that in Chairman Cook's letter some numbers changed, you had a number of \$61,860,000 or \$600,000 less back on March 23. What made that difference?

Mr. Tanguay replied we had some adjustments that we made to that number. As a matter of fact, we made adjustments throughout the budget and that reflected a decrease at that point.

Alderman Wihby responded it is an increase.

Mr. Tanguay replied I am sorry. You are right. It is an increase.

Mayor Baines asked are you talking about revenue, Alderman.

Alderman Wihby answered I am talking about Page 17. The number they gave on March 23 was about \$600,000 less for the 0110 account than it is now.

Mr. Tanguay replied we realized when we recomputed the cost that the cost of the new teachers would not be fully funded with that amount.

Alderman Wihby asked same thing with the benefits then. That was up \$500,000. That is not just new teachers though was it?

Mr. Tanguay answered that is everybody.

Alderman Wihby asked was there another problem in there.

Mr. Tanguay answered we also had worker's compensation which was not included and that was added into it and also I believe the liability insurance which was not in there before. We had it separated out. We thought it was in the chargebacks and it was not so we put it in the employee benefit account.

Alderman Wihby asked in the last column where you have your increases, you are basing your increases on the budgeted year, FY00, not what you are running for actuals. For instance, on 0242 on the report that you had given us on March 3 you said that you were going to allocate \$37,000. Even though you were budgeted for \$80,000 you were going to use \$37,000 for the total year. So, now you are going to \$80,000 even though you tell us there is no increase there.

Mr. Tanguay answered this is the budgeted amount only at this point.

Alderman Wihby asked so why couldn't you go back down to \$37,000 like you spent this year instead of the \$80,000.

Mr. Tanguay answered we have some revised numbers and we have to keep that money open until the fiscal year has ended per the contract. We are still spending some of that money at this point.

Alderman Wihby asked for instance on 4030, Repairs and Maintenance, even though you have \$382,000 you are actually going to use \$148,000. So you are going from \$150,000 to \$700,000 for an increase of \$550,000.

Mr. Tanguay answered that is based on the NORESCO contract that allows us to pay it off in that one year. That is about \$300,000 plus.

Alderman Wihby asked so that is something that we didn't have before and we have decided to pay it off in one year.

Mr. Tanguay answered that is an ongoing. That is the citywide electricity contract.

Alderman Wihby asked are we doing something different than we normally do.

Mr. Tanguay answered no. It is a contract that was implemented Citywide to address energy conservation and that is our cost on that piece.

Alderman Wihby stated but you only allocated \$148,000 for this year.

Mr. Mahoney stated that \$345,000 of that amount represents a pay off of operation and maintenance. When we first starting talking about this, we did not realize that it didn't fall under the bonding. We were informed by the City that we needed to pick that up with NORESCO and that is why you have \$345,000 in there.

Alderman Wihby asked \$345,000 in the \$703,000 number you mean.

Mr. Mahoney answered yes.

Alderman Wihby asked and it is not in this year's number.

Mr. Mahoney answered it is not in this year's number because it is a pay off for operation and maintenance.

Alderman Wihby stated for Transportation this year you have \$1.3 million and it is going to \$1.5 million. How come it is going up a couple of hundred thousand?

Ms. Burkush asked are you talking about regular education.

Alderman Wihby answered yes. The 0510 account.

Ms. Burkush stated there is going to be an increase for regular education basically because of the buses that we need to go over to McLaughlin. What they have estimated for MTA is an increase. We are going to have 50 buses for all of the kids, 8 buses for MST and 3 buses that go to the YMCA.

Alderman Wihby asked so we are looking at a couple of hundred thousand dollars extra.

Ms. Burkush answered right. It is going to be three additional buses.

Alderman Wihby asked for \$200,000.

Ms. Burkush answered they are \$129 a day per bus.

Mr. Tanguay stated it is a \$35,000 increase.

Alderman Wihby replied your budgeted increase but if you look at what you told us you were going to spend for the year, you only told us that you were going to spend \$1,330,000. That is on the sheet dated 3/3. Projected through the end of the year was \$1,331,000 so you weren't going to spend \$1.5 million and now you are projecting \$210,000 more than you used this year.

Mr. Healy stated I just want to make sure that we are all looking at the same sheet. I don't know what materials Alderman Wihby is referring to.

Mayor Baines stated we are talking about Page 19.

Alderman Wihby stated you go by budgeted 2000 and I understand there is \$35,000 more for budgeted FY00 to FY01 but if you look at what you gave us in your projections up until 6/30 on transportation, you told us that you were going to use \$1,331,947. That is what you gave us on 3/3 when you told us that you needed extra money and everything else.

Mayor Baines stated on March 3 when we asked for a report in terms of what were the projected expenditures, Alderman Wihby is referring to a projection of \$1.3 million. Now on this sheet it is saying \$1.5 million. We are trying to figure out why there is a difference.

Alderman Hirschmann stated I think that refers to Account 513. There is \$1.3 million on that.

Mayor Baines asked is that what you are talking about. Student services? That is special education.

Alderman Wihby stated special education was...

Mayor Baines interjected \$1,335,410.

Alderman Wihby stated this says regular transportation total. It started off budgeted with \$1,506,722, which is there and they used \$649,000. They anticipated using \$682,000 so the total was \$1,331,947.

Alderman Vaillancourt stated perhaps we can all have this document he is referring to.

Alderman Wihby replied you all have it.

Mayor Baines asked the Clerk to make copies for everyone. This is the document that we asked for and received on March 3. We will get that for everyone.

Alderman Wihby asked when is your debt service going to be decided. We are using the same number but if it is higher or lower you are just going to use that number or what?

Mr. Tanguay answered we don't know. We have to wait for the audit to be complete.

Alderman Wihby asked do we know when.

Mayor Baines answered they were still working last week. Kevin, are they still there?

Mr. Clougherty answered we provide them with the information but it is a timely process. We expect to have it finished sometime next week hopefully.

Alderman Wihby stated so the School Board is going to have to live with whatever that number is.

Mr. Tanguay replied I am not sure how it is going to be handled.

Alderman Wihby stated it is part of the \$108 or \$112 million so if it is higher you are going to have to make more cuts and if it is lower you gain. Is that right?

Mr. Tanguay replied no. I would hope that there would be a provision in the Resolution that would bring in the actual amount.

Mayor Baines stated there would have to be. Am I correct, Mr. Clougherty?

Mr. Clougherty stated if I understand, the number that you have in this document for debt service is the same number that was in there last year. Your debt service as we are projecting for this current year is less than that number so I assume you are keeping that number as somewhat of a cushion in case as a result of the audit there is some swing. Is that right?

Mr. Tanguay answered yes and no. I was very clear that we are waiting for the audit to be completed. Whatever that number is for the audit is the number we will live with. I think when the budget is finally adopted hopefully that number will have been identified. If not, I would hope that there would be some provision in the budget for that so that we don't end up with extra money nor are we hurt by this process.

Mayor Baines stated we would expect that it will be identified and what it is, it is. Am I correct?

Alderman Wihby stated and then we will adjust the \$108 million or the \$112 million or whatever number.

Mayor Baines replied correct.

Alderman Wihby asked what about the chargebacks. Are we going to know a number?

Mr. Tanguay answered that number is going to have to be increased. I believe the new number is about \$6.6 million and that is the number that I believe the Aldermen are looking at now.

Alderman Wihby asked so the \$6.1 that is in your budget, are you taking \$500,000 from something else or are you asking us to increase.

Mr. Tanguay answered no. That is the original number that we were given and that is the number we used for the adoption so we kept it at that level. Whatever the bottom line is that is given to us by the Board of Mayor and Aldermen, we will have to adjust that number to reflect the number that they have given us.

Mayor Baines stated just a few clarifications that I would like Mr. Clougherty addressed related to the last conversation and also to this conversation because whatever the chargebacks are that you project, they will be what they are and that is going to be the real number.

Mr. Clougherty replied that is right, Mayor and I think that is the point that Mr. Tanguay is making too. We have a total amount of debt service for the City that has been issued and we have to pay and we are trying the best to determine how much of that is City and how much is School. At the end of the day after we have gone back and looked at 20 years of records to see whether all of the projects that were undertaken for School were properly charged to them, there may be some swing. The amount of debt service that School has to pay may go up or it may go down and the City side may go up or down. Overall, the combination of the debt service in their budget and our budget equals what we have to pay and I think that is what Norm is saying is we may have to adjust and transfer money between that line item to make sure that we meet the City's total debt obligation which isn't going to change. We are just talking about distribution between us. Is that right?

Mr. Tanguay responded that is correct.

Alderman Wihby asked how do you do that when we give them a number. Once we pass the budget and give them a number and then all of the sudden you find out that either one of those two numbers are different, either you are going to make or you are going to lose.

Mr. Tanguay answered we need to know before then actually. That is what has to happen.

Alderman Wihby asked will we know or we don't know.

Mr. Tanguay answered the auditors are working on it. I defer to Kevin. I think that is our goal.

Mr. Clougherty stated I think they will give us a number before the budget and that is what we are going to have to live with. Now Mr. Tanguay may not like that number and want to question it some more, but for that year we are going to have to live with it to make sure that we make the obligation that the City has.

Mayor Baines stated I need to clarify something that goes along with Alderman Wihby's point. If they talk about debt service being \$6.6 million, what if they end up in actual being \$7.2 million? That is Alderman Wihby's question. What happens then?

Alderman Wihby replied I imagine they would have to pay it out of their budget.

Mayor Baines responded that is the point I was getting to. Is that true?

Mr. Clougherty stated no. The situation you have is you have a total amount of debt service that you have issued for the City.

Mayor Baines replied we are talking about chargebacks now.

Mr. Clougherty responded on the chargebacks if they are charged with services from the City and there are a total number of services provided by City departments to the Schools and there is documentation that supports that, they would have to pay that.

Mayor Baines stated so the answer to the question is and this worries me as I have talked to you about this before and Wayne and I have talked about it, if we are projecting \$6.6 million because that was somewhat of an arbitrary number from last year that was agreed to, if in actuality next year all of the chargebacks that come in from the various departments end up \$7.2 million, you have to pay that out of your budget so people need to understand that up front.

Alderman Wihby stated it would be the same thing with debt service. If it is lower, you would spend it on something else and if it was higher I suppose it would be locked in at that point once you get a total amount.

Mr. Cook replied I think your chargebacks and your debt service are different. Assuming that this audit that we are...to the extent that you can be breathlessly awaiting audit results, to the extent that that results in a lower number for school, it would result in a higher number for the City because you have one pie that is

being cut up and we know that the debt of the City is X. To the extent that the debt service is higher for schools, it is lower for the City so in terms of total expenditure it is different. Chargebacks are not the same because next year chargebacks will be actual services rendered with an established justification, which we have to pay. We have to monitor them and you have to monitor them because obviously there is a cause and effect mechanism. There is revenue to the City departments and costs to us. Hopefully, the audit will result in a known number that goes in. To the extent that ours goes up, yours goes down. To the extent that yours goes up, ours goes down.

Alderman Wihby stated but we would play with that before the budget was...

Mr. Cook interjected we have to know that before the second Tuesday in June. On your question about...Mr. Mahoney just gave me two sheets and obviously every month we have a budget review on our operating statement. The number you were using, I believe, was on a January 31 sheet that we supplied to you and it showed \$174,775 of unexpended anticipated surplus in regular education. In February, and we have the February 1 which has been reviewed by School Finance, that number had decreased to \$125,237 surplus. It is still a surplus but obviously as the budget plays itself out because of various expenditures and needs and the actual usage, it changes. So far, your point is correct that we are still projecting a surplus in that item. We have several items in which we are not projecting a surplus and obviously as we move toward the end of the year and we manage toward it, they vary. At the present time, we are still projecting a surplus in that line item.

Mr. Tanguay stated on the debt service again it is critical that we have the correct number because we base our high school tuition billing on that number.

Alderman Vaillancourt asked, your Honor, is it your intention to allow any Alderman to ask an unlimited number of questions and to build them up or are you going to share the wealth of time to ask questions.

Mayor Baines answered we are going to move on. I think Alderman Wihby probably just has a couple of thoughts and we can come back to him. I was looking around for other signals and the only other signal I have had to date was from Alderman O'Neil. As long as others are indicating, I am sure that Alderman Wihby would be glad to move on.

Alderman Wihby stated on Page 27 it says athletics on salaries, \$456,000. How come the number is \$531,000 on Page 25? Is there more to that?

Mr. Tanguay replied we had the information here that we had not provided in the book. We picked it up after we went through the book, but we have the information now.

Alderman Wihby asked basically is this just more people.

Mr. Mahoney answered the athletic line on Page 27 refers to the coaches' salaries. The difference represents the athletic director's salary, which is listed as an administrator on Page 27 and his clerical support, which is listed as a support person.

Alderman Wihby stated on Page 26 you have salaries for \$1.392 million for Food Service. If you go back to all of those pages where you list all of the people and their pay, all of those totaled equal the total on Page 27 except for that one. That total is the same as and I don't know if it was just a mistake or what, but it is \$1,038,000 on that back-up information instead of \$1.392 million.

Mr. Mahoney replied I think that there are a couple of adjustments that need to be made to that line and I can point those out to you.

Mayor Baines asked what page are you on.

Mr. Mahoney answered Page 26 under the budgeted line item for 110 Salaries. We are going from the \$1,038,475. The back-up information that was provided to you gives you all of the information on the Food Services employees. You have to take into consideration some adjustments that need to be made because some people are not classified as food service employees, but we wanted the detail to tie out. You would need to add to the \$1,038,475 and I can provide this as a follow-up but just to give you a sense of some of the components you have to add the drivers, which is an additional \$87,036 to that line item. You also need to add the clerical support of \$73,720 and you need to add the director's salary of \$56,315 and the substitutes we budget at \$44,658. That gets us to an adjusted budget for FY00 of \$1,300,204. Again, the reason why they are not included is for the same reason that I spoke about in Athletics where they are listed but classified in different areas of the back-up detail. To step a little bit further, getting to the \$1,392,000, the increase of \$92,000 roughly is attributed to anticipated wage increases and longevity increases, as well as proposed new hires. Two at McLaughlin, two at Central and one at Memorial.

Alderman Wihby asked so the \$1,392,000 even though it is an expense here, some of those numbers are in different areas on the other page. This is just to break it out. For instance, director is on a page somewhere else and included up top but this \$392,000 really isn't...

Mr. Mahoney interjected the problem with Page 26 is the amount that is listed in FY00 because it represents a \$353,000 increase compared to FY01 but that is not necessarily the case because you really need to adjust the number in FY00 by \$261,000 because of that classification issue.

Alderman Wihby asked so if I look back on Page 71 where it says \$1,038,000 for this year, there are other people that aren't on that page that should be charged the \$1,392,000 to bring it up to that.

Mr. Mahoney answered yes and they are listed in some of the other classifications and we could point those out if you would like.

Alderman O'Neil stated I have a few quick questions and I am not looking for the answers tonight, but Norm you indicated that you could provide some back up information and I would certainly like it and I think the Board would appreciate it on salaries if you could give us a breakdown on the \$6.1 million increase there and the breakdown on employee benefits. I would also like the breakdown for Repairs and Maintenance and Tuition Within the State and Tuition Outside of the State. There are significant increases there. If we could get those breakdowns at some point this week, it would be appreciated. That is all I have.

Mr. Tanguay replied we would be glad to show that on an overhead if you would like.

Alderman O'Neil asked you have it with you tonight.

Mr. Tanguay answered yes.

Alderman O'Neil asked do you want to go into that now or do you want to wait until later.

Mayor Baines answered I would rather do it now.

Mr. Mahoney stated as we indicated when the Superintendent was going through the budget presentation, you saw on the salary line item that we had a variance of about \$6,199,740. We felt as though this might be an appropriate way to try and articulate some of those changes. In building the budget, it was our intent to go

based upon our actuals, our actual staffing counts right now, and compare it to our current year budget and try and identify those areas that we need to deal with in terms of moving forward with the FY01 budget that hits the staffing levels and also addresses some of the trends that we are starting to see in the system, particularly as it relates to the use of substitute tutors and educational assistants. Just to go across the top by way of format, the first column represents the net change by pay type for each category. The second column represents contract compensation adjustments, which basically refers to those items that are contractual obligations that we need to fund. The third item represents the FY01 proposed new positions, which the superintendent reviewed in his opening remarks. The next column represents new hires in this fiscal year that have been made. The fifth column represents positions that are funded, but unfilled, and the sixth column represents the impact of any salary adjustments that were made during the course of the year that need to be annualized as you move forward to fund those particular positions for a full year. The last column represents FY99 actuals over FY00 budget, which tends to identify some spending patterns that we feel as though we need to address because those are costs that we are incurring this fiscal year and to the extent that they are exceeding our budgeted line items this fiscal year on those particular line items requires us to identify other resources within the budget to fund those areas and to the extent we need to address those, we are trying to fund them in the FY01 budget. As we look at the principal's positions, we see that we have \$121,000 proposed as the Superintendent indicated. We did have some staffing increases going from 43 to 47 in this year's budget of which one of those positions is apparently unfilled and being paid for out of professional services and we have annualized that contract amount to show the full impact of the \$381,000. We have done the same for each and every category. I would like to talk about the teachers. As you can see, we are proposing 30 teaching positions with a budget impact of \$1.126 million. Also, staffing hires for this year is \$15,000 and we had to annualize the teacher's contract to reflect a full year's pay at \$213,000 and the reason for that is because the teacher contract takes effect in September so in order to pay them for a full year we have to make up the difference that is owed in July and August. In terms of administration, you will see that we have included the \$160,000 in new positions, new staff hires \$33,000, vacant positions are \$32,500 and the annualized contract impact of \$56,000. I will not go through each and every one unless the Board would like but again just to hit on some of the areas...

Alderman Hirschmann asked are you able to give us a body count on the principals and teachers.

Mr. Mahoney answered I believe that is included in your package.

Mayor Baines stated the numbers are included.

Alderman Wihby asked for the teachers what is the \$897,684 over...what is that BMA Budget Adjustment. Why wouldn't it have been under fiscal year new hires? FY00 new hires? In the budget you had asked for 1,003 and you ended up with 1,020 so you ended up with 17 new teachers.

Mr. Mahoney answered let me clarify the new hires additional staff column for you. That column represents those new hires that were not originally budgeted. We were budgeted for 77 positions in last year's budget and that is reflected in the \$897,000 so it needs to be included to show the net difference going from this year to next year.

Alderman Wihby asked so even though in the budget it said 1,103 and you went to 1,120 with 17 additional teachers, you don't show that. You are putting it in a lump sum. I am lost. For instance, you have actual 47 so there are four and a half new principals which I would have assumed would have been in that column of new hires above and beyond what the...

Mr. Mahoney interjected you are on Page 27 and you are looking at...

Alderman Wihby stated I am looking at the budget. That is an actual number. You didn't put a budgeted number. Everything else is budgeted. I would have put down four and a half new principals in that column.

Mr. Mahoney replied we were measuring actuals this year to actuals next year in terms of...

Alderman Wihby interjected the column that says FY00 new hires, I would have understood that as exactly how you explained it. That it was additional positions above and beyond what was in the budget for FY00. If you look at the budget for FY00 for any one item, if you want to look at Administration for instance...

Mr. Mahoney interjected let's look at principals.

Alderman Wihby stated for principals it is 42 1/2. That is what is in the budget that you had given us. If you ended up with an actual of 47. That would have been four and a half new principals that should have been in that column.

Mr. Mahoney replied I think we are looking at it quite differently. I think what we did was we took a look at what our actual costs are for our principal staff. We detailed that and then we subtracted out what our proposed new positions are and the difference would be what we brought on for principals that was unfunded. We are working actuals to actuals.

Alderman Wihby asked actual what to actual what.

Mr. Mahoney answered actual to date people on staff that are detailed in your resource book and then proposed new positions.

Alderman Wihby asked so that column would be two.

Mr. Mahoney answered not two.

Alderman Wihby asked they don't make \$93,000. That is more than Norm.

Mr. Mahoney answered we are indicating the breakdown between the various categories and we are saying that the proposed new positions represent \$121,000. Any additional staff hired this year represents \$186,000.

Alderman Wihby asked what is the \$186,000. In your mind what is that?

Mr. Mahoney answered \$186,000 represents those positions that we hired in this fiscal year.

Mayor Baines asked what were they. You had the assistant principal at Central and what else.

Mr. Tanguay stated three assistant principals for middle schools and one at Central High School.

Alderman Wihby replied that is what I am getting at. If you look at the budgeted FY00 and you 42 and a half positions in that budget and you went to 47, that is 4 1/2 new positions. That should equal the \$186,000? Is that true? Didn't you explain that? That is what they put down in budgeted FY00 if you look at the book. They had 42 and a half. That is what they told us in the budget when we okayed their budget.

Mayor Baines stated so the premise is that you asked for four and a half positions in your request for this fiscal year. The actual is showing four positions.

Alderman Wihby stated the way it was explained was the \$186,000 equals four positions.

Mayor Baines replied four and a half.

Alderman Wihby responded four and a half, whatever, that is close. Then I want to take the teachers and if you had 1,103 and you went to 1,120 that is 17 new teachers above and beyond what this board had okayed in the budget process. Where is that number in that column? There is no number.

Mr. Mahoney replied there are a number of teachers that are being funded out of grants and about 90% to 95% of their salaries are being funded out of grants.

Mayor Baines asked for clarification, are those the positions under that Title VI that he is talking about here, Norm.

Mr. Tanguay answered I believe some of those are, yes and other grants as well.

Alderman Wihby stated if we are comparing apples to apples, the 1,120 is the number that is general funded right.

Mr. Tanguay replied we were budgeted at...

Alderman Wihby interjected 1,103. So there are 17 new teachers that were general funded that you added in your budget this year above and beyond what you had asked for. You had gone from 1,042 to 1,103 and ended up with 1,120 so there are 17 new teachers that should have shown up in that column.

Mr. Mahoney replied but as I said you will find that a majority of the funding for those particular positions are funded through grants.

Alderman Wihby responded you don't have any credit here for any grants.

Mr. Mahoney replied we put a note on the bottom that some of those teachers and support positions are, in fact, funded through grants so if you were to look at the detailed back-up you would find a name of a teacher in general fund as well as listed under a grant.

Alderman Wihby stated if you have grant money that you have not...if all of this back-up information equals the total FY01 budget so if you have grant money that you are telling me you are funding some of these positions with and we could have that credit towards that total, that is not anywhere in this budget.

Mr. Tanguay replied the grant-funded positions are, in fact, in the grants. I guess I need some clarification. I am looking at an increase of about 78 teachers.

Alderman Wihby asked from when.

Mr. Tanguay answered from what we had requested in our budget we were 77. I believe the number we hired at is closer to 78.

Alderman Wihby stated 77 new positions you mean.

Mr. Tanguay replied right.

Alderman Wihby asked from the 1,484.

Mr. Tanguay answered we went from 1,042 last year to 1,120 for this year's budget.

Mayor Baines stated may I suggest that we spend some time thinking about this and go on to some other Alderman.

Alderman Vaillancourt stated I have basically three areas of questions. The first will be a little arithmetic exercise. On page 16 you have total revenues and credits of \$79.3 million. On page 24, you have the total amount spent; \$108.8 million or let's call it \$108.9 million. If I subtract \$79.3 from \$108.9, I get \$29.6 million. Is that the figure that needs to be funded by the property tax rate, the local property tax rate not the Statewide property tax rate?

Mr. Tanguay replied that is right.

Alderman Vaillancourt asked in other words I am taking \$79.3 away from \$108.9, not away from \$112 million, which is a couple of lines down on line 24.

Mr. Tanguay answered let me look at that again.

Alderman Vaillancourt stated I just want to make sure I am doing the proper subtraction.

Mr. Tanguay asked what are you looking at.

Alderman Vaillancourt answered on page 24 you have a line of \$108.9 million general fund total and then total BOSC adopted budget \$112.0 million.

Mr. Tanguay stated the difference is the local tax assessment.

Alderman Vaillancourt asked which one do I use, the \$112 or the \$108.9 million.

Mr. Tanguay answered the \$112 million minus the \$79 million will give you the local tax district assessment.

Alderman Vaillancourt replied \$32.7 million and Kevin tells us that \$1 million is about 28 cents on the tax rate so if I do that little exercise it looks to me like your tax rate is going to be about \$9.15 as opposed to \$8.71 last year. I have the history of the tax rate in front of me. It was just given to me. The local tax rate last year for the schools was \$8.71 and you are saying this year if your total budget is approved it will go from \$8.71 to \$9.15 is that correct?

Mr. Tanguay asked is that question for Kevin. Could you repeat the question?

Alderman Vaillancourt answered if it is \$32.7 million times 28 cents that looks to me like about \$9.15 on the tax rate as opposed to \$8.71 last year.

Mr. Tanguay stated an increase.

Alderman Vaillancourt replied to get the increase you would subtract \$9.15 and \$8.71 away from that looks like about 44 cents on the tax rate.

Mr. Tanguay asked Citywide or the School tax.

Alderman Vaillancourt answered the School local property tax rate. I am not talking about the Statewide property tax rate.

Mr. Tanguay replied but then you have to add the State tax onto that to compare it. Apples to apples, I believe.

Alderman Vaillancourt responded the Statewide property tax will remain the same.

Mr. Tanguay replied okay. It was in last year, fine.

Alderman Vaillancourt stated so we are talking about a 44-cent rate increase on the tax rate to do everything you want.

Mr. Tanguay replied I don't believe so.

Alderman Vaillancourt responded I didn't believe so either, but it looks that way.

Mr. Tanguay stated it is more like \$2.70 on the School tax alone.

Alderman Vaillancourt replied maybe you can figure out how I am wrong then if we have \$32.7 million times 28 cents per million.

Mayor Baines stated we are going to reflect on that.

Alderman Vaillancourt stated well okay I will go down to my second range of questions. On page 16 of the document you presented us you have an adequate education grant from the State of \$36.87 million. You have the 2001 estimated grant from the State again at \$36.87 million, yet on the previous page you estimate that you are having 279 more students. As I understand it, the State gives you X amount of dollars per student. I think it is around \$4,200 per student. Wouldn't that mean that you would have approximately \$1 million extra dollars coming in from the adequate education grant from the State if you multiply \$4,200 times the anticipated extra 279 students?

Mr. Tanguay replied I believe that since the funding remains constant at \$36.8 million, the ADM, the use, remains constant for two years. It does not change even though it actually changes for us but the funding level does not change based on the same base.

Mayor Baines stated we were hoping that was going to be the scenario; that is doesn't change.

Alderman Vaillancourt replied well maybe if we pass that statewide gambling we will get to that. In the final range of questions, I want four figures from you. The current amount per student that this year's budget gives you; the amount per student, if your budget is approved, would give you next year; the amount it was last year; and the statewide average. Do you have those right off the top of your head now? If not, I will certainly wait until later to get them.

Mr. Tanguay responded we were talking about that today and we should have them someplace.

Mayor Baines stated they will work on that during the course of the meeting.

Alderman Gatsas stated Mr. Tanguay the only numbers that I can get that are actuals because everything else is either budgeted or year-to-dates that we don't have on here, would be audited figures for FY99. If I take your audited statement for FY99, you show me salaries in the book that you did, which you did an excellent job with of \$51,425,196 million, the audited statement figure shows \$51,049,667 million, which is a difference of about \$378,000. If I continue down...well let me just finish because if I go through this complete actual

statement that you show us, it should be, I assume, off an audited statement. Those numbers should add up pretty close.

Mr. Mahoney replied I think what you need to add into your analysis is if you have the audited financial in front of you, page 4, I think you need to add page 5, athletics.

Alderman Gatsas responded I don't think so because if we go to your next statement which is on...

Mr. Mahoney stated just to finish, the City restricted accounts.

Alderman Gatsas replied I have already taken a look at those. If you go to page 25 just to help you out, the Athletic Committee audited statement verifies your actuals for FY99 of \$375,529. So let me finish where I was going so that now we understand that I have the right numbers in the right group for you. If we go back and continue through the entire audited statement, which is here and I didn't get into athletics and I didn't get into food and nutrition because those are numbers based on other departments that you have figured here. If I go through that entire audited statement and I take out debt service, City department chargebacks and your benefits, I come out to a figure of \$62,379,023. Your audited statement calls for \$61,895,406 million. Does anybody want to do the calculation because I didn't finish it?

Mr. Mahoney responded I am going to need to do the calculation because the basis for which the report was prepared was pulling together general fund, athletics, chargebacks and debt service and I would have to walk through the difference.

Alderman Gatsas stated so the difference is about \$510,000. Now we can go through and I am giving you the over expenditure of \$200,000 pulled out and I am giving you the audited adjustment of \$118,000 pulled out so the numbers that we are looking for, actuals here in FY99, should be actuals and they shouldn't be hypotheticals that we draw up because they are not the same. Based on that, let's go through and let me ask you some questions that maybe you can give me that we look at actual numbers so that I know where I am at.

Mr. Mahoney asked the reason why you are questioning whether or not the actuals that are listed in the book under Actual 1999 are not actual is because why.

Alderman Gatsas stated I am asking you why they aren't actual. It says actual at the top but it doesn't go actual with an audited statement that I am looking at.

Mr. Mahoney replied so if you add all of the components of the audited financial statement – general fund, athletics, chargebacks...

Alderman Gatsas interjected I am doing actual with general and then in the audited financial statement on the very next page is athletics controlled with salaries and the next one down is food and nutrition with salaries and actuals underneath that. They are all in the audited budget. The restricted accounts are on another page. I have pulled those out so that we are not talking about those because we certainly don't want to get into worker's compensation or health insurance benefits right now. Yes or no? Do you agree or do you follow me?

Mr. Mahoney replied no, I don't.

Alderman Gatsas asked do you want to come up and look at this audited statement or do you have one there.

Mr. Mahoney answered I have one right here.

Alderman Gatsas stated on page 4 is general. Do you agree with that? If you flip to page 5 can you tell me what the top of that statement says? It says athletics salaries. Go to your page 25.

Ms. Stewart replied here is what happened. With the declaratory judgment, the athletics department budget has been rolled into the general fund so for purposes of this report in your brown folder that you are looking at on page 17 the athletic salaries, which was \$375,529 have been put in this actual general fund number so that as we look across and compare future numbers we are comparing apples to apples. They are pulled out for purposes of the audit because prior to this year they were a separate fund item, in fact, separately funded by the Board of Aldermen so they are in that \$51,425,196 number.

Alderman Gatsas asked your expenses are in there also.

Ms. Stewart answered everything having to do with athletics has now been pulled into different object codes through here. You see the breakout so if there were specific questions about the athletic budget because we do put it together separately, you would see the breakout but they are rolled into that account.

Alderman Gatsas stated so what you are saying to me is if I took the total athletic budget, which is \$1,033,617 million and I added that to the actual number on the bottom of your audited financial statement it is here.

Ms. Stewart replied I believe that is right. Is that right, Kevin? I haven't run those numbers myself but I understand that process that has gone on and I am trying to explain it so everyone here can understand it. All of those numbers have now been rolled into the actual FY99 so that when we look across these numbers we are looking at apples and apples numbers.

Alderman Gatsas stated let's use a round number like \$1 million. If I subtract that \$1 million from the audited statement it comes out to \$60,895,000 roughly. Do you agree with that?

Ms. Stewart replied I don't have the audited statement in front of me so Kevin will have to help me with that one. I just wanted to help you when you were looking at these numbers.

Mr. Cook stated if you take actual on page 4 of the audit and I am just trying to understand what is going on here, I am looking at page 17, actual salaries. \$51,049,667 million and you add \$375,529 on the next page actual what do you get?

Alderman Gatsas replied you get \$51,049,667 million. I agree with what you are saying.

Mr. Cook stated I get \$51,425,196 million.

Alderman Gatsas responded that is correct. Now, that leaves another \$600,000+ in expenses that aren't going to total on the front-page because there are no other lines there. We have already gone through them all.

Mr. Cook stated, your Honor, I would suggest that Alderman Gatsas and Mr. Mahoney sit down and talk about this. I don't think we are going to be able to do this with a calculator. The only one I have looked at comes out, but I don't doubt what you are saying.

Alderman Gatsas stated let's go on to the number that you show me for an increase in salaries from FY00 to FY01 budget is about \$6.2 million on page 17.

Mr. Cook replied on page 24 there is a total. Actual FY99 \$90,826,878.

Alderman Gatsas responded that is correct.

Mr. Cook stated on page 6 of the audit there is a total actual of \$90,826,878.

Alderman Gatsas replied that is correct.

Mr. Cook stated you will have to talk to Kevin because I am not getting your point.

Alderman Gatsas stated the employee benefit number that you are showing is \$3.6 million, which is about a 50% difference.

Mr. Tanguay replied we can show you an overhead on that and show you the calculation if you would like.

Alderman O'Neil asked is there a handout for that.

Mr. Mahoney answered it is coming right up. The basis for which we built the budget again was going to our actual employee enrollments in terms of both salary and employee benefits. We have been advised both by Blue Cross and through the City Human Resources Department about the significant impacts in our health insurance plan that we are faced with and I understand that we will be working towards a strategy to try and deal with that, but for budgeting purposes only we have incorporated estimated cost increases into our budget request. Those cost increases for Blue Choice represent a 21.7% increase and for the Matthew Thorton a 5.7% increase and for the Delta Dental a 27.5% increase for a total on health and dental of \$8,499,052 million and we have included for your information the enrolled employees in those plans by the plan type.

Alderman O'Neil asked one more time on those percentages please.

Mr. Mahoney answered I may have said the first one wrong. The Blue Choice is 21.7%, the Matthew Thorton is 5.7%, and the Delta Dental is 27.5%. The rest of the items, the disability insurance is based on a percentage rate that we get from the carrier. For our administrators and principals, it is a percentage of their salaries. The City pension assessment includes the assessment for the current City employees, as well as the assessment that we need to pay for those employees that retired pre-1971. State retirement and FICA and Medicare are all calculations based upon gross salary and unemployment, worker's compensation and the general liability insurance is based upon information provided through Risk Management and some evaluation on our part.

Alderman Gatsas asked how many full-time employees do you have.

Mr. Mahoney asked general fund or total.

Alderman Gatsas answered total employees that would be eligible for the health insurance.

Mr. Mahoney answered we have enrolled 2,877 members in our current group.

Alderman Gatsas stated I am asking how many total employees do you have available for full-time benefits. How many total employees do you have?

Mr. Mahoney answered about 2,740.

Mayor Baines stated just a follow-up question. The people that are under the grants, is that picked up by the grants?

Mr. Mahoney answered yes.

Alderman Thibault stated I would just like to know if anyone has taken the time to check with other insurance companies as far as these increases. I find these increases way out of whack and it seems to be that either Human Resources or the Insurance Committee should look into this and see if we can't come up with better prices than this in insurance, your Honor.

Mayor Baines replied we are and we have been very clear from the beginning that these numbers are scary if you will. Mark, could you give us an update on what we are doing on the City side?

Mr. Hobson stated we are going to have a strategy session with the Board, I believe, in a week and we will have some updated information for you on the financials. We also have a report that was sent over to Mr. Mahoney today on what we see as actuals for this year and trying to help him compare for next year's budget. I don't foresee the numbers from Blue Cross at this point coming down significantly. I do believe we will take a look at some bidding processes taking a look at other options for our administration fees. Our contracts are pretty clear that we do have to offer these types of plans or an acceptable simulation. I think we will have a better picture in a week on some of these numbers.

Alderman O'Neil stated I don't know who can answer this, Human Resources or School, but when we have a husband and wife who are employed by the City is it my understanding that the second employee pays for the deductible...well not the deductible but the employee contribution so that their family plan is 100% City funded. Is that correct?

Mr. Hobson replied yes.

Alderman O'Neil asked is this reflected here on this sheet if we have school teachers who are part of that so they would be enrolled but they are not paying a full premium.

Mr. Hobson answered it would depend on who was listed first with the health plan. If a school teacher was married to a Water Works employee for a real example and if the Water Works employee is listed first on the plan that is the benefits that the family gets and the cost is free to both the school teacher and the Water Works employee. They do not pay a co-share of premium.

Alderman O'Neil stated in the big picture, the City is actually saving money on that.

Mr. Hobson replied the last time it was looked at, yes.

Alderman O'Neil stated my question is is that teacher listed as an enrolled person and is the dollar figure that goes with that reflected.

Mr. Hobson replied I don't want to specifically answer for Mr. Mahoney, but the way the report would read is that if the Water Works employee was listed first then they would be listed under the municipal side of the house. They would not reflect under the school side. Does that answer your question?

Alderman O'Neil responded it does but I mean the school side would have to pay the employee contribution portion, correct or is it just automatically 100% covered.

Mr. Hobson replied it is a good question. I believe the answer is that if the employee is listed on the City portion then the cost of the plan, if the first employee listed is on the City portion then the cost of the plan comes out of that department's allocation so the Water Works would cover for the plan or if it were a Highway person then the Highway Department would cover for the plan their allocation. I believe that is the way it works.

Alderman O'Neil stated and that person should not show up as enrolled through the School Department.

Mr. Hobson replied they would not show up in two different departments, no.

Alderman Wihby asked, Kevin, the sheet you gave us this can't include the grant people. If the grant people are being paid separately and if you are asking for \$15.6 million from general fund then it can't include the grant people getting back

to the same question on the other thing when you said that the grant people were included in those totals.

Mr. Mahoney answered I believe the question was asked as to how many employees were benefit eligible total and the answer to that was 2,041. I may have misrepresented it. This is general fund.

Alderman Wihby asked so there are no grant people in these totals.

Mr. Mahoney answered right.

Mr. Cook stated, Alderman Gatsas, I think we have an answer to your question. If we understood the question correctly it was how many people worked for us that are eligible for benefits. I think what Mr. Mahoney just said was total including grant people is 2,041. The numbers on Page 27, which is actual folks, shows the difference and our budget for next year is 50 and 56 but there are 2,041 who work for us. The other ones are taken care of and their benefits are paid from grants.

Alderman Levasseur asked, your Honor, you put a hiring freeze on the City for this year and is that hiring freeze going to continue into the next year or are you going to stop that hiring freeze.

Mayor Baines answered I am keeping my options open in that regard.

Alderman Levasseur asked did that hiring freeze include the School Department.

Mayor Baines answered as Mayor I do not have administrative authority on the School side. Mr. Tanguay has that authority.

Alderman Levasseur stated if you go from page 30 to page 51, I came up with 1,080 employees, which doesn't jive with your number over here. Maybe you can clarify that for me. 56 times 21 plus the additional 4 doesn't jive with any of the numbers you have on here. They are just listed by name so unless people are adding extra names in, I am not sure.

Mr. Cook responded I think I understand your question and I think it is pretty simple. You added up the number of people listed on those sheets and you came up with a number and you didn't find that number any other place.

Alderman Levasseur stated if you take away the 30 new hires, which I think you are going to include in the FY01 budget because those are the 30 new for McLaughlin, is that correct.

Mr. Tanguay responded McLaughlin and also some principals.

Alderman Levasseur asked those presently aren't hired.

Mr. Tanguay answered correct.

Alderman Levasseur stated so it would be 1,050 and still that number doesn't jive with the actual on the FY00, which is 1,120 and those are just teachers and not any other educational assistants or tutors. I see +30 so I am wondering what the reason is for that.

Mr. Tanguay stated you began on page 50.

Alderman Levasseur replied I didn't start with the principals, no.

Mr. Tanguay stated I thought you were looking at page 50.

Alderman Levasseur replied from page 30 all the way to...well I was including the 30 new hires but if you want to deduct them that is fine. Still, the numbers are off by 30.

Mr. Cook stated on page 28 you have 14. There is a corresponding column.

Alderman Levasseur stated just start with page 30. Just 30 times 21 and then the extra.

Mr. Tanguay stated page 29 for principals stands by itself.

Alderman Levasseur replied I didn't include page 29.

Mr. Tanguay stated page 30 through 51 is that right.

Alderman Levasseur replied I did include the new hires, but if you minus those 30 new hires the numbers still don't jive.

Mr. Tanguay asked how many new hires did you add.

Alderman Levasseur answered I counted 30 and those were the McLaughlin teachers only.

Mr. Tanguay replied that would be 1,120 then.

Alderman Levasseur stated I come out with 1,180 when I include that number in there.

Mr. Tanguay stated I am looking at 1,150 minus 30, which would be 1,120. Am I doing it differently? 1,120 would be where we are at today.

Alderman Levasseur stated if you took 56 teachers per page and went times 21 pages what would you come up with.

Mr. Tanguay stated I didn't count every teacher on every page. This came out of the computer.

Alderman Levasseur replied I just thought that it might be something you would be interested in.

Mr. Tanguay responded we will look at it.

Alderman Shea asked when Karen Burkush made the comment about transportation just by way of information does the School Department presently pay to transport children to the YMCA or is that something new. You mentioned about transporting children and I wondered who pays to bring the children...

Mr. Tanguay interjected we do.

Alderman Shea asked you do now.

Mr. Tanguay answered we have for a number of years I believe.

Alderman Shea stated in other words we really in a sense subsidize the YMCA by bringing children to them. Is that what we are doing? I don't know I am just asking. I didn't know that.

Mr. Tanguay stated it is a State program. It is not the YMCA program.

Mayor Baines stated it is our program. It is an alternative program that we support. Is that what we are transporting them for? No, it is not. What are we transporting them to the YMCA for?

Mr. Tanguay replied an after school program.

Alderman Shea stated so it is an after school program, but we pay to have those children go and they are transported from different school. I know that at one time the Y picked up the children from Hallsville, but I didn't realize that we were paying for those children to go there. They pay tuition to go don't they or do we pay that too?

Ms. Stewart replied some of the children that go to Y programs in the afternoon do pay tuition and others are obviously scholarship by nature of the kind of students we have in the City. I think a number of years ago there was an agreement made that students would be transported to the Y and how we have that number separated out I am not quite sure but the agreement was that a bus that practically has to go by the Y to get to their own transportation center in the afternoon and since the elementary students are the last students of the day to be transported, would swing by the Y and drop off students from certain schools. I also think and Norm you can help me with this, was there not some kind of State law or something that said that there was something that allowed students to be transported in that manner. I don't have that with me, but I recall a conversation that I was privy to regarding transporting students to an after school site.

Mr. Tanguay responded I don't know. You may be right, but I don't have that information with me.

Ms. Stewart stated we can get that for you probably. I can tell you that a good number of the students that do go to after school programs in the City are scholarships, including ones that stay at our own facilities, the Youth Opportunities Unlimited Programs, which are at Henry Wilson School, Beech Street School and students who go to the Salvation Army for after school programs.

Alderman Shea asked what about the Boy's Club. They pick up students. Do we pay for them?

Mr. Tanguay answered no. They are not included.

Alderman Shea stated I would be interested in a couple of things. There is concern about tuition students now and I realize that you increased the cost but would there be another projected cost in the following year.

Mr. Tanguay replied the cost of tuition students increases from year to year depending on the funding of the budget. For example, right now we have in our budget projected tuition cost of \$5,787 for next year's budget. Again, that cost goes up on a yearly basis.

Alderman Shea asked and we aren't allowed to increase tuition predicated on capital improvements, are we.

Mr. Tanguay answered it does allow to some extent for debt service but we have two more years to go on our contract with the surrounding school districts. That is something that I am sure the Committee that the Mayor has appointed will be looking into to see if, in fact, they do say if there might be a capital outlay provision in the contract. That is yet to be determined.

Alderman Shea stated the next question I have is about class sizes and maybe the Assistant Superintendent of Elementary could answer. Do you still plan on keeping the first, second and third grades at a number that would be favorable to the students?

Ms. Hamblett replied yes we do try to keep a favorable class size in grades 1-3 and make use of the Title VIB teachers again to help with that.

Alderman Shea asked and in grades 4 and 5 you increase the number.

Ms. Hamblett answered yes.

Alderman Shea asked what about the middle school. What is going to happen there as far as class sizes? Do you have any kind of figure on that?

Mr. Brennan asked in terms of the projected budget.

Alderman Shea answered yes.

Mr. Brennan stated if we retain the projected budget we would be looking at ratios of about 22 to 27 or 28 students at each of the schools.

Alderman Shea asked in all grades, 6, 7, and 8.

Mr. Brennan answered yes.

Alderman Shea asked projected budget meaning the one that the Mayor projected.

Mr. Brennan answered our budget of \$112 million.

Alderman Shea asked if you break that down to \$106 million or whatever the Mayor proposed what would that mean.

Mr. Brennan answered that would have a significant impact where we would probably see our average go anywhere from 25 to 31 students.

Alderman Shea stated I am assuming that there are several veteran teachers that will be leaving this year and will the new hires make a difference in terms of how you are able to fund teacher salaries and so forth.

Mr. Tanguay replied we are looking obviously at the salary adjustment of \$2.7 million as one factor, but also we have 25 teachers that will be replaced. We have 15 retirees and then some who left in addition to another 10 teachers so we have presently 25 vacancies which will occur at the end of this school year. We will be looking at those positions as well in terms of whether or not we want to replace all of those teachers.

Alderman Shea asked are those 25 included in your projection of 30.

Mr. Tanguay answered not in projections but as active staff at the present time.

Alderman Lopez stated I want to tell you that this is an excellent report that is long overdue for the Aldermen to read. We might disagree on some numbers, but that is a different issue. I am interested in alternative education. It seems to be a big problem in the City of Manchester compared to other cities. In looking at the report of the dropouts, etc. that I am not going to go into, I would like you to comment on that. At the same time, the other thing is special education. If I am reading this report correctly, we identify special education in early ages and moving on to the high school it seems to get bigger and bigger in numbers. When do we ever decode some the special education kids? It seems that we don't according to the report and the other question that I had is are some of these things ever challenged in court. I noticed that your report didn't indicate any challenges or anything along that line or do we just accept everything that comes down the pike.

Mr. Tanguay replied that is a very good question. I will begin by asking Tom Brennan to speak about the alliterative school and then ask Karen Burkush to speak about special education.

Mr. Brennan stated in terms of alternative education or alternative schooling as we like to refer to it, it is long overdue in this district. We feel that if we were able to develop an alternative schooling proposal we would be able to substantially deal with our long-term and short-term suspensions as well as expulsions and most definitely our drop out rate but until we are allowed to go forward with that, we are going to experience the same difficulties that we are currently experiencing.

Alderman Lopez asked do you have a figure for putting an alternative education program together.

Mr. Brennan answered we speculated initially with a very small program at the secondary level approximately \$200,000. I think the figure was actually \$216,000 to staff that initial program.

Alderman Lopez stated so the question would be then knowing the situation between the Aldermen and the School Board is that something that could be given and you would definitely address that particular problem.

Mr. Brennan replied if our budget was extended or expanded to include \$216,000 beyond \$112 million yes we could.

Mr. Tanguay stated we are also exploring a State grant to do just that and that is a possibility.

Ms. Burkush stated one of your first questions was when do we ever discharge students and I do have data on that. There are different reasons why we discharge students. One is that they have moved from our district, moved to another out-of-state, they graduate or they are no longer educationally disabled. The last data that I have from the 1998-1999 school year shows that we discharged 68 students as no longer being educationally disabled. The rest of the information in terms of moved to another NH district, we have 157. Moved out of state we have 88 and then graduated with a regular diploma there were 75 students. So, we do keep records. We always have students that move in and students that are newly identified. We actually have an excellent early intervention program so with a good early intervention program and good child find activities that we go and seek out students, our preschool is an exemplary program. We are actually trying to get students at an earlier age and all the brain research is there and as Secretary Riley stated, the earlier we get these students and we start working with them, hopefully they won't have disabilities that go on throughout their school career.

Mayor Baines asked what percentage are we dealing right now who are coded special education.

Ms. Burkush answered it is right around 16% for the average of the entire district.

Alderman Lopez asked about challenges in court for some of these things. Do we accept everything?

Ms. Burkush answered no we don't. This year we have had five students...we haven't gone all the way but we have been able to mediate and actually the District in all five of those cases it has been in our favor.

Alderman Lopez stated no so much in special education, but are there any challenges on anything that is coming down from the State mandating you to do something. Do we challenge any of them or just accept them?

Mr. Tanguay replied no. If we have grounds for challenging, we certainly will and we have in the past.

Alderman Lopez asked have we ever won.

Mr. Tanguay answered yes. We have been very successful in many cases, yes. Especially in special education.

Alderman Hirschmann stated everything you sent us is adopted budget year FY01 so I don't mistake what that is. Now the adopted year FY00 budget that we are in now, you had adopted a \$102 million budget and that included approximately 77 new positions, but the Aldermen appropriated for you \$100.5 million, which was less than your \$102 million. Now, at one point did you and the School Board go back and decide to not hire 77 teachers? Did that ever happen? Did you ever adopt, as a Board, the \$100.5 million number or did you just go out and say we want \$102 million?

Mr. Tanguay replied we adopted the \$100.5 million. That is the number we have been working with.

Alderman Hirschmann asked did you reduce positions or did you just hire the amount of positions that were in the \$102 million number.

Mr. Tanguay answered we hired based on the need and the first thing we did was address the middle school concept and implementation of that and most of those...a majority of the staffing had to do with middle school. We also had to add some special education teachers, I believe two, and also three ESL teachers because of the OCI requirement.

Alderman Hirschmann asked so the answer is you went with need rather than fiscal implications.

Mr. Tanguay answered both actually because wherever we had to exceed our need, we were also very careful in other line items not to over expend and have some money left over.

Alderman Hirschmann stated that question needed to be asked because a lot of the Aldermen here are continually asked about the budget that we are in now and I just want to get that in perspective.

Mayor Baines stated just for clarification and I appreciate Alderman Hirschmann raising the question, you have been spending based on the \$102 million.

Mr. Tanguay replied no, the \$100.5 million. That is the budget we have right now, plus we have a master contract.

Alderman Hirschmann stated that is the impression that we all share.

Mayor Baines replied because you anticipated the \$1.4 million with the benefits.

Mr. Tanguay responded you are right. I am sorry.

Mayor Baines stated that is the question that Alderman Hirschmann was trying to answer. You had a \$100.5 million allocation and with the \$1.4 million dispute, you are actually spending at \$102 million. That was his point.

Mr. Tanguay replied that is absolutely correct.

Alderman Hirschmann stated so fiscally, you are not cutting back.

Mr. Tanguay replied we have cut back and when that issue arose as the Mayor did we implemented a hiring freeze and eliminated all overtime and didn't hire any new staff. We cut back on purchases except for essential items.

Alderman Hirschmann stated I don't mean to bring up the past because that is not what I am interested in and I am sorry for going down a whole other road. On July 1, 1999, at that moment, did you decide to adopt the \$100.5 million?

Mr. Tanguay replied no because the issue surfaced and we met with City officials to develop a transition plan prior to our decision. In that plan and I believe I gave you copies the last time I was here, there were three components that were separated and those had to do with benefits, debt service and chargebacks and then we said that we would, because the numbers were not definite at that point, be held harmless either way. If there was money left over, we wouldn't keep it and

vice versa. The key to all of that now is the debt service number. We need that number and I don't know what it is going to be. If it comes out higher than we have a problem and if it comes out lower than the whole thing might disappear. We don't know. It hinges on that. It is critical that we get that information.

Alderman Hirschmann asked salaries for the FY00 School District budget would be \$62,447,000 million. That is up \$6,199,000 million. The things that I do look at that are glaring to me is that Administration is going up \$282,000. I think that is a lot and I will tell you why. Saturday, this very Board was here going over department budgets and we went through the Police Department's budget and for the Police in FY01 they had their expenses cut 34% so they sat where you are right now telling us that they could no longer provide the D.A.R.E. program in schools, gang resistance education, Officer Friendly so when I see Administration going up that much, that number could probably give us our D.A.R.E. program back and give us our gang resistance education back. It could give us our Officer Friendly back. These are the context that I take these items in. The next place I think we are shooting ourselves in the foot is in this portable area. There are seven new portables, I believe, for a number of \$460,000. Again, we go back is it a lease, is it a purchase? What is that number?

Mr. Tanguay asked what number are you looking at.

Alderman Hirschmann answered \$460,000 for special projects. It was one of your line items for portables.

Mr. Tanguay asked the \$461,043.

Alderman Hirschmann answered yes.

Mr. Tanguay stated that would be lease purchase.

Alderman Hirschmann asked you are spreading that out over how many years.

Mr. Tanguay answered three years.

Alderman Hirschmann stated I want you to know that Public Building Services sat in the very seat that you are in Saturday going over their budget and they told us that every portable that you put in the School District would cost \$385 per week charged back to your School District. So, if you put on 10, that is \$208,000 approximately in a year. It seems like you are shooting yourselves in the foot.

Mr. Tanguay replied that also includes all of the set-up and site work and it is an average based on our experience from last year. That is an item that we go out to bid for.

Alderman Hirschmann stated I am saying it strictly for the record so that it is on the record and all of the School Board members can hear the implications of putting a portable trailer on a site and all of the money that is going to be wasted cleaning 10 or 20 portable units. I think it is foolish.

Mr. Tanguay replied that is included in our number I believe.

Alderman Hirschmann responded I don't believe it is. I think he has to break that news to you. I think I just stole his thunder.

Mr. Tanguay stated the problem that we have obviously is that without the portables we have a serious capacity problem and no place to house the kids at McLaughlin Middle School. It is not something that we want to do and it also goes to the issue of the NESDEC report and the Mayor is addressing that now. He has a Committee looking into facility needs and it is a serious problem. We don't want portables. We would rather have facilities that can accommodate our students, but at this point we don't have much choice.

Alderman Hirschmann asked did NESDEC say you needed one building to solve the problem or ten buildings.

Mr. Tanguay answered they basically said they basically said that we needed to add a lot of facilities. They said that we could use another middle school and two more elementary schools and a high school for the tuition students.

Alderman Hirschmann asked on your \$6 million salary increase page that you handed out, the BMA budget adjustment number of \$897,684, what exactly is that number.

Mr. Tanguay answered that is the number that the budget was cut by and that we have accommodated in the salary account.

Alderman Hirschmann asked when was that cut. In the year 2000?

Mr. Tanguay answered yes, when the budget was adopted.

Alderman Hirschmann asked so you are putting that in FY01.

Mr. Tanguay answered no. It is in the FY00 budget.

Alderman Hirschmann stated it says net change \$897,000. I don't understand that. Explain that process to us.

Mr. Tanguay replied when the budget is reduced we have a choice to go through and reduce the other line items in the budget.

Alderman Hirschmann asked and you chose not to do that.

Mr. Tanguay answered right. We just put it in the salary account.

Alderman Thibault asked what is the actual tuition of a Manchester child going to school right now.

Mr. Tanguay answered I believe it is about \$5,200.

Alderman Thibault asked what does the State pay us for out of town kids coming into our School District.

Mr. Tanguay answered the State doesn't pay us anything.

Alderman Thibault asked but the towns do right and the State sets an average don't they.

Mr. Tanguay answered the State uses the number that we submit to them based on the MS report, which is the year end expenditures.

Mayor Baines stated it is based upon the cost that it takes to educate high school students.

Alderman Thibault replied well he just told me it is \$5,200.

Mr. Tanguay stated we have projected in next year's budget the amount of \$5,787.

Alderman Thibault asked what do you expect from the towns for the out of town kids.

Mr. Tanguay answered that is the amount.

Alderman Thibault asked wasn't the State taking an average of all of the towns before. Maybe that has changed.

Mr. Tanguay answered they compute and actually produce a document that shows the State average by level of elementary, middle and high school and also the average for all grades K-12.

Mayor Baines stated the important point is that those costs will differ. For example, a tuition student going into Concord High School might pay more. It is based upon the cost that we incur to educate our kids. That is what it is based on. It is not based on what it costs to educate a kid in Berlin. It is based on Manchester's costs.

Alderman Thibault asked would Bedford give us \$5,200 per child. Is that what you are telling me?

Mr. Tanguay answered yes. They pay our actual cost based on the contract that we have.

Alderman Clancy stated next year you have a projection of 280 new children. My concern is Beech Street School. Some of the classes this year had 30-35 kids in them. I would like to get those classes down to 20-22 children. I would like to see that happy.

Ms. Hamblett asked you would like to see the numbers the numbers down.

Alderman Clancy answered yes I would.

Ms. Hamblett replied we all would.

Alderman Clancy stated well I don't want anymore portable classrooms down there, I will tell you that right now.

Ms. Hamblett asked you are talking about which schools.

Alderman Clancy answered Beech Street School and Wilson.

Ms. Hamblett replied right now we are exploring accommodating more Wilson students at the Easter Seals site so we will have to see how that plays out. I am concerned about Wilson School. We all are. As you know, this past year we had to relocate our kindergarten over at the Easter Seal site and that has actually been a very nice annex. It has worked out very successfully.

Mayor Baines stated as a point of clarification, if you are going to get the numbers down you have to add more teachers and you have to have more classrooms. So, if you are out of classrooms, the only thing you can do is put a portable. Just so the record shows that if you want to do that, it is more teachers and more classrooms.

Alderman Clancy replied but some of the classrooms at Chandler School are probably 10' x 12', which is the old Easter Seal building.

Mayor Baines stated the numbers are very low at Chandler though.

Alderman Clancy replied I know but the room size, your Honor, is like as big as my kitchen.

Mayor Baines stated I have been in that building with the students and the classrooms aren't all that small, but some are.

Ms. Burkush replied some of the classrooms have 12 students. That is the maximum that we can have based upon the special education approval so the classroom sizes don't have to be as large as the typical classroom.

Alderman Levasseur stated the old adage was there were two good reasons to be a teacher in the city of Manchester, July and August, but now it seems to me based on your comment that we are having a tough time getting teachers to work in this City because of salaries...I pulled these numbers out and out of the 1,150 teachers in the City, 980 make over \$30,000 and on that number it is interesting to note that 752 of those people make over \$40,000 and 540 of those teachers make over \$45,000 and 96 of those teachers make over \$50,000. That is based on 184-day work year compared to the rest of society that works a minimum of 250 and we are not including our benefit package, which seems to be very, very handsome. So, I would like to ask you how many teachers have quit in the last year since there seems to be such a hard time getting these teachers.

Mr. Tanguay replied we have had 15 retirees this year.

Alderman Levasseur responded retirees, not people who quit.

Mr. Tanguay stated we had some that quit throughout the year and I replaced them. The total so far is 25. Last year we had about 33 that retired. The problem I have and you are absolutely right that we have a seasoned staff and a staff at the top of their pay grades, which at Step 14 is \$50,837. The problem we are having is hiring new teachers at Step 1, which is \$25,368. That is where the problem is

created and also the fact that there is a teacher shortage but you are absolutely right.

Alderman Levasseur stated we are doing a good job with our teachers. You made the comment that we have salary problems but it doesn't seem from these numbers that I pulled out...I mean there are only 200 below \$30,000 and you do have to remember that this is 184-day work year and a very handsome benefits package. My question for you is out of the 1,150 teachers that we have, using that number and I see that if we add another 30 we will have 1,180, I base that on 17,000 students and that comes out to 14.75 students per teacher. Why is it that we keep hearing there are 30 and 35 students per teacher?

Mr. Tanguay replied let us explain that. I will ask Tom Brennan to begin and then Cathy can talk afterwards.

Mr. Brennan stated I will try to explain. You really can't just take the number and divide it by X or Y because you look at the number of classes that we offer, you look at the high school level, you have some classes because of the number of students and the stations you may have as few as 15 students in the classroom or you may have as many as 25 depending on labs. When you look through the entire...as it breaks out in the course offerings we have, we have fewer students in those classes. That, in part, takes care of the one for one sort of division. You just can't do that. At the elementary level we are running into a similar situation. When we look at McLaughlin for instance, those numbers if you were to take 120 students and you had four teachers you would have slightly over 25, but if you have 140 students and four teachers that number goes up and that is how it is done.

Alderman Levasseur responded well the disparity has to be somewhere because obviously some teachers are going to be with 35 and some are going to be with smaller classes but where is the disparity.

Mr. Brennan stated special education. They are part of our teacher pool.

Alderman Levasseur asked so the special ed teachers are included. What does EAS stand for? Aren't those educational assistants? I didn't include that number in with the teachers. You have 171 educational assistants also that are helping the teachers with the handicapped students and you also have 205 tutors that are also helping the teachers, correct so there must be a disparity somewhere. Is it in the middle schools, the high schools or in the 1-6 grades?

Mr. Brennan answered I don't think there is a disparity. I am just hesitating here because I am trying to think of how to explain it to you in terms of when you take the number of teachers and the number of kids and the number of services offered within those schools that is where you start seeing those lower numbers. If you have 400 students in the school and you have an EH class, which only has six students but you still have to have one teacher, probably two aides and maybe a tutor so in that situation where you may have only six or eight students, you may have four faculty members or four teachers and that is how it breaks out but that is across the board throughout our district.

Alderman Levasseur stated you have made cuts in these last couple of months and most of them, I think, have had to be tutors. Is that correct? You have made these cuts and now you don't plan on keeping those cuts past this year's budget I presume.

Mr. Tanguay replied I hope to keep the cuts throughout this year. As a matter of fact, we have a Committee set-up in the District with two Board members and some District staff to look at all special ed and ESL cost to focus on cost containment. It is causing us major concerns because it impacts the other side of the budget. At this point, it is almost at the point where it is going to start impacting the classroom teachers that we have. That is why we have 25 teachers that need to be replaced. Quite frankly, we need to make sure there is a balance. For every three tutors we hire, we may have to look at a classroom teacher but we are in that position now where we have to keep balancing it.

Alderman Levasseur asked now the 25 that you say you are going to replace, you have a request in here for 30 new ones for McLaughlin School. Do you need 25 on top of that 30?

Mr. Tanguay answered replacement teachers, yes.

Alderman Levasseur asked replacements for the ones that are already budgeted.

Mr. Tanguay answered that is correct.

Alderman Gatsas stated maybe you can help me with the portable classrooms. The figure of \$461,033 is for how many portable classrooms and over what term.

Mr. Tanguay replied I believe it is three years and it is for seven portables or 14 classrooms.

Alderman Gatsas asked are those portables the same size that are at Hillside and Southside.

Mr. Tanguay answered we believe they will be, but we have not gone out to bid yet.

Alderman Gatsas asked so the total you are showing is \$461,033 a year on the lease.

Mr. Tanguay answered that is for the portable set-up and site work based on an average cost that we experienced this past year.

Mayor Baines stated his question is, is it a per year cost.

Mr. Tanguay replied no. It is a three-year cost.

Mr. Cook stated the first year is the most expensive because the first year is the year in which you have to have set-up and equipment. Then, the ongoing cost for the last two years of the lease purchase is a lower number.

Alderman Gatsas stated the lease purchase that I remember we had quite a lengthy discussion about was like around \$620,000 and correct me if I am wrong.

Mr. Cook replied no. The number that it would have cost to buy them was \$660,000. The number that had been in our budget proposal and I don't want to revisit that discussion obviously, but the number for the lease purchase was lower but it wasn't just a third because in fact in the first year number for the middle schools was the set-up and equipment. The \$600,000+ number...

Alderman Gatsas interjected let's just use some numbers as hypotheticals. Let's say it was \$620,000 and \$460,000. \$620,000 was for eight and \$460,000 is for five. It doesn't calculate.

Mr. Mahoney stated the \$660,000, I believe, was for acquisition in that year. What is being proposed in the \$460,000 number is a lease purchase, as well as site preparation, furniture and equipment for the first year cost. So, the \$460,000, a portion of that would be attributed to the lease purchase agreement. What we paid this year for a lease purchase agreement was about \$280,000.

Alderman Gatsas asked did that start the lease from September when you received them or from December or January when it was approved. There was an extra \$60,000 in floating money there because of the six months that we were into so it was either \$280,000 or \$220,000. \$220,000 sounds like a right number. \$280,000

might have been the figure over and above that for the six months that we had it and didn't pay somebody. I think \$220,000 is the number.

Mr. Mahoney answered I believe you are right, Mr. Gatsas, and the \$220,000 payment was the payment that was made about a week after the Board approved it.

Alderman Gatsas asked so assuming that number because we can only say that is correct based on eight...would you agree to that so if I took \$220,000 and divided it by 8 and multiplied that times 7 it comes out to \$191,000. \$220,000 divided by 8 is \$27,500 and \$27,500 times 7 is going to be about \$197,000 or \$195,000.

Mr. Mahoney answered that is right.

Alderman Gatsas asked so where do we get \$460,000.

Mr. Mahoney answered site preparation work and equipment, furniture and fixtures. In order to do the portables at Hillside/Southside, we spent about \$275,000 exclusive of the lease cost in order to provide for the fixtures, site preparation and things like that. In the difference between the \$192,000 and the \$460,000, that would accommodate an estimate for that type of work.

Alderman Gatsas asked why would you show that here and didn't show it in the lease purchase side for the eight that you had at Hillside and Southside.

Mr. Mahoney asked in other words break out the lease portion from the...

Alderman Gatsas interjected we were looking at one number as a total. You are showing us one number as a total here and they are not the same.

Mr. Mahoney stated I am showing you under special projects the total cost, the total first year cost for those portable classrooms.

Alderman Gatsas asked what was the total portable cost of the eight portables that you have at the other two schools.

Mr. Mahoney answered it was the site work, it was the equipment, it was the electrical, desks, and those types of things.

Alderman Gatsas asked where is that number. While you are looking for that number, maybe I can address another question to people who gave us some enrollment figures. I am looking at enrollment figures in just the elementary schools dated March 20, 2000. I have looked through grades kindergarten through five. I believe there is either three or four classrooms that show...two of them are

at Weston with 32 kids and I believe that is in grade 4 and there is another one with 30 kids at Hallsville in grade 5.

Ms. Hamblett asked Weston Elementary School in the fourth grade.

Alderman Gatsas answered yes, that is what I am looking at.

Ms. Hamblett stated we have a Title VIB teacher that floats between those two 30 rooms so we have three teachers assigned to those two rooms of 32 students each.

Alderman Gatsas replied what I heard was that there were classrooms where the average was like 30 children.

Ms. Hamblett responded at the start of this school year at Wilson we did have some overcrowding of students and also at McDonough so we did hire and move some of the Title VIB teachers into those classes.

Alderman Gatsas asked would you say looking at this and I certainly haven't done the math, but it wouldn't take long to do it, I would say that the average throughout the City in kindergarten through, well let's eliminate kindergarten because that is not fair, grades 1-5, is less than 25 students a class.

Ms. Hamblett answered most of that is in grades 1, 2 and 3 because of the Title VIB teachers helping to reduce the class size.

Alderman Gatsas stated I know, but we certainly shouldn't send out a message that classrooms are at 30.

Ms. Hamblett replied I haven't, Sir, and I don't know anyone in the School District that has. We are very proud of the fact that since we have been here, I am in my third year, that we have...

Alderman Gatsas interjected so what you are saying is that a classroom with 20 children in it is crowded.

Ms. Hamblett replied no I am not. Are you talking about our comment about schools like Weston that are overcrowded? A lot of that has to do with capacity. At Green Acres we have kids meeting in hallways and specialists in the nurse's office as an example. We have overcrowding. It is not just classrooms.

Alderman Gatsas stated I can appreciate that but do you think that maybe instead of meeting in hallways if you took the classroom size from 17 to 25 do you think that might eliminate the thought of kids being in hallways. That is an awful thought.

Ms. Hamblett replied we could, Sir, but actually we are affected with the lower class size particularly in the younger grades, grades 1, 2 and 3 and that is precisely why the government is funding the Title VIB teachers. The other thing you need to know is the numbers of 17 and 16 that are scattered throughout are sometimes the result of the transience rate where the number in the classroom actually was higher at the start of the year. There are a couple of classrooms that might have had a higher registration in the beginning of the year but throughout the year we lose a number of students and then you get these uneven class sizes. So, while we are trying to reduce to say between 18 and 21 in grades 1, 2 and 3, at times that fluctuates because of students moving in and out. We don't balance that afterwards. We don't eliminate a teacher and make the children move into another class to raise the other class size. It is a question of the transience rate.

Alderman Gatsas asked did anybody find that number for me.

Mr. Mahoney answered essentially we had to absorb a lot of those costs in the various line items like repairs and maintenance, furniture and equipment in order to meet those costs. We tried to identify those on the special projects line and that is why we budgeted them this year in one spot.

Alderman Gatsas stated on page 27, under Administration, the actual number for FY99 is \$646,098. Do you agree that at that time you only had 19 FTE's earning that amount of money?

Mr. Tanguay replied yes I would agree with that without verification of back-up information.

Alderman Gatsas stated I can only go by what you had for actuals.

Mr. Mahoney replied I actually took a look at that and found that there were employees that were hired in that year for part of the year so it understates the annualized costs of the 19 employees, but it does represent the actual cost that was paid in that fiscal year.

Alderman Gatsas asked so what you are saying is it could be 22 employees, but the cost is accurate.

Mr. Mahoney answered what I am saying is the cost is accurate and the number of employees at maximum capacity would represent 19, but if the 19 employees worked from July 1 until June 30 the number would be much higher than \$656,000. It would be about \$744,000.

Alderman Gatsas stated if you look at the number based on FY01...let's use some quick arithmetic and say 19 into that \$656,000 is \$34,500 per employee. If I take 25 employees and multiply it times that same average, I am going to come out to somewhere around \$800,000. That is somewhere in the vicinity, assuming that those 25 are going to work and if I take your \$744,000 that you gave me that is \$39,000. If I take that \$39,157 because I want to make sure that we do it for a complete year do you agree with that so if I multiply that times the 25 employees I am coming out to \$978,000. If I subtract \$1,230,516 from that number it is about \$251,000 difference.

Mr. Mahoney replied your math is correct, certainly. One of the things, perhaps we need to take into consideration is the 1999 numbers are, in fact, the pay scale that was paid in 1999. Perhaps we ought to factor in some wage adjustment, maybe 3%.

Alderman Gatsas responded I think that is a great number for you to tell me because I think if we go back and we take the FY99 number of \$41,505,000 that the rest of the teachers earned and I compare that to the number of FY01, that is about a 14% increase if I run it across. Do you agree with that? If I take \$41,505,000 times 14% it is going to run me to about \$47,460,000.

Mayor Baines stated it is over a two-year period.

Alderman Gatsas replied I am looking at a two-year period but I only have actual for FY99. Budgeted numbers for FY00 aren't current so I can't go by that.

Mr. Mahoney stated may I refer to the handout I did on the staffing analysis.

Alderman Gatsas replied can we just address...this doesn't answer it.

Mr. Mahoney responded basically there was an adjustment that was made to about eight positions in Administration that were made, I am told, to adjust them to current comparable positions. That would require an adjustment in excess of 3% a year and the total amount was about \$57,000 over and above what one would typically consider a 3% increase.

Alderman Gatsas stated you told me that the number for \$656,098 should be roughly \$744,000 which would accommodate for that 3% plus the people going out that might have been hired in that year if I took them to a current full year. If I use that \$744,000 number that you were so kind to help me with and used 14% on top of that one, that number brings me to \$848,000. Now I would assume that \$848,000 less the \$1,230,000 is about \$378,000 or \$382,356. If I am just using the numbers that say the teachers over a two year period had a 14% increase in gross wages and I think if you follow that through the 14% increase and nobody has gone there yet so I am going to take you right there, the 14% increase includes an additional 100 teachers from the 1,042 to 1,150. It is actually 108 teachers and that incorporates that wage increase. A 14% increase of full-time employees at 19, I believe, takes us to somewhere around 22 or 23. So we had a bigger increase in the number of employees and a drastic increase in wages for Administration.

Mr. Mahoney stated your math is correct.

Alderman Gatsas stated I guess we just gave out awfully big raises in Administration.

Mr. Tanguay replied no, the raises in Administration had to do with the directors and coordinators that had not received a pay increase I believe when I arrived in nine years.

Alderman Gatsas responded I just made a statement. There has to be, at that point, an awful big jump in wages in Administration. Now for, as Regis would say, the million-dollar question and you have no lifelines. You are proposing \$112 million budget. Nowhere during this discussion for the last two and a half hours has anybody talked about the Mayor's \$108 million and what that would do to you. I know that you are probably looking at us like we all have white beards and red suits on, but there are only three or four of us that might be able to fill that suit.

Mr. Cook stated let me talk about the process because we did anticipate this question. Nowhere in the Charter is there a provision for us to come and address any budget other than the one that we adopted. As the Superintendent described the process to you before, we adopted a budget that we thought, minimally, did the job of moving ahead with programs that we want. The only budget we have under the Charter to come here and talk to you about because it is the one that we built block by block and item by item, is \$112 million. It has not been lost on any of us because we have had two Finance meetings in the last three weeks to discuss what those components are and what our priorities are under those components, however, it is not up to any one School Board member to write a budget based on a hypothetical number anymore than it is for any one Alderman to write his or her own budget. You do it as a group and we do it as a group. The Charter process

says we bring you a number and we defend our number and we explain our number and this is the number that we believe does what it should do. You have, in your materials that we gave you and I commend the staff and was involved myself for a few hours in helping put these things together too because I think we wanted to tell the story and I am delighted to say that I will be able to explain to Alderman Levasseur afterwards where the number discrepancy is and it comes out right but in any event we believe this is what we need. We set priorities last week at the School Finance meeting on what our priorities are in the School District were we to get less. It has occurred to a couple of us that we may indeed get less, but we aren't in a position to say what we would do with \$110 million or \$109 million or \$108 million because we don't know what we have. All we know is what the components are and when we see what the number is...I mean I went just as an individual with a pencil and a couple of hours time over all of the explanations we had and the priorities that the School Board put together and I couldn't get it under \$109 million to do what we have to do. So, we haven't done \$108 million budget and we certainly are obligated as elected officials under the Charter when we get a number from you to go back and reformulate a budget. One of the frustrations in this budget for us all, I think, is we don't have a line item budget and if we were to say to you tonight well we may do this or we might do that sometime next year one of you would look across his or her glasses and say but you told us in a room on such and such a day that you were going to spend \$285.47 and you spent \$400 so you lied to us. That is not what happens. We manage this budget. We get a bottom line and will have to consider it, but we will have to consider it as a Board and we will have to see what we have. This Board adopted this budget because it believes it did continue to move education along in Manchester and it was responsible. We can only react to what you give us. I would be glad to explain to you in work sessions because we have always had work sessions and I would be glad to examine components of various scenarios. We have all the components. You have all of the components in front of you. You have the building blocks in front of you. It is your responsibility to appropriate and it is our responsibility to administer. We believe collectively that the \$112 million is defensible and appropriate, but it is your job to appropriate and we believe in it, we think it is right and we think it does what had to be done. We are very proud of the accomplishment. We are very proud of smaller class size. We are very proud that we have implemented middle schools appropriately and I think you are too. I am not saying this is an us and them. We have middle schools, especially at Parkside, that now work from a staffing perspective and from a size and facilities perspective. We don't want to change that. We are committed to staffing appropriately. We are committed to having the technology that works so that we can administer this District properly. We think this is what it is going to cost. If you think it is going to cost less and you tell us to spend less, then we are going to have to. That is how the process works but we aren't ready with \$108 million budget.

Alderman Gatsas asked the \$4 million or \$5 million that I see with tuition in-state and tuition out-of-state, can you give me an idea of how many children that is. I am on Page 21.

Ms. Burkush answered right now we have 114 students that are in long-term, out-of-district placements. The rest of the students, which is about 209 as of just the other day and they change daily as students get involved in the court system whether it be through abuse and neglect in foster care so 114 are actual students that are in placements that have been there most of the year.

Alderman Gatsas asked when you say in placements can you help me. Is that tuition within state or tuition out-of-state?

Ms. Burkush answered that is a combination of those. I do have the breakdown.

Mayor Baines asked what is the average cost for placement.

Ms. Burkush asked the one that the District pays for.

Mayor Baines answered yes, out-of-district placement.

Ms. Burkush stated I would say around \$36,000 a year. That is probably an average and you take into account the 402, which is a court ordered placement which we are only mandated to pay \$17,000 for it brings that down.

Alderman Gatsas stated if I take \$4.8 million and divide it by \$36,000 that is about 133. I am just looking at this number as obviously we must be a and you can help me with the verbiage, we send the students out and being the largest City in the State and I am probably going to open a can of worms that I don't want to open but why wouldn't we turn around and look at that as an income source and bring students in that we control that number for so that we can reduce that number and instead of looking at it as an expense item, it should be a revenue item.

Ms. Burkush replied that makes a lot of sense and we have tried to do that.

Mayor Baines stated just for clarification, three years ago when the Deficit Committee was formed that was actually a recommendation of that Committee three years ago. Am I correct?

Mr. Tanguay replied yes.

Mayor Baines asked then why haven't we done it.

Mr. Tanguay answered we haven't had the money and secondly at that point we were looking at the LakeShore facility and that fell through. We are still looking for other facilities so I think we are on the same track as Alderman Gatsas.

Alderman Gatsas asked when you say you didn't have the money, what do you mean you didn't have the money.

Mr. Tanguay answered at that point there was no money in the budget to pursue the LakeShore building. We had, as a matter of fact made an offer on the building and we were outbid so the money was not available. Since that time, we have been looking for more buildings that might serve the same purpose. We have not given up on that idea.

Alderman Gatsas asked has anybody done an analysis on what the total number is of students that are sent from NH outside of the State that if you had a support system here you would receive financial aid or something. Do you see where I am going with that? In other words I would assume that if Nashua had those children instead of sending them to Chelmsford, MA they would in turn send them to Manchester.

Ms. Burkush answered absolutely.

Alderman Gatsas asked so what is that number.

Ms. Burkush answered I don't know what those numbers are of the students sent to Chelmsford, MA to the Lighthouse School. I can tell you that if the Manchester School District started a high school similar to the Tobey School or Brentwood School that we would initially have to put up the money for that because the first year out...this is how our budget is the first year around we will not realize all of that money because student's IEP's for next year are getting written right now.

Alderman Gatsas replied just help me with the number of students so I can use the calculator and multiply \$36,000 times a number so that I see that the \$4.8 million that we are spending if we spent \$10 million to do a school that the revenues would be \$12 or \$15 million.

Ms. Burkush stated we would start with 20 students.

Mayor Baines stated the point is that if you made the investment in that facility it would take a number of years to realize the revenue stream because when the IEP's are written they say Brentwood, they say Tobey, they say Lighthouse, so therefore it would take you...the parents will not if you will sign off on that kind

of a placement until you have an established program that specifically meets the needs of the IEP and everybody must understand through the IEP process that the parent is in the driver's seat. That is the way the laws are set-up. That is the way Federal regulations are set-up, etc. It is not as easy saying we have a school and we are going to start making money. It would take several years. We are not saying it shouldn't be done. People need to know that it would take perhaps 3-5 years.

Ms. Burkush stated the other part is that we don't have any room. Our facilities are so full that if we were to, like this year we would have liked to have started a program for emotionally behaviorally disordered high school students because we don't have any type of program, but there is no place in any of our high schools to put it so we would have the added cost of renting space.

Alderman Gatsas stated I understand that, but when you are talking about \$4.8 million just in the City, that certainly would accommodate a lot of rental and a lot of space.

Ms. Burkush stated I can tell you that one of our students costs \$189,000 a year. Just one of our students at Crotched Mountain and another student is about \$168,000. That is just two students. It is very costly.

Alderman Gatsas stated I think that back when we met awhile ago and we were talking about audited statements and unaudited statements and the Mayor said that this would be like a divorce removing the School from the City and letting everyone do their own thing, I think that we need to take a look at some point at the revenue line from School and the benefit line from School and separate that out and say if you are a District then you should be responsible for your revenues, not something that is being adjusted here. You should be responsible for your own benefits, not something that we are administrating and charging back. It should be a definite, as I said to the Mayor, if it is a divorce, it is a divorce and you don't go over on weekends for sleepovers. It either is or it isn't and that is the way it should be and it should be when we are looking at this number because you give us a number of revenues saying \$52 million that is a number that we are banking on. If, for some reason, the \$52 million doesn't come in and it comes in at \$50 million that is a number that we have to live with and it is nothing that gets charged back. I don't know if that is a fair and equitable deal because if you are at \$54 million I don't think the City turns around and gives you back \$2 million. I think you should be entitled to whatever you call for a revenue count because you are sending out the bills and you are collecting the money and we shouldn't be responsible for that. We also shouldn't be responsible for your benefit side so you should stand alone there and maybe if your experience is better than the City's then you might enjoy some lower rates and you may be able to reduce that benefit

package or if it is worse then you may have to incur some bigger expense, but I think that is really the avenue that we should go down if we are going to do this disaffiliation and do it so that it is absolutely clean and there is a clean break.

Mr. Tanguay stated I totally agree with that.

Mayor Baines stated it is my understanding and I would like Kevin to comment because we have had a lot of discussions about this, on the benefit side that is very clear and very legal that you do. The revenue side is a different story. Am I correct, Mr. Clougherty?

Mr. Clougherty replied I think the way that Alderman Gatsas explained it is true and I think that is Norm's understanding that if the School District has \$100 million budget and offsetting against that is \$50 million if they don't raise that \$50 million the City is still responsible for the difference. That is the legal interpretation so the City does run some risk if the School District is unable to perform on the revenue side. In other districts that are independent, the City's only exposure is the tax portion and not the revenue side so we are a little bit unique here in our situation but that is what the court has ruled and I think we agree on that but there is some exposure for the City in that regard and it may be something that we need to look at.

Mr. Tanguay responded the transition plan, itself, is going to address that. We don't have a problem with doing it the same way other school districts do it to net it out so that the revenues go to schools and whatever that number comes out to be we live with so it would be a net assessment at that point I think is where you are leading and we would be perfectly find with that. I would have to check with the School Board though.

Alderman Shea asked, Norm, when you allocate for special funds for children that have disabilities, etc., how much do you actually allocate and then overspend. In other words, like Karen indicated there are two children that are upwards of \$300,000 so do you usually have an overrun as far as special education is concerned in spite of the fact that you may allocate \$2 million.

Mr. Tanguay answered this year's budget accommodates for that so there should be no overrun, but in the past we have experienced overruns in special education.

Alderman Shea asked and you get 7% or 9% back from the Federal government.

Mr. Tanguay answered it is more like 14% or 16%. It is 13% and it should be more like 40%.

Alderman Shea stated another point that I want to raise and it has nothing to do with that but the wheel that squeaks gets greased and I have nothing against alternative schools, but as you know we do neglect a certain part of our school population and it seems that every year we talk about programs for the gifted and talented but we really don't do much about it and I would be remiss if I didn't indicate to you that I think it is a very essential part of a school program. I also want to tell you that I have a granddaughter that goes to Jewett Street School and I have met her teacher and she is very conscientious. If all City workers worked as conscientiously as that particular teacher we would be in great shape as a community. She is an excellent teacher. In defense of teachers, they may work 184 days a year but they certainly work 12, 14 or 16 hours during those days and they do work a little bit more.

Mr. Tanguay stated SchoolMatch identified our teaching staff as quality staff and excellent teachers and certainly worth the money that we are paying them.

Alderman Wihby asked the \$2,700,000 was that one of the requests that Alderman O'Neil had asked for you to come back with. I know that Alderman O'Neil had asked for some information to come back to us. Can you explain to us what the \$2.7 million is in salary adjustment?

Mr. Tanguay answered I believe the explanation is that it is an amount available for negotiations.

Alderman Wihby asked for how many.

Mr. Tanguay answered for teachers and principals whose contracts are being negotiated now and also for directors and coordinators who are not contracted people but that is all included in that one number.

Mayor Baines stated I am thinking of the City side and wouldn't that also include if people leave early or retire early and things of that nature. We use it on the City side, right Mr. Hobson? It might include things like that, right, just not all negotiations.

Mr. Tanguay replied it is all negotiations. It is a salary adjustment.

Alderman Wihby asked just for increases for teachers.

Mr. Tanguay answered it could be used for a number of things but right now that is how we intend to use it.

Alderman Wihby asked just for teachers.

Mr. Tanguay answered no for principals as well and directors and coordinators.

Mayor Baines stated if a teacher retires mid-year and there are certain benefits that accrue because of retirement, where does that money come from.

Mr. Tanguay replied that is in a severance account. It is a separate line item.

Mayor Baines asked it is separate under severance.

Mr. Tanguay answered yes.

Mr. Hobson stated the School District under their 110 salary item has a severance line item itself.

Alderman Wihby stated two years ago or whenever we were building the McLaughlin School I remember Alderman O'Neil screaming and hollering in here one day about how we don't plan for the future and that we wanted to make sure that we made this school bigger than what had been planned. Didn't we do that or we didn't do that?

Alderman O'Neil stated that was Parkside.

Alderman Wihby stated okay so we messed up on McLaughlin. Mr. Cook's comment about we are going to take the number you give us and go back and deal with it, I have had a lot of calls from people telling me that we are going to eliminate buses and we are going to have different starting times and we are going to eliminate athletics and have overcrowding and all this other stuff. Any rumor that is out there is out there. Where are they getting this from if, in fact, you haven't made any plans on what is going to happen if the Mayor's budget is going to go through?

Mr. Cook replied well either you have been copied on a lot of the letters that I have gotten or I have been copied on a lot of the letters that you have gotten because I have seen your name on a lot of them. We had work sessions...our meetings are in public and we went over all of the various option scenarios that could happen at various levels. The disadvantage of doing that is people take whatever you say as it is going to happen instead of it is one of the things that might happen. We have made no decisions based on any scenario because we don't have a scenario. You can either not plan and not discuss and talk in code and you can do it in secret, which we are not allowed to do or you can talk about

what all of the various alternatives and possibilities are. We know that some things are true. Central High School is going to have X number of students at it next year and it is not going to have enough room to accommodate them so we are going to have to do something about it so we looked at several different options. Mr. Brennan knows these options so well he talks about them in his sleep. You either start one group earlier and have another stay later which is called staggered sessions or you find more space to put them in or you redistrict so that some people who go to Central now aren't going to go to Central anymore. Take any one of those options, feed it to a certain segment of the population and it becomes an athema and because it is the thing that people are worried about the most it also becomes fact. Well, we went over all kinds of options and we are going to have to go over all kinds of options. I have had the same parent call me four times objecting to four different things. I finally said to her, okay, you be on the School Board; which things should you eliminate. She said well none of them. I said good, go May 1 at 6:30 PM at Memorial High School. That is the problem we have. If we don't get what we built into this budget, something has got to give and it is going to be one thing or another. There are rumors, yes. We have heard them all, but we haven't made any decisions on what is going to happen. We have talked about the options and we have talked about the priorities. I am sorry that people think something might happen if we don't get the budget we proposed, but you know what, something is going to happen if we don't get the budget we proposed.

Alderman Wihby asked so you had a priority of items that you went down and said okay if we are short...

Mr. Cook interjected we had areas that we agreed to prioritize. We thought appropriate staffing so we kept the quality that we have been able to develop in the elementary schools and the middle schools and expanded it to McLaughlin. We think technology in the District is important. We know that we have some things we have to do by law and Alderman Gatsas expressed not only a lot of the ideas that we have talked about, but a lot of the frustrations that we have because nobody wants to pit us against special education kids but those costs eat up huge amounts of stuff. I can show you how the mandated things and one or two things eat up the entire number if we have \$108 million. The entire number and we have done nothing. We have talked about what our general priorities are. We haven't set it into programs and the Administration hasn't gone back and come up with a specific plan because we don't know what it is going to be yet.

Alderman Wihby asked so you don't know if you had a cut of \$500,000 from the \$112 million what you would cut.

Mr. Cook answered that is correct.

Alderman Wihby asked you have talked about what it would be or you haven't even talked about it.

Mr. Cook answered we have talked about what our priorities are and what we want to keep. We haven't talked about specific things with dollar signs attached that we are going to cut.

Alderman Wihby asked if you had \$500,000 less at this point, the School Board hasn't decided what they would cut first.

Mr. Cook answered that is correct.

Alderman Wihby stated so all of this rumor out there on what is going to be done... a couple of the people who called me actually had spoken to a School Board member and that School Board member told them that one of the top priorities was athletics.

Mr. Cook stated the rumor I heard and I don't want to debate back and forth rumors but the rumor that I heard that was in several of those letters was all freshman athletics except football were going to be cut. I don't believe that anybody has ever had that discussion.

Alderman Wihby stated you might have discussed it except it is not on a priority list and you haven't decided.

Mr. Cook responded we have not made any decisions.

Alderman Wihby asked to go back as far as the budget process goes, the Board is going to do what. We are going to vote down the \$112 million or what? We are going May 1 to a meeting and after May 1 and before what time do we have to vote the number in or out?

Mayor Baines replied by the second Tuesday in June.

Alderman Wihby asked so we don't have to decide until the second Tuesday in June what number we are going to give the School Board.

Mayor Baines answered that is correct.

Alderman Wihby asked at that point that is the number that you go back with and work. There are no more meetings?

Mr. Cook answered if it is like what it has been in the past and I don't know what Mayor Baines has in mind for this process but after the presentation to the Board of Mayor and Aldermen of the budget in the past and before...on May 1 you have a public hearing and you hear from the people on every budget you have and between that point and the second Tuesday in June, in the last couple of years at least, a working group from the School Administration and the Mayor's budget team have gotten together and talked about all sorts of various scenarios, tested numbers, explored things, said what would you do with this and what would you do with that and from that came the final result. I did not mean to suggest to you that we didn't want to sit down with you and keep explaining what various options are and answer your questions. Of course, we would be delighted to do that and the School Board and the Finance Committee of the School Board will continue to analyze and adjust and talk about. We didn't spend six hours in the last two weeks talking about what all the options were so that we didn't have as good an understanding of our budget so that we could be in a position to make decisions.

Alderman Wihby stated I know what happened in the past, but it sounded like we are not going to know from you what \$108 million is going to do. Are we going to know that before we have to vote?

Mr. Cook replied it is up to the Mayor to guide the budget process.

Mayor Baines responded hold on here. I have done my budget. It is now the Aldermen's. The process that was established is very, very clear in the Charter. It is now the Aldermen's budget and that is the process that goes forward. We can talk internally about how we want to get that, but to be quite frank with you it is my expectation that you will eventually make some decisions about what \$108 million represents and also that people clearly understand that the \$112 million if we use the 28 cents, that is an additional \$1.12 on the tax rate. So the issue becomes what is the community and what do we feel the community is willing to absorb in terms of a tax increase? \$2, \$3, \$4, \$5 per thousand. That is what we are talking about here. If you go up \$4 million here and then we raise on the City side up to the budgets that all of the different departments across the City want.

Mr. Cook stated I would suggest that for you not to be a participant in this process and for you to say I have thrown my budget in the room you guys like a bunch of dogs go attack it would not be right.

Alderman Gatsas replied I don't think he said that.

Mayor Baines stated I didn't say that.

Alderman Gatsas stated in his defense, I think what he is asking for is he has given a budget that he believes in of \$108 million and you folks have come to us with \$112 million and I believe where Alderman Wihby is going is that once that meeting on May 1 happens are we going to continue dialogue that says I don't think we are going to \$112 million, we may only go to \$108 million, you tell us what that is effectively going to look like and then we should be able to make a decision from there. If you are not telling us what \$108 million looks like, then obviously we have nothing in our court so I think the Mayor has done his job and he has now put it on these two Boards and it shouldn't be School and Aldermen, it should be the City and what is in the best interest of the taxpayers of this City and for the kids of this City. I think we should be working hand in hand.

Mr. Cook replied I want to respond that that is what I thought I said before. I think and I don't speak for the School Board, but I think the School Board's intent is to keep working to come up with the best, most responsible budget we can with all of us working together and I am delighted to endorse what you just said.

Alderman Wihby stated I guess and I had asked the other day to the Mayor's Office what \$112 million to \$108 million meant and I was told we are going to know on Monday and that we were going to have something in front of us today that was going to show us what it meant. Now in the past we always did have something. I don't know if everybody believed it or not, but at least we knew what we were going to cut. I expected to have that before we had to decide on a number.

Mr. Tanguay replied you will have it before you have to decide on a number. We will provide that information.

Alderman Vaillancourt stated now that we have talked about a \$2, \$3, or \$5 increase on the tax rate and \$108 million or \$112 million, can I take you back to not one penny increase in the tax rate and what if your budget is \$100,724,000 as it was last year. With the Claremont solution you got an 11% increase last year and you are asking for an 11% increase this year, which is 22% over two years. My question is very simple. Did you perceive the Claremont solution as a way to spend more money for education or as a way to equitably bear the burden of spending money for education? I notice we haven't gotten into that, but it is a philosophical question that needs to be broached at this point. If you saw it as a way to equitably spend the cost around, I suggest that the money that comes back from the State goes towards property tax reduction and not towards 11% increases two years in a row.

Mr. Tanguay answered when we prepared our budget last year the focus was on the middle school implementation. It was presented to the Board of Mayor and Aldermen at that time. Unknown at that time was the effect of the Claremont money. We had no idea. When the Claremont money came through, the question was asked of us are you going back to the Board of Mayor and Aldermen for more money. We said no. We asked for the money that we thought would move the District forward and especially address the middle school implementation, which it did. The Claremont money, in effect, did two things. It gave us the money we needed to do that and it also afforded a tax rate decrease.

Alderman Vaillancourt asked if there had been no Claremont ruling by the Supreme Court, would you have asked for \$100 million last year and \$112 million this year.

Mr. Tanguay answered yes.

Alderman Vaillancourt stated the Police Chief the other day mentioned that the amount in his budget for salaries was 93%. Could you give us the percent of the school budget that is taken up with salaries?

Mr. Tanguay replied we have it on the pie chart. It is between 82% and 85%.

Alderman Vaillancourt stated so it would follow logically as night follows day that if you have to make substantial cuts in the millions of dollar range that you would have to cut money out of the salary lines, correct.

Mr. Tanguay answered yes.

Alderman Vaillancourt stated I noticed that one principal makes almost \$71,000 a year. Is the principal work year also based on 184 days a year?

Mr. Tanguay replied not, it is not.

Alderman Vaillancourt asked how many days.

Mr. Tanguay answered the elementary is 206 and high school is 216.

Alderman Vaillancourt asked but it is not a 52-week year though.

Mr. Tanguay answered no.

Mayor Baines stated I always found it to be, but maybe others don't.

Alderman Vaillancourt asked regarding the principals is their pay based on their longevity like teachers.

Mr. Tanguay answered correct.

Mayor Baines stated excuse me that is not true. The principals are paid based on the salary that is negotiated for principals. That is it. It is not the number of years you stay. There is some longevity pay, which is about what, Tom?

Mr. Brennan replied it is around \$200-\$400. It is really based on credentials.

Mayor Baines stated so if you have a Masters you get paid \$30,000, etc.

Mr. Brennan responded it also depends on which level you work at. Middle, elementary or high school. There is a differential there as well.

Alderman Levasseur stated the Human Resource Director informs me that the average salary for the city side employees for a 250 day work week is \$37,000 while the average salary for the teachers in this City for 184 day work week is \$41,274 but the State, which has 179 employees, their average salary is only \$18,747. Can you explain that discrepancy because it is very large? Almost \$22,000. Not the State...but there is a State grant, what about those employees? 179 that are paid by Federal or State grants.

Mr. Tanguay stated they are also on the same salary schedule as teachers.

Alderman Levasseur stated they are on the same schedule. Did they come in later than the other ones?

Mr. Tanguay replied they qualify under the same salary schedule. They are paid the same as teachers under the negotiated agreement.

Alderman Levasseur stated there is a very large discrepancy between the State and the City ones though.

Mayor Baines asked Human Resources to explain their information.

Mr. Hobson stated what I was asked was what is our average salary for municipal workers and it comes out to be just over \$37,000 a year and our work year is based on 2,080 hours or 52 weeks so I don't know what the other issue is.

Mayor Baines asked is the premise that we are going to end up adding the number of hours the City workers work and the number of hours a teacher works and what...I am a little confused about this. I am just curious about the numbers. What is that other number of \$18,000?

Mr. Hobson answered I don't know. What I was asked was what does a City employee work and what does a City employee make on average and that is what I said.

Alderman Levasseur stated if you look at Page 66, 67 and 68, they are just listing Federal and State grant funded employees and the average salary is \$18,000. I am just pointing that out.

Mayor Baines asked because that is aids and tutors and things like that.

Alderman Levasseur answered they are teachers.

Mayor Baines stated no they are not.

Alderman Levasseur stated well it says teacher next to their name.

Mayor Baines asked can we clarify that please. They are tutors.

Alderman Levasseur stated I am talking from Page 67 on. Do they come under our benefit package or are they under the State benefit package?

Mr. Tanguay replied the same benefit package.

Alderman Levasseur asked so we pay for their benefits.

Mr. Tanguay answered through the grants it is the same benefit package.

Alderman Levasseur asked, Mr. Cook, when the \$112 million was voted on you voted against it and I think your quote was that it was an irresponsible budget. That was at \$112 million. Now it seems like you have really come out and said that \$112 million doesn't sound irresponsible to you anymore. Can you tell me why you made the statement that it was an irresponsible budget and why you voted against it but at the same time you are saying that you want it?

Mr. Cook answered when I come here as the Chairman of the Finance Committee it is to explain the budget that was adopted by the School Board. What I said in the meeting when we did that budget was that it was very contradictory in that the

\$112 million didn't do enough to fulfill the needs for the School District in Manchester and yet I thought it was high because I thought there was a realistic possibility that we might get less.

Alderman Levasseur asked did you have a number in mind.

Mr. Cook answered I have never had a number in mind.

Alderman Hirschmann stated just getting to the crux of the number, whether it is the adopted School District's number, the Mayor's number or a number that any one of us Aldermen would consider, I think that it is your responsibility as a School District and a School Board to go back wherever you go and really give us as much information as you possibly can so that you get the money that you are seeking. I think that you really have to come up with different scenarios and I heard Alderman Vaillancourt come up with \$100.5 million, the existing number scenario and then there was \$108 million and \$112 million. I honestly think that in order for the Aldermen to make intelligent decisions, we have to know what \$103 million represents, \$104 million, \$105 million, \$106 million, \$107 million, \$108 million because I think that there are people on this Board right now that know what \$108 million represents and I don't think they are very supportive of it. I don't consider you a divorced entity like one of my colleagues does. I consider you more of the proverbial teenage daughter that ran off and wanted to move out on her own, have her own life and go and do things and now all of the sudden expenses are starting to come in like the electric bills, the rent bills, the car insurance, chargebacks, and all of that is starting to add up. You can have your allowance, your revenues or whatever.

Mr. Cook replied as we discussed the last time I was here, under no set of understandings of the relationship between the School District and the Aldermen has anyone ever believed that anyone other than this Board is the appropriating body for us. We have to come to you. You appropriate the money. No one has ever suggested anything otherwise.

Alderman Hirschmann responded daddy still writes the check.

Mr. Cook replied I am a little uncomfortable with that analogy.

Alderman Hirschmann stated the Charter, which you wrote Sir, daddy still writes the check.

Mayor Baines replied that is State law.

Alderman Hirschmann stated you wrote the Charter and that is the way it reads.

Mr. Cook stated the members of the Charter Commission, several of whom are here, all agreed with that. Let me just say that we will go back and charge the Administration with coming in with their analysis of what the effect of this budget is at every level and we will glad to sit down with whatever group of you as I said to Alderman Gatsas before and the Mayor. We will sit down with whatever group of you and we will analyze for you what we believe the ramifications are with \$3 million of mandated special education increases in this budget and any kind of increase in pay and additional people and different programs and we will tell you what will happen at different levels of funding so you understand it. We will do that.

Alderman Cashin stated I have sat here for over three hours now and listened to the give and take and it has been great but what I have to say now is probably one of the most difficult things I have ever had to say to the School Board. The City of Manchester cannot afford another \$12 million. I am sorry. We just don't have it. The revenues aren't there. The tax base isn't there. We just can't do it no matter how much we would like to and I don't think that over the years anyone has been more supportive of the School Board then I have been. It just isn't here ladies and gentlemen. I wish it were. I would hope that you working in conjunction with the Board of Aldermen would go back and see what effect the Mayor's budget would have and what you would have to do to live with it and come back and tell us so that we can work in a cooperative manner. If we work together, I am confident that we can work this out but to let you leave here tonight thinking that there is any possibility that you might get \$112 million...there is not a chance I don't think.

Alderman Pariseau stated I would like to go back to the beginning and I guess this is just for information for my purpose. The school population. I guess the figure was 600+ at the Skill Center. Are those permanent students assigned to the Skill Center or is there a duplication of the numbers?

Mr. Brennan stated the majority of those students come from our three other high schools. They spend part of their day there. Most of them are there for two periods a day.

Alderman Pariseau stated so those numbers at the Skill Center, those 686, should that be deducted from the 17,327.

Mr. Brennan replied no Sir because they are counted...they are in attendance.

Alderman Pariseau asked so they are not counted at West, Memorial or Central.

Mr. Brennan answered yes they are and that is why they are not part of...if you look at the way it is presented, it is below the number, the total number.

Alderman Pariseau stated I am on Page 15.

Mr. Brennan stated the enrollment information that was handed out earlier that showed the 600 figure that you were talking about was below the baseline of our total enrollment.

Alderman Pariseau stated so the grand total is 16,802.

Mr. Brennan replied yes, Sir. That is correct.

Alderman Pariseau asked what would it take to covert the Skill Center to an accredited high school and would it relieve some of the pressure at Central if we were to do that.

Mr. Brennan answered we still have, I believe, two more years under our agreement with the State. It was a 20 year agreement that provided the Skill Center or the School of Technology so we would have to wait until that expired, but we have already started discussing the option of making that a 9-12 school and yes it would help, but again when we look at the report we are looking at numbers in excess of 1,500 high school age students over the next five years. It would help, but it wouldn't solve.

Alderman Pariseau asked but it would relieve some of the pressure.

Mr. Brennan answered that is correct, but we can't do it next year. We would be unable to do it next year. Also, it is not simply sending an additional 400 students there. They do not have the core facilities to maintain...a cafeteria would need to be added and a library...

Alderman Pariseau interjected we would have to upgrade.

Mr. Brennan replied yes, Sir.

Alderman Lopez stated I want to ask this one question so that I completely understand the \$2.7 million in salary adjustment. Is that calculated to the 3% and 2% cost of living for Yarger Decker because I understand that most of the School people didn't accept Decker? Is that correct?

Mr. Tanguay replied it is not part of that \$2.7 million.

Alderman Lopez responded it is not in there. It is just a salary adjustment account period.

Mr. Tanguay replied yes. The other area that I wanted to touch on and I only bring this up because people have mentioned it but I understand that if were to or if you were I should say because it would be your authority to do so, you have to give a two year notice for sending the students back to the cities and towns. Before you answer that, Mr. Tanguay, if that was the case could you do that piecemeal or do you have to do the whole ball of wax?

Mayor Baines stated just to clarify, your contracts are all with different towns.

Alderman Lopez replied I understand that and if you did that would the same amount of teachers be needed in the Manchester school system.

Mr. Tanguay responded for clarification, the contract doesn't speak to exiting students. In other words, it doesn't say that they would all go at one time or they would be phased out as each graduating class leaves. That is typically the way it is done. In terms of the teacher cost, there would be a teacher reduction cost across the board, however, to make up \$9 million if they all left tomorrow we would never be able to recoup that \$9 million in cuts in operating costs. Probably half of it maybe. So, there would be a tremendous impact on the City's tax rate.

Alderman Lopez asked where is your greatest impact, Mr. Tanguay. Memorial, Central or West?

Mr. Brennan answered this year it is Central. Over the next three to four years it will be all of them. All three of them will have a significant enrollment increase.

Alderman Lopez stated Mr. Brennan we have discussed this previously and we go back to the charge that they are paying and I just for the life of me cannot understand how we cannot do more chargebacks in the contracts with the towns and cities. It is just beyond me that they are getting away with just a small portion when they do not have a high school.

Mayor Baines replied it is based on a formula that is sent to the State. You have to delineate your exact costs.

Alderman Lopez responded I realize that, your Honor. I am just saying have we challenged that? Have we gone to court?

Mayor Baines asked what would you go to court on.

Alderman Lopez answered more money from these towns period.

Mayor Baines stated the State will only allow you what it will cost to educate a child. That is it. You would have to change State law.

Alderman Lopez replied then we have to change State law.

Mayor Baines stated what you would have to do is get Alderman Vaillancourt to introduce a Bill.

Alderman Lopez replied well let's do that.

Alderman Vaillancourt responded you better have someone else introduce it, your Honor.

Alderman Shea asked the Mayor's budget is \$108,898,525. To make it clear, that does not include any adjustment as far as salaries. In other words, if the teachers get a 3% raise and the administrators get a 3% raise, that is not included.

Mr. Tanguay answered we haven't made a determination as to what it includes. We are going to come back and let you know what kind of impact the \$108 million will have on the schools. We have not made that determination yet.

Alderman Gatsas stated I don't think that anybody should assume for one second that this Board is going to be in total alignment with \$108 million or \$112 million. I think that we are committed to reduce from the budget side from the departments as much as we can and if that means looking at health insurance benefits and worker's compensation, I think that may be an avenue that we all have to sit down and work together on to get whatever rates because when you start looking at 1,600 bodies being insured on your side for somewhere in the vicinity of \$15 million, that is an awful lot of money if you took that out and looked at it in private life. That is a number that is far exceeding what you would see in private life per employee for the benefit side. I don't think it is much different on the Aldermen's side with the departments so I think that is something that we need to work at and we need to work at it really hard to find out why those numbers are there. I am not happy or comfortable with the benefit plan when the City is on the line for dollar one in an insured program that is at 100%. There is no risk for anybody. There is nothing exposed other than the City continually cutting the check. Maybe that is not the best option and we need to sit down and not reinvent the wheel but certainly make a smoother one and eliminate the rough edges. I think this Board has some tough decisions. I believe that your Board has some tough decisions. I don't think that we are here to tell you where to cut, but I think

that everybody needs to sit down and certainly fine tune the pencils and come back with something that everybody is going to be acceptable with. I don't think that \$108 million is something that this Board might swallow. I am not speaking for the other 13 members, but I can tell you that I would take a long hard look at it and if that means taking another look at it and sitting down with whatever committees we need to sit down with for as much time as we have and if that is every night and every day, I have already at this end said that I am willing to do that and I think that everybody on this Board is ready to do that. I hope that your Board members are and I think it should be looked at in every possible avenue.

Alderman Clancy stated, Mr. Tanguay and Mr. Cook, I think that most of the Aldermen tonight came here to hear some scenarios. If we gave you \$108 million and that number doesn't work, we need to know what the cuts would be. I don't think anyone here tonight is going to budge on \$108 million. I suggest that you come back next time and have some scenarios with monies that we are going to give you and what cuts that represents. Thank you.

Alderman Wihby asked could we have the year-to-date numbers sent to us.

Mayor Baines asked do we have the year-to-date numbers.

Alderman Wihby stated I just want them sent to all of the Aldermen.

Alderman Vaillancourt stated I have another question that Alderman Lopez inspired. Maybe we can find another \$700,000 in tuition. If you went from \$8.3 million in 1999 to \$9.6 million in tuition with an 11% increase, if you get another...because you do charge tuition based on what your actual costs are so if you go up another 11% this year shouldn't you go up another \$1.4 million when you have only gone up \$400,000. Can't we add another \$1 million in tuition there.

Mayor Baines replied it is based on the cost of high school.

Alderman Vaillancourt responded that is correct and if you went from \$8.3 million to \$9.7 million last year, shouldn't you go from \$9.7 million to \$11.1 million and not \$10.1 million this year.

Mr. Tanguay replied it is not always consistent. It varies depending on the amount of money that we spend at that level.

Alderman Vaillancourt stated I understand that but it should be more in the ballpark of that correct.

Mr. Tanguay replied keep in mind that we have 100 less students because Litchfield students are leaving. That impacts our budget by maybe \$700,000.

Alderman Vaillancourt asked so you are expecting 100 less tuition students next year.

Mayor Baines stated if you remember, Alderman, we had a temporary agreement with Litchfield.

Alderman Wihby stated I just want to make sure that all of the Aldermen are able to get the year-to-date numbers. Not today, just sent to them.

Mayor Baines asked does anybody have anything else before I make some final comments here. Just so the people have an understanding...I also want to commend the School District for putting together this information. I think it is the most complete information that has been seen on this side representing the Schools in perhaps forever. I think as we look to the future and fine tune this process as well that if the Mayor would have the luxury of having that kind of information before him or her it would be very helpful in developing a budget. Secondly, the Aldermen and the public need to understand that if we were to give every department across the City what they requested, on the City side alone we would be talking a \$5 or \$6 tax increase. The bottom line is that all of us have sympathy for the Schools and Fire and Police and Highway and all of the other departments, but we have a City that does not have a tax base to support some of these things and we all wish that we had it. So, it is our responsibility to sharpen our pencils and figure out how we can continue steady progress in this community without scaring everybody about the loss of all kinds of services. I think we presented some realistic numbers and as I said during my budget address, the facts will tell you at the end whether your number goes up or it goes down. Right now, this Board does not have the information to provide that kind of a scenario for you and we charge you to do that. We also have to be realistic and we have to have the kind of progress that this community can support and I urge you to do whatever you can. We will work with you. I appreciate the dialogue that occurred this evening. I think this is the kind of dialogue that we have to continue to have and I am confident that if we continue working along these lines we will develop a fair budget on both the School side and the City side by that second Tuesday in June.

There being no further business to come before the Committee, on motion of Alderman Pariseau, duly seconded by Alderman Hirschmann, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee