

February 8, 2010

To: Members of the Moultonborough School Board  
Members of the Moultonborough Advisory Budget Committee

From: Laurie Whitley, School Board Personnel Committee Member  
Fox Smith, School Board Personnel Committee Member  
Michael Lancor, Superintendent of Schools

Re: Response to ABC Recommendations on Proposed 2010-2011 Budget

The members of the Advisory Budget Committee (ABC) presented their draft recommendations regarding the proposed 2010-2011 to the School Board during a special meeting held on Tuesday, January 26, 2010. The final version of their recommendations was sent to the School Board and Superintendent of Schools on February 3, 2010.

The nine page Moultonborough 2010-2011 School Budget Recommendations and Comments presented by the Advisory Budget Committee includes numerous immediate short-term and long-term observations and recommendations, as well as a 2010-2011 budget summary.

As was the case in 2009-2010, the School Board will produce a thorough response to all the ABC recommendations. However, this document is being produced in response to those immediate short-term observations and recommendations directly related to concerns raised by the ABC regarding the proposed 2010-2011 budget.

**ABC Concerns:** The following concerns and statements are copied from the ABC Report.

### **1) Salary**

The proposed budget includes an across the board salary increase for all non collective bargaining employees of 1.49% including longevity awards. Given the current economic conditions (the number of Moultonborough's families seeking financial assistance has increased 50 % over the past year) and the fact that New Hampshire's current cost of living is -.7% (Negative) as of the close of the Third quarter 2009; the majority of the committee **does not support** an across the board increase of any amount. We believe this is the **Right Approach** to be taken in these economic times of uncertainty. This position is consistent with recommendations for the Town and Library budgets.

### **2) Co-Curricular**

The Committee believes the amount collectively paid in Co-Curricular Stipends and especially the number of activities covered by Co-Curricular stipends is excessive, especially in light of the policy that these amounts increase the overhead load of all fringe benefits, including but not limited to future retirement benefits. Current Co-Curricular offerings

include stipends for three Unit Leaders in the Elementary School and various Subject Leaders at the Academy. The remainder of the Co-Curricular stipends is provided for extra-curricular student programs (athletics, and student activities conducted both during and after school hours). The committee believes that activities conducted during the normal course of the school day should not be eligible for stipend. The Committee further requests the School Board undertake an in depth analysis of the programs offered and activities conducted both during school hours and after school hours. Any analysis of Co-Curricular activities should be coordinated with the Town Recreation Program to identify and eliminate duplication of efforts. The Town Rec Department offers a robust after school program for the Moultonborough children. The Committee believes both programs should be coordinated and cohesively coupled to insure maximum benefit for the total dollars expended and avoid duplication of effort. The committee strongly recommends a fixed dollar cap placed on the total Co-Curricular Stipend Budget. The total dollar budget for Co-Curricular activities should be indexed in future years by overall student enrollment (increases/decreases).

### **3) Budget Summary**

We believe that the proposed budget for operating expense of \$13, 691,923 is a comprehensive representation of the cost to operate Moultonborough's School District for the 2010-2011 school year. However, the committee **does not support** the inclusion of the across the board pay increases to the non-contractual teaching staff. While the committee understands that the total dollars for the proposed salary increases are not material or significant to the overall budget; given the current employment situation, general overall economy and the reality that many employers are asking employees to take a reduction in pay, the ABC cannot in good conscious support across the board salary increases at this time. ***We consistently recommend (Town, School & Library) that wage rates for the upcoming year should be maintained at the current level.*** We hope the economy will stabilize in 2010 after which annual increases may be supported once again.

### **Response to ABC Concerns:**

#### **1) Salary**

The proposed budget does include an across the board salary increase for all non-collective bargaining employees of 1.49%. This amount is equal to the average salary increase for teachers as per the proposed Collective Bargaining Agreement. Moultonborough School Boards have typically provided salary the same percent increases in salaries for non-bargaining unit employees as those received by teachers.

The ABC indicates in their report that New Hampshire's current cost of living is -.7% (Negative) as of the close of the Third Quarter 2009. That is the correct Northeast Consumer Price Index (CPI) for September 2009. Since September 2009, the Northeast Region CPI was 0.2% for October, 2.0% for November, and 2.8% in December. The 2.8%

CPI for December 2009 indicates that the CPI rose 2.8% over the 12 month period of time from December 2008 to December 2009.

The ABC Report states, “the majority of the committee **does not support** an across the board increase of any amount. We believe this is the **Right Approach** to be taken in these economic times of uncertainty. This position is consistent with recommendations for the Town and Library budgets.”

The proposed 2010-2011 budget is one that has been developed during challenging economic times. As members of the School Board convened their budget subcommittees and met together to develop the proposed budget, all aspects of the budget were carefully reviewed in an effort to produce a budget that is appropriate for current economic conditions. The proposed 2010-2011 budget results in a decrease from 2009-2010 of -\$67,409 or -0.49%. This budget includes all cost items in the proposed Collective Bargaining Agreement, as well as costs related to the 1.49% salary increases for non-bargaining unit employees.

The Town may have 0% across the board salary increases in the 2010 budget, however approximately half of the Town employees are eligible for step increases this year. Step increases for Town employees are given after the employee receives a positive evaluation. It is our understanding that step increases and grade adjustments for town employees are in the 2010 budget. It is also our understanding that the Town is not giving COLA increases to those employees not eligible for a step increase this year.

It is our understanding that the ABC does not consider Town employee step increases to be across the board raises because the employee must receive a positive evaluation before receiving a step increase. While we do not criticize the Town for this approach, it is very important for us to point out that salary increases for non-collective bargaining employees for the School District are not tied to evaluations completed by supervising personnel. Such evaluations are directly related to whether or not employees are offered a Letter of Agreement to continue employment from one year to the next. Evaluations are related to continued employment rather than to salary increases.

## **2) Co-Curricular**

As members of the School Board’s Personnel Committee, we have heard and responded to some of the ABC members concerns regarding the number of co-curricular activities and stipends for advisors. Salaries for co-curricular positions have decreased -\$5,354 in the proposed 2010-2011 budget in comparison to the current 2009-2010 budget. The decrease from \$83,363 in 2009-2010 to \$78,009 in 2010-2011 represents a -6.4%.

In future years, the District will continue to take a look at long-term recommendations made by the ABC regarding co-curricular activities and stipends. However, we again point out that the School Board has been responsive to the ABC’s request to closely examine budget line items for co-curricular activities.

### **3) Budget Summary**

We were pleased to see the ABC state, "We believe that the proposed budget for operating expense of \$13, 691,923 is a comprehensive representation of the cost to operate Moultonborough's School District for the 2010-2011 school year."

However, we take exception to the ABC's position of not supporting "the inclusion of the across the board pay increases to the non-contractual teaching staff." The ABC states in bold print, "***We consistently recommend (Town, School & Library) that wage rates for the upcoming year should be maintained at the current level.***"

Again, this is not the case for the 2010-2011 proposed Town budget. . As stated previously, step increases for Town employees are given after the employee receives a positive evaluation. It is our understanding that step increases and grade adjustments for town employees are in the 2010 budget. The Town is not giving COLA increases to those employees not eligible for a step increase this year, but approximately half of the Town employees are scheduled to receive step increases in 2010. The ABC has apparently come to the determination that the step increases received by Town employees are not across the board increases because the raises are received only after a positive evaluation has been completed.

Again, we do not object to the procedures used by the Town to determine how step increases are granted. However, we disagree with the ABC position that such raises are acceptable in the Town budget, while at the same time unacceptable in the School District budget.

### **Summary Statement**

Based on the information above, we encourage members of the Advisory Budget Committee to reconsider their position not to support the proposed 2010-2011 School District budget. We feel that the proposed budget is one that demonstrates the fiscal constraint required in today's economic climate.