

**Concord Board of Education**  
**Special Board Meeting: FY20 Budget**  
October 28, 2019

**Board members present:** Jennifer Patterson, *President*, Pam Wicks, Jim Richards, Liza Poinier, Chuck Crush, Nancy Kane, Thomas Croteau, Barbara Higgins, Danielle Smith

**Administration:** Donna Palley, *Acting Superintendent*; Jack Dunn, *Business Administrator*

The meeting was called to order by Board President Jennifer Patterson at 5:50 p.m. The purpose of the meeting was to discuss and vote to finalize the FY20 budget.

Business Administrator Jack Dunn summarized the recommended changes to the budget. Changes included a significant reduction in anticipated Medicaid revenue; an increase in Adequacy Aid (to include kindergarten students); a one-time payment from the State of New Hampshire to help mitigate the impact of the new heat and hot water systems necessitated by the closure of Concord Steam; an increase in Deerfield tuition and special education funds; and an increase in the unreserved fund balance as well as funds from the local school assessment. The total increase in revenue was \$1,267,365. Off-setting appropriations of \$1,267,365 were made, including additions to the Superintendent's Contingency and several trust funds, including the Facilities and Renovation Trust Fund and the Vocational Capital Reserve Fund. A reduction was taken in healthcare costs.

Mr. Dunn described the impact of these changes on the local and state tax rate. He noted that the original budget passed on March 27, 2019 with an anticipated increase of 1.79% increase in the local rate and a decrease of .47% in the state rate, for a combined increase of 1.48%. On October 23, city valuation information was received. As a result of an increase in Concord's valuation and the changes to the budget proposed, Mr. Dunn projected that there would be a decrease in the local tax rate of 1.04% and a decrease in the state rate of 4.21%, for a combined tax rate decrease of 1.48%.

Mr. Dunn noted that the tax rate was set by the Department of Revenue, not by the Concord School Board. The information provided at this meeting was the best information available at the time.

Board members noted that, despite the overall tax rate going down, residents could still see an increase in their tax bills due to increases in their homes' market value. Jim Richards noted that residents would see this effect in different ways based on valuations in their particular neighborhoods. He also indicated that it was not known whether increases in Adequacy Aid would extend beyond the current state biennial budget, or what would happen with Medicaid revenue, given the rule changes for the program.

Board members noted that money added to trust funds allows the community to avoid tax spikes. Mr. Dunn indicated that this was especially true in connection with capital

projects. Barb Higgins likened this process to continuing to put a car payment in the bank, even if you have already paid off your car loan. Rather than give money back to taxpayers at this time, the Board would save it to avoid large tax spikes later, to keep the tax rate as level as possible, especially for people with fixed incomes.

Mr. Dunn indicated that, if the proposed FY20 budget was approved, there would be \$7.2 million in the Facilities and Renovation Trust Fund.

He then provided an overview of the changes to the Medicaid reimbursement program. The District learned on August 27, 2019 that new rules were in place. As a result of the changes, Mr. Dunn reduced the anticipated Medicaid revenue by \$1,118,498, leaving \$6,250 in projected revenue.

The new rules now require that a physician, rather than a school-based service provider, review and confirm, for each student, that services within the IEPs or 504 plans are medically necessary. Parent permission for this review must also be gained. Certain services are no longer deemed eligible for reimbursement. Administrators and staff were working to implement this change, with parent letters being mailed in the next few days. The administration hoped to work with its school physician to authorize services.

The state was holding a series of meetings to provide information to stakeholders on these requirements. The next meeting was scheduled for October 29, the second of several meetings to provide guidance to school districts across the state. Robert Belmont, Director of Student Services, planned to attend.

Chuck Crush wondered how the administration would adjust the budget if the District received \$500,000 in reimbursements. Mr. Dunn noted that he would come to the Board in June 2020 to discuss options if additional revenue was received. Mr. Richards noted that even if all students were signed up for the program quickly, billing was, at present, not retroactive to the start of the school year.

Board members indicated their interest in having Mr. Belmont provide input from the School Board to the state officials at the stakeholder meeting.

**The Board voted 9-0 to recommend that Robert Belmont, as representative of Concord School District at the Medicaid stakeholders meetings, express the Board's strong desire for clear guidance to support the implementation of the new rules, that the new rules be written to allow for retroactive billing back to July 1, 2019 for eligible services already provided to District students, and that a school physician be allowed to authorize medically-necessary services. (motioned by Mr. Richards, seconded by Ms. Higgins).**

Mr. Dunn provided history about the addition of the Junior Varsity Hockey program (JV) at Concord High School. He noted that on September 5, 2018, members of the Instructional Committee recommended the addition of the program to the full Board, with the minutes of that meeting indicating that "a budget proposal to fund this program after the first year would need to be made through the regular District budget process." At the full Board meeting on October 1, 2018, the Board voted 8-0 to approve the revenue-

neutral addition of JV for the 2018-2019 school year. Mr. Dunn noted that for the 2018-2019 school year, the program costs exceeded revenue by \$35.65, with 18 players registered (including two who also played on the Varsity team). Funds from the Booster Club, along with student fees, offset the remainder of the costs. Registration for the 2019-2020 hockey season have begun, and a total of 43 students have signed up so far, with 18 anticipated for the JV team.

Ms. Patterson noted that, in the proposed budget, revenue from the Booster Club was not included to offset the costs of the JV program. The Board could make a change to the budget now to include this revenue. Ms. Patterson also noted that there was confusion about whether the intention had been to add JV as a financially neutral program for one year, such that it would have to come into the budget going forward. Board members did not recall discussing this during the budget work sessions in spring 2019.

Pam Wicks recalled that the initial presentation described many students being cut from the boys' Varsity team, with no other local options for these students. There had been fewer girls playing, so the need for a JV program for girls was not seen.

Mr. Croteau noted that he had anticipated that a more formal proposal would come before the Board before the program was adopted beyond the budget-neutral first year plan. He said he was concerned that a precedent was being set for other sports programs that might want to expand.

Mr. Richards indicated that he had been approached by other sports programs that want to expand, including middle school baseball and softball. He suggested that there be a discussion about the JV program in January, before the next budget was discussed.

Mr. Dunn noted that the athletic department's overall budget expenses for line items 630000-680000 was reduced between 2018-2019 to 2019-2020 by \$2,546.

Ms. Patterson noted the importance of balancing what was available for sports through the schools versus the City Parks and Recreation Department. She noted that there had been previous discussions about hockey fees, which were higher than other sports because of the cost of ice time.

Liza Poinier suggested that the Board receive a list of sports teams, costs and fees. She also noted the lack of a 6<sup>th</sup> grade soccer team. She suggested that the Board review the issue in a holistic way, analyzing numbers of students and the funds involved.

Mr. Croteau stated that, if the group that presented at the Instructional Committee was given the impression that this was going to be in the budget going forward, he did not want to renege at this point. He said, however, that care should be taken about setting a precedent for other sports. Ms. Wicks agreed, noting that there may have been confusion, and that the change should not be made now, if students were already signing up. Mr. Richards agreed that the program should be allowed to run. He said that the Board could see how the numbers play out this year, and, as the next budget was discussed, take a hard look at it going forward. Ms. Higgins noted that Concord's was a strong hockey

program, and among Division 1 schools, not having a JV program was a concern. She commented that the Booster Clubs could be very helpful.

Ms. Patterson noted that there could be room to increase the hockey fee going forward. She suggested a presentation on the District's entire athletic program at an Instructional Committee meeting in January, before the Board's budget process would begin. Fees could be discussed at that time, as well as a review of expectations for Booster Clubs.

Ms. Wicks asked whether, if a significant purchase of technology devices was predicted, additional funds would be useful in the Technology Innovation Trust Fund.

Ms. Patterson noted that almost \$2 million was being added to the Facilities and Renovation Trust Fund.

Board members agreed that, given significant market growth in property valuation that would impact taxpayers, there was a need for some relief at this time. The Board could revisit this again in May and June 2020, when there might be an option to put more money into trust funds.

**The Board voted 9-0 by roll call to approve the FY20 budget, as amended, below (motioned by Ms. Higgins, seconded by Mr. Croteau).**

**Move that – the School Board adopt the following changes to the FY20 budget for the purposes of appropriating the additional unreserved fund balance funds, one-time state revenue for the steam-to-gas conversion, and transfer to Trust Funds. This would bring the total budget to \$91,583,448 with a general fund of \$86,135,367 with an amount to be raised in local taxes of \$52,390,627 and \$7,730,534 in state taxes and to amend the budget for fiscal year 2019–2020 as approved on March 27, 2019, inclusive of the following program(s), deposits, and withdrawals to existing funds or expendable trust funds:**

**Deposits**

<b>Vocational Capital Reserve Fund for an amount up to</b>	<b>\$172,804</b>
<b>Facilities and Renovation Trust Fund for an amount up to</b>	<b>\$1,911,609</b>
<b>Food Service Fund for an amount up to</b>	<b>\$50,000</b>
<b>Renovation and Maintenance Trust Fund for an amount up to</b>	<b>\$358,406</b>
<b>Technology Innovation Trust Fund for an amount up to</b>	<b>\$250,000</b>
<b>Special Education Trust Fund for an amount up to</b>	<b>\$362,801</b>

**and also inclusive of the following withdrawals from expendable trust funds to fund appropriations:**

<b>Vocational Capital Reserve for an amount up to</b>	<b>\$110,000;</b>
<b>Instructional Trust for an amount up to</b>	<b>\$100,000;</b>
<b>Special Education Trust Fund for an amount up to</b>	<b>\$383,065</b>

Ms. Poinier asked about the process and timeline for considering additions to the budget before it was developed. Mr. Dunn noted that there would be a Finance Committee meeting in January for this purpose, and that items could also be brought to the Instructional or other committees in December and January. The administration would begin to present the budget to the Board in February.

Ms. Patterson briefly reviewed the proposed calendar of meetings. Student Board representatives and Beaver Meadow School staff with their proposed therapy dog would be in attendance at the November 4 meeting. A motion was made to adjourn.

**The Board voted 9-0 to adjourn (motion by Mr. Crush, seconded by Mr. Croteau).**

The meeting was adjourned at 6:56 p.m.

Respectfully submitted,

Jim Richards, *Secretary*  
Donna Palley, *Recorder*