

Citizens Advisory Committee Meeting
January 8, 2011
7:30am

Meeting Attendees: Tina Helm (Chair, Selectmen), Peter Bianchi (Selectman), Mark Kaplan (Selectman), Jack Harrod, Hardy Hasenfuss, Michael Doheny, Rick Anderson, David Payne, Joe Cardillo, Bob MacMichael, Will Kidder, Ray Ettenborough, Karen Hoglund, Carolyn Lockhart, Phyllis Piotrow, David Dunning, Gary Markoff, Rich Anderson, Howard Hoke

Guests: Kyle Kennedy (KRSD MBC), Kim Giles (KRSD School Board)

Chair Helm called the **MEETING TO ORDER** at 7:30 AM. She noted that Kim Giles, School Board representative, and Kyle Kennedy, Municipal Budget Committee representative, were present to talk about the school budget. CAC member Rich Anderson is also on the MBC and Gary Markoff is also on the School Board.

Ms. Giles said the budget from the previous year is given to the superintendent who takes it to the leadership committee. They give a guideline, such as no more than a 2% increase. Their operating budgets have to come in at that line. They asked for a zero percent increase this year. State mandates were handed down this year and rising health care costs also had to be figured in. Larry LeBoeuf (Business Administrator) and Jerry Frew (Superintendent) do their best to bring an acceptable budget to the budget committee.

Mr. Kennedy said that the budget is presented to the Municipal Budget Committee by the superintendent. The principals present their wish lists and explain what they did to keep to a zero percent increase. Some schools could cut things out and other schools needed to increase their budgets for certain necessities. The driving factor this year is the cost of healthcare, pensions and some other mandated items from the State. The MBC looks at these things that are out of the school's control. Mr. Harrod asked what the difference was between the School Board's budget and the budget being recommended by the MBC. The answer was \$352,000.

Mr. Hasenfuss asked how they come up with their percentage for increase. Ms. Giles said they have tried to keep it at zero the last couple years due to the difficult economic times. They feel that a 1-2% increase is reasonable, but 4% would definitely be too high. They are trying to keep in mind the impact of the budget on the voters.

Mr. Hasenfuss asked if the MBC comes up with their own percentage. Mr. Kennedy said that they try to include in the budget only what is necessary. Mr. Payne asked if the numbers include everything and he wondered about new teacher contracts. Mr. Markoff said that the present year they are in, they have allotted zero for teachers increases. The board and teacher's union have been unable to settle on a contract so they are operating on a flat number. Mr. Payne said that teacher's contracts are usually mentioned as an after-thought and aren't included in the budget.

Mr. Markoff commented that last March he had received a request from Noel Weinstein to run for the School Board. In the process, he has come to understand that everyone on the MBC and the School Board takes their positions very seriously. Upon moving to New London, he often felt frustrated with what was being asked of him at tax time. But he has learned, since being involved on the School Board, that there are some things they have no control over, such as the retirement obligation. The taxpayer is obliged to meet a certain benefit, and if the portfolio falls short, they still have to fund it. In FY 2008 the retirement benefit in the school budget was \$800,000. This year's budget shows that it has increased to \$1.62

million. That is an increase of 102% in four years. If they want a zero overall budget, they have to displace some other part of the system.

Mr. Markoff went on to illustrate the increases between FY 2008 and the present year. Health benefits were \$2.67 million and have risen to \$3.6 million. Teacher's wages were \$10.28 million and have risen to \$11.5 million (a 3.1% increase).

Mr. Kaplan said that mandates from the State are out of their control and are significant. Mr. Bianchi asked what percentage of the \$36 million budget was directly related to teacher expenses. Mr. Markoff said it was 66%. This includes dental, retirement, health care and wages. He added that they have to make an accommodation for outside district special education. In FY 2008 it was \$970,000 and this has risen to \$1.255 million. In addition, there is a transportation component to special education which has risen from \$1.97 million in FY 2008 to \$2.7 million in FY 2011. He hoped that perhaps he could find some solutions on saving money in transportation, but found that the only way to get greater utilization for the busses, and thus less expense, was to stagger the starting times of the schools. He learned that this solution would present itself as a logistical nightmare. While not giving up on this transportation issue, he hasn't found a solution at this time.

Mr. Markoff said that if they start taking the value away from the schools and stop funding what the schools need, it will steer people away from the area. He opined that they need to, in some cases, swallow the expenses and perhaps broaden the tax base to bring more people into town. He commented that the retirement issue is not just local, but nation-wide.

Mr. Cardillo said they are faced with the operating budget and they have to deal with it. He wanted to know if they have the ability to negotiate the entire package with teachers or just salaries. He said that they all know that the social security system is not going to be available to them down the road. He agreed that the strength of the school is the teachers but felt that the teachers' union will not be the ally of the teachers, but the destruction of them. They have to honor their agreements but they need to change the parameters and perhaps offer a 401K plan.

Mr. Cardillo noted that the other problem is that New London is getting a \$1 million bill as a donor town. Mr. Kaplan said the bill has already come in and has a due-date of March 2012. Mr. Cardillo wondered if there was any ability to send a message state-wide that would not hurt the district. They tried hard to keep the middle school in New London but lost it. He said it amazes him what the kids in the district are given and the opportunities there are for them. He felt that people will continue to move here but believed that funding retirement was a problem.

Mr. Cardillo offered that they could save money by closing the Sutton school. Mr. Markoff said that there are 81 kids enrolled at the Sutton school. It was thought that the other elementary schools could take in these kids. They could keep the teachers but not fund their retirement for three years to keep them on. It was noted that this couldn't be done, as the State would come down on them.

Mr. Markoff said there was a buzz in the communities and that the media was picking up on the pension funding problem. He said he ran into Governor Lynch who was wide open to the discussion on all of this change. Beneficiaries don't want to yield, as there is a contract in place. If they do nothing, people will not be able to handle these ever-rising increases. Conversations need to be had with the legislators.

Mr. Cardillo asked if they can negotiate the pensions. Ms. Giles said she hasn't gone through the negotiating part of hiring before. Mr. Kaplan said their pensions are set by the State. The individual contributes through wages and the town contributes as the retirement trustees set the rate. He said that if

they can pay them more per hour and increase what the individuals pay into the pension, the shortfall would be less. Otherwise, when the state says they will not pay, they tell the schools and towns they have to make up more. To the taxpayer, they end up paying double; more to the school and to the state for their employees. He didn't think the School Board and the MBC have a lot of control in the matter. Mr. Kaplan noted that if the teachers had not received an increase, he did not understand. They had a contract signed two years ago. He wondered why they didn't get it in 2009 or 2010. He cautioned that this was a ticking time bomb and that the union wasn't going to let it go.

Ms. Giles said they had a step program for increase. The first year, they got a large increase, the second year a smaller increase, and the third the smallest. They are stuck in the last year of the contract and they have to stay at this point. Until they agree on another contract, will stay on same pay scale they have now.

Mr. Markoff noted the Evergreen Clause legislation that came into play after this contract was established. If there is no successful negotiation, it continues to step while negotiations are proceeding. This contract was put into place before Evergreen was established. Ms. Giles noted that Evergreen is going before legislature for repeal.

Rich Anderson said that he wanted to invite everyone to go to the deliberative session that very morning. The vast majority of the difference in the budgets is due to the new bond being in place for the first year for energy improvements, an increase in retirement costs, and the 10% increase in healthcare costs in the school district. The issue going forward has to do with what new teacher contracts would look like. What will be considered? There will be no contract with teachers this year for the second year now.

Mr. Bianchi asked what changes in the whole process can take place starting at 9 AM today? Mr. Anderson said they tend to hear from the extremes. Whichever side can turn out the larger number of people for their viewpoints generally have success in making changes. He thought it was important that they hear from people who are in the middle range (such as those at the CAC meeting). It is an opportunity for the School Board and the MBC to explain and defend their viewpoints.

Mr. Bianchi said he has been to the meetings, which are very poorly attended. He wondered if 500 people showed up, could they make substantial changes in the budget? Mr. Anderson said that they could. Another budget number could be offered and if it is favored by the majority, this number could be included with the other two budgets in March at voting time.

Ms. Piotrow felt it a mistake to talk about money when talking about education. She said that the United States rates the lowest in English and math scores. The people who go into teaching are in the bottom 1/3 of their college classes. Bright students know that they can earn more money doing something else. If they are continually trying to cut down the amount of money teachers make, no one will want to go into the profession. Retirement pay may seem expensive, but all of their life if teachers are only going to be making five figures, they will need their retirement programs when they are ready to retire. Ms. Piotrow said she has extensive experience in teaching and working for non-profits and has never received a bonus. She opined that they need to do something about pensions and costs, but they keep cutting what teachers get, they will get teachers who are even lower than the 1/3 of the graduating classes. Ms. Piotrow added that it is a good teacher in a school that makes more difference in a child than a great many other amenities of a school. People need to think that if they need to cut benefits, they have to put in additional money to provide incentive so the teachers who influence student's lives and who make a difference in what children learn, need bonuses and to get monetary help. She felt they should strive to get the top part of classes rather than bottom part to teach the children.

Chair Helm challenged Ms. Piotrow to visit the elementary schools, as she does, as there were some incredibly talented teachers there who were making wonderful contributions to the children and to the school.

Mr. Markoff said that Ms. Piotrow moved him with her comments. He said that they suggested paying the teachers for performance but the idea was rejected. Mr. Cardillo said if they paid for performance they would attract better people, but it is the retirement piece that is the problem. If they pay on the front end with 401k it would save money.

Ms. Giles and Mr. Markoff left the meeting to go to the deliberative session. Chair Helm noted the meeting was at 9 AM at the high school and was open to the public.

Ms. Lockhart said she didn't like it when they say they have no control. If school costs are being dictated by someone within the state, they should not sit back and say they have no control. Communities need to band together and demand change. Also, she could remember long and painful deliberative sessions at the high school where people were afraid to leave because things that had already been voted on could change if they did.

Mr. Payne said it would take a lot of time to deal with these issues. He wondered if the Kearsarge School District offered competitive salaries in order to attract better teachers. Mr. Anderson said that their salaries are higher than others in the area. They were slightly better than the median and thought the average teacher earned \$57,000/year. Mr. Kaplan said that years ago the drive to higher salaries was because they had lost a lot of teachers to Hanover, who was paying more. They increased the salaries so people would stay.

Mr. Ettenborough said that everyone sits there and say it all boils down to one thing: the buck. He wanted to know why Ms. Piotrow was talking about more money for teachers. He said he had poor teachers. The better teachers will teach because that is what they want to do. If they are working for the buck, they are not good teachers.

Mr. Doheny said the bottom 1/3 is who is going into teaching. The towns are at the mercy of the teachers' unions and they are not telling them how to teach. The teachers' salaries are low, but \$57,000 is a lot of money when annualized. To say they are not compensating teachers is incorrect; standards are not being met.

Mr. Hasenfuss said that companies have studied the motivations of people and have found that the dollar is the least important in a list of ten items of why people do what they do. Especially for teachers, it is for the love of teaching, not for the money. They shouldn't make it all about the buck. The teachers' union tries to make it about the money because that is all they have control over. He said he talked to some teachers and asked them if it was really about the money. They said it wasn't but they weren't able to talk to the union about this.

Mr. Bianchi said he taught in New London High School in 1965 as well as other schools in the area. All his children are teachers as well. Throwing money at education does not solve the problem. If people want to be good teachers, they will do a good job. Morale is getting bad because the unions are taking over. The people who want to do a good job teaching don't get involved in it. He thinks it has to be more focused on performance. Ms. Piotrow said that taking dollars away from teachers is not going to help either. Mr. Doheny said that they need to demand higher standards. Ms. Piotrow said they need to provide incentives, bonuses and support for those who are doing a good job and who want to be good teachers. Mr. Doheny said they also have to criticize poor performance.

Mr. Cardillo said that maybe this is an opportunity to send a big message that people come here for the quality of life as it is a good area. Paying for performance should be part of the teacher's contracts. There are deadweight teachers and those need to be forced to step up. The union is strangling the whole discussion and he feels it is the contract that needs to be looked at hard to send the message.

Mr. Hoke said that Ms. Lockhart had a good point about not giving up. He asked everyone to contact three other people they know and urge them not to quit. Ask what they can do to participate in the solution because everything that has been said has been great ideas but there were not enough people to bring about the change that needs to be brought about. There were not enough people taking messages to a higher power as a larger group. The public comes into the meetings and the people on the MBC have to take a beating. He cautioned them not to quit and to find a way to participate in the solution. They all want the same thing but there are just not enough people doing it. Ms. Lockhart said that in New Hampshire they have wonderful access to their representatives and legislatures and they need to take advantage of it.

Ms. Piotrow asked if they have the legal capacity to set up a fund or foundation to give an award to an outstanding teacher. Many thought they could. Mr. Doheny gave an example of a town that gives money to teachers for good performance.

Ms. Piotrow shared that she has recently read the book "Shock of Gray" which is about aging societies and how they allocate costs. They can either spend on the older or younger generation. One point was that China is doing so well because they do nothing for their older population and they pay the younger population as little as they can.

Chair Helm said that she has generations of educators in the family; her older daughter went to Dartmouth, Harvard and Middlebury College and has influenced many students over her many years of teaching.

Mr. Bianchi said that it used to be easy to get a teaching job but now that times are hard, it is much more difficult. More experienced teachers are being laid off who are out looking for teaching jobs. Chair Helm said there is an altruistic sense in teaching that the younger generation is coming to understand.

Ms. Hoglund asked if they are still offering new teachers tenure. It was noted that they were.

Mr. Payne said that they need to make sure their median salaries are above the median because they want to make sure the better teachers get paid competitively. Ms. Hoglund said there are other ways schools could attract teachers; not just with money. She wondered if Hanover has better teachers. Chair Helm said that is why there is a big move towards charter schools, as teachers are free to create a rich learning experience for their students. Ms. Piotrow said the teachers in Hanover are paid more because parents in Hanover demand it.

Rick Anderson said they are intermingling the quality of teaching and who they attract, and what is the cost. In his mind it isn't the wages, but the benefits. As a nation and globally, it will change. Social security, pensions, etc. all has to change.

Mr. Bianchi recapped that 66% of \$36 million goes towards salaries and benefits. That leaves \$12 million that is not directly educational costs. Out of that \$12 million they can only find \$300,000 to cut. He noted that he has seen busses going by with not many kids on them, which he felt was a misuse of funds. Mr.

Doheny said that another problem with bussing is that the busses don't carry just elementary or middle or high school kids; they are all grouped together.

Mr. Cardillo said they have a great school district. He sees a lot of parental support and involvement. They say they can't change things, but they have to look at things differently. There are probably more efficient ways of doing things. Different age groups are better able to comprehend things earlier in the day than other age groups. Many districts have staggered starting times for the schools. This could add an efficiency and cost-saving to their budget.

Mr. Dunning said that they say they can't do anything about the union. He wondered whose pocket they were in. Mr. Hoke said that it was the federal legislation that guarantees protection for what they do. Mr. Kaplan said he read in the paper that when an issue came up last spring and they wanted to change something with the retirement for firemen and policemen (they didn't want to allow retirement age to be 45) the union wanted to keep it. It went before the legislature. The head of the union walked into the legislature and crooked his finger. Peter Burling, speaker, came off podium, listened to him and then went back and said that the issue has been decided it was over. It seemed to him that the unions had a lot of influence.

Mr. Hoke said that they are talking about a group of employees. It is, however, illegal for an employer to address employees as a group regarding their employment unless they are members of a union. If they are a part of union, they can ONLY talk to them as a group through the union. The union can have one person can stand in front of a large group of union members and address them as a group but the employer can't gather the same group of people and address them. If they show up at a budget meeting or board meeting, there can be a dialogue, but if a citizen wants to address teachers on behalf of some effort, they can't do it. The teachers would say "if they could put supplies back into the supply fund, they would agree to bring home less money so that they don't have to pay for the supplies themselves." Mr. Hoke said that this was a real situation he was aware of. He also said that there were ways around it. He said "to hell with the law" and he will talk to who he wants to and gather them in his living room if he wants to. If he gets in trouble, so be it.

Mr. Doheny said they sometimes feel it is too hard and it costs too much to make changes. He felt that they need to get over that. Mr. Hoke said money isn't the reason people take their jobs most of the time. He has 17 employees who haven't had a raise since 2006 but they stay because there is something else there that meets their needs.

Ms. Piotrow reiterated that if they take things away from teachers, they will object whether there is a union or not.

Chair Helm said it was 9 AM and they should adjourn. She encouraged them to head to the deliberative session that was just beginning. The next meeting of the CAC would be Feb. 5th at 7:30 AM.

The meeting adjourned at 9:00 AM.

Respectfully Submitted,

Kristy Heath, Recording Secretary
Town of New London