

**CITY COUNCIL WORK SESSION**  
School Department Budget

Tuesday, May 16, 2006 - 6:30 p.m.

Council Chambers

---

City Council Present: Mayor Marchand, Assistant Mayor Ferrini, Councilors Grasso, Dwyer, Raynolds, Pantelakos, Whitehouse, Smith and Hynes

Officials Present: John P. Bohenko, City Manager; Dianna Fogarty, Human Resources Director; Judie Belanger, Finance Director; Dianne Kirby, Deputy City Clerk; Stephen Bartlett, Business Administrator of Schools; Robert Lister, Superintendent of Schools; Stephen Zdravec, Assistant Superintendent of Schools; Kent LaPage, Ann Walker, Nancy Clayburgh, John Lyons, Sheri Ham Garrity, Brendan Ristaino, Mitchell Shuldman, and Carson Smith, School Board members; George Shea, Principal New Franklin Elementary School; Robin Burdick, Principal Little Harbour Elementary School; Jill LeMay, Principal Mary C. Dondero Elementary School; John Stokel, Principal Portsmouth Middle School.

**I. Call to Order**

Assistant Mayor Ferrini called the meeting to order at 6:30 p.m. and turned the meeting over to the City Manager Bohenko for a brief announcement.

**II. Introduction**

City Manager Bohenko stated that he has issued a press release with a storm update. He stated that a hotline has been set up for anyone's assistance. He stated that the Hotline number is 427-1580 and will be manned by Fire Department staff. He stated that all City roads are open and passable and no new major problems have been reported. City Manager Bohenko stated that he has talked to the Governor's office and the Governor has declared a state of emergency. He requested that anyone requiring assistance contact the City Manager's office during regular business hours at 610-7201. He stated that the transfer station has extended the hours on Saturday to accept water-damaged items and debris resulting from the recent heavy rainfall. City Manager Bohenko advised the Council and the public that the Governor has offered Portsmouth assistance from the State and that he has informed the Governor that we have been blessed and offered our assistance to others less fortunate.

Assistant Mayor Ferrini stated that our City employees have performed admirably during this storm.

Assistant Mayor Ferrini introduced Kent LaPage, School Board and turned the meeting over to him for a PowerPoint presentation on the School Board budget.

### III. Presentation School Department

Kent LaPage stated that the School Board has worked extremely hard preparing this proposed budget. He stated that the City of Portsmouth has 8 school sites consisting of 620,000 square feet and 120 acres. He stated the 8 school sites include Little Harbour School; Dondero School, New Franklin School, Portsmouth Middle School, Portsmouth High School, Sherburne School which hosts the PASS program; the Wentworth School, known as Exchange City and Community Campus which houses our PEEP program. He stated that many positions have been cut in the past because of donor town status and he feels that the Portsmouth School system has been without these positions long enough and these position need to be added back into our schools. He listed the need for two business teachers and stated that the State requires, at a minimum, one business teacher. He went on to stated that Portsmouth schools are in need of three Spanish teachers, an Elementary Math and Science Coordinator, a Technology Director, Athletic Director and Drama Director and a program for the deaf.

Stephen Bartlett, Business Administrator of Schools reviewed the General Fund budget Impact Summary stating that the approved FY05-06 budget was \$30,751,492. The chart showed that the amount needed to maintain current programs to be \$1,843,668.00 with \$103,494.00 required to fund other operating increases for a total General Fund Budget for 2006-2007 to be \$32,698,654.00. He further stated that other increases not presented in the School Board budget total \$974,262.00 for a total requested budget for 2006-2007 of \$33,672,916.00 or a 9.50% increase over 2005-2006 budget. He stated that the Portsmouth School System has taken various steps to conserve energy in all the schools through lowering thermostats and reducing lighting during after school hours. Mr. Bartlett reviewed the 2006-2007 General Fund budget expenditures breaking down the requested \$33,672,916.00 budget. He stated that 58% of the requested budget is salaries with 26% benefits. He went on to state that the rest of the \$33,672,916.00 encompasses services (9%), supplies (5%), equipment (1%) and other (1%). On the next chart, 2006-2007 Projected Consolidated Revenues, Mr. Bartlett explained that of the \$42,257,632.00 of projected revenue, 75% comes from the general fund with tuition payments (14%) other local sources (3%), State funding (3%) and Federal funding (5%) making up the total. Continuing, Mr. Bartlett reviewed the 2006-2007 Consolidated Programs Expenditures of \$42,257,632.00 chart listing that 80% comes from the General fund, special revenue funds (11%), capital projects (7%) and food service fund (2%). Mr. Bartlett continued with the Cost Per Pupil per Department of Educational Formula reporting that the pupil cost for the Elementary, Middle/Junior High, and High School totals \$31,404,893.00 using current expenditures less food service revenue, transportation expenditures and supplemental expenditures.

Robert Lister, Superintendent of Schools stated that the cost per pupil is dependent on many factors such as PASS tuition and autistic students. Dr. Lister explained that Portsmouth values student performance by curriculum, instruction, assessment, professional development and community development. He stated that the Portsmouth School Staff highly supports the Follow the Child program. He reported that Portsmouth Schools assessment layout, dropout rate and State testing scores are identifying indicator of the City's success. Nancy Clayburgh, School Board, stated that of the 74 schools under NHEAIP, Portsmouth is rated 7<sup>th</sup>. She went on to explain that out of the top 13 schools, 6 have \$12,000.00 or more in cost per pupil, 7

have salaries higher than Portsmouth and 8 have higher median income. She went on to state that parent donations and PTA fundraisers have raised funds. She discussed the friends' project, which has greatly improved the emotional state of these special needs children.

Dr. Lister stated that the average dropout rate is 3.4% and Portsmouth's dropout rate is 3.35% making Portsmouth the lowest in the State of New Hampshire. He went on to state that the teacher/student ratio for all Portsmouth schools combined is 1:18.06. Dr. Lister reviewed a list of significant legislation that has forced schools to reorganize.

#### **IV. Questions and Discussion**

Councilor Grasso stated that the Portsmouth School system has 15 teachers retiring. She asked if Dr. Lister could move some teachers to the High School. She stated that during the preliminary budget talks, the Council had specifically asked that, as each department prepared their budget, they do not budget for any new programs or staff.

Dr. Lister stated that they have 15 teachers retiring and they will be moving teachers around to fill these positions.

Mayor Marchand stated that he realizes that the Council can not direct the School Department where to use the funds allotted them, but he would like to see a list of cuts that would have minimal effect on their budget.

Councilor Dwyer stated that it is possible to add 10-11 new positions and still reduce the budget by 1.5 million dollars. She stated that if the School Department hires teachers to replace the retiring teachers at lower beginner salaries, the money saved could fund the 10-11 extra teachers. Kent LaPage stated that there is one flaw in this plan, the School Department will be replacing the retiring teachers with lower salaried teachers, but we also have 231 teachers who will be receiving step increases. Stephen Bartlett stated that the \$263,000.00 increase figure already takes into effect the replacement teachers.

Dr. Lister stated that the money is already reallocated. Councilor Reynolds asked if the School Department has retained all previous positions and allocated 17 new positions. He stated that if you efficiently reallocate the current positions, you could free up 5-6 positions. Dr. Lister asked if the Council was asking to double up on class size. Councilor Dwyer stated that was not the case. She said that if the Schools maintained 18 students per class, they could consolidate some of the small classrooms in the elementary School and save 5-6 teachers. Dr. Lister stated that population is staying the same, but there are more needs. He stated that they are looking at relocating teachers, but they have needs in addition to that. Kent LaPage stated that Portsmouth Schools have a steady student enrollment and they are not decreasing. He pointed out that the School Department in 25 years has never come back for supplemental funding.

Mayor Marchand stated that there is a wave of teacher retirements this year. He stated that a lot of senior teachers would be replaced with lower paid teachers. This is the Delta factor. He said that even with the Delta factor there is still a 9.5% increase in their budget. He did state that the benefit is that it is down from their original 10.33% proposed budget. Stephen Bartlett stated that the 10.33% figures were actually 10.56%.

Councilor Raynolds stated that \$236,000.00 is lower than he anticipated. Stephen Bartlett stated that Portsmouth Schools attract a higher level of teachers and therefore higher salaries.

Councilor Pantelakos stated that the Council is looking for a solution. She said that the small class sizes may teach the children a little more, but every time the School sets up a new room you have more expenses such as electricity, heating etc. Kent LaPage stated that Portsmouth does not have small class sizes except in language and maybe math classes where a more one on one situation is required.

Councilor Pantelakos stated that she has a hard time explaining to the people that we need to replace these positions after they have been vacant for the last five years. Mitchell Shuldman, School Board, stated that you can not live without a Technology Director in the 21<sup>st</sup> Century. Dr. Lister stated that Portsmouth Schools have done without these positions and the students need these positions. He said the board had cut these positions in lieu of cutting classroom teachers and increase class size. Nancy Clayburgh stated that they were told to cut one million from their budget in 2000 and these positions were cut.

Councilor Whitehouse asked Kent LaPage if he had to cut from the budget, what would he personally cut. Kent LaPage stated that he personally would cut, \$25,000 in other materials, math teacher, marching band, chorus, two FTE (keep 1), and the Drama Director, and Librarian. He stated that this is his personal opinion and the Superintendent must make these decisions. He stated that by June 13, the Portsmouth Schools would lose out on some of the best teachers that we have to choose from. Kent LaPage stated that for that reason, they have signed contracts with all current teachers with the exception of 5 teachers that have not completed all requirements.

Assistant Mayor Ferrini stated that the Council has been asked to hold the line on taxes. He stated what costs the taxpayer the most is people. He went on to state that these cuts are not about this year, but it is about years to come. He stated that it is not going to get any better down the road. Assistant Mayor Ferrini asked Dr. Lister if we do not add the new positions and we do not replace the retiring teachers how much would you recover from your budget. He also asked if we do not replace these positions, operationally, what would this mean. Dr. Lister stated that there are 3 contracts that are being held. He said that they did not replace any of the retirees yet, but they are working with some people to fill those slots. He stated the 17 positions that they are asking for represents the equivalent to \$975,000.00. He further stated that without these positions, the schools would have to eliminate services and class size would increase. Mayor Marchand asked in terms of class size increases, what magnitude are we talking about? Dr. Lister stated that in Dondero; for example, there are four 4<sup>th</sup> grade classes with 18 students in each class. He said that if we eliminate one 4<sup>th</sup> grade teacher, those 18 students would have to be pick up by the remaining three classes, raising each class size by 6 students. Mayor Marchand asked what is the range of increase in class size. He stated that is the key. Dr. Lister stated that the range is anywhere from 5-8 students. Councilor Raynolds stated that Dr. Lister used Dondero School 4<sup>th</sup> grade as an example stating that they have 18 students and yes you lose one teacher there and you will have over 20-25 students per class. He went on to state that the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> grades in Dondero have a lot smaller classes. He stated the present class sizes of the 1<sup>st</sup> and 2<sup>nd</sup> grades at Dondero are, 1<sup>st</sup> grade classrooms

equal between 10 - 14 students per class. If you take away one of those teachers, you would raise 1<sup>st</sup> grade class sizes to 16 students per class. 2<sup>nd</sup> grade classrooms equal 9 – 13 students per class. Again if you take away one of those teachers, you would raise the 2<sup>nd</sup> grade class size to 15 students per class. Councilor Reynolds stated that the School Board is saying that if they do not replace all these teachers, class sizes will rise and the children will suffer. He stated that he does not buy that when he looks at class sizes across the board. Jill LeMay, Principal Dondero School stated that the reported student numbers do not reflect the actual numbers. She stated that she has already registered five new students for the New Year and that her budget to the School Board reflects one less 1<sup>st</sup> and 2<sup>nd</sup> grade teacher and reduction of ½ kindergarten teacher, if they continue with ½ day kindergarten classes.

Councilor Smith requested to know of the 2,698 students, how many are from outside Portsmouth. Dr. Lister stated there are about 380 students from outside Portsmouth. Councilor Smith requested to know how many students are special needs students. Dr. Lister stated about 13% are special needs students. Councilor Smith requested to know how many aids are there per special needs student. Dr. Lister stated that it depends on the student's special needs. He stated some have one aid per student and some have an aid and a nurse. Councilor Smith requested to know who sets the tuition rate on these special needs students. Dr. Lister stated that SAU 50 sets the rate. Kent LaPage stated that this agreement was just renewed last year. Dr. Lister stated that rate was increased this year because of the high school services. Councilor Smith requested to know what the rate was. Dr. Lister stated that the rate is approximately \$12,000.00 per student with 380 students. Mayor Marchand stated that if you take \$12,000.00 for 380 students, you would come up with 4.56 million dollars. Dr. Lister stated that the figure comes to 3.9 million and they might not have the correct number of students. Mayor Marchand stated that because this is a significant amount, we would need to have firmer figures to work with. Kent LaPage stated that they are never short-changed by SAU. Mayor Marchand requested to know if there is an overage of funds. Kent LaPage stated that there is no overage. He stated that he would get back to the Council with the exact amounts for the last three years.

Councilor Smith requested to know the number of special needs students in the elementary school system. Stephen Bartlett stated that SAU 50 does not send their elementary students here.

John Lyons, School Board stated that part of the problem is that other districts have decided to have their own PASS program and this has caused funds to decrease. Councilor Smith requested to know at what point should we send Portsmouth special needs students out of district. Dr. Lister stated that we are looking at this very closely.

Councilor Smith requested if the figure of \$239,000.00 is money collected from PTA and fund raising. Stephen Bartlett stated that it was.

Councilor Dwyer stated that the tax appropriation for FY07 is 29.7 million and for FY06 it was 27.2 million. She stated that she feels the top number for an increase would be 7%. She went on to state that what the Council received was an increase of 1.1 million over the 7% expected. She stated that a 7% increase is going to be a hard sell for the taxpayer. She said that the Council would need to discuss cuts by big numbers. Mayor Marchand stated that Councilor

Dwyer is correct and we need to look at the larger numbers. Councilor Pantelakos stated that 84% of the School Department's budget is personnel and benefits and adding 17 positions will add to this percentage. She stated that the only way to cut the budget is by layoffs.

Stephen Bartlett stated that the 84% figure includes the added 17 positions. Councilor Pantelakos stated that the biggest percentage in the budget is personnel and we need to hold the line on personnel and not add additional people. Assistant Mayor Ferrini stated that if we do not add the 17 new people there would be a saving of \$975,000.00. He asked how much would be saved by not replacing the 15 retirees. Mr. Bartlett stated there would be a saving of approximately \$930,000.00.

Mayor Marchand called a brief recess at 8:50 p.m. Mayor Marchand called the meeting back to order at 9:02 p.m.

Mayor Marchand stated that the Council is tasked with setting the budget amount. He stated that the problem we are having is the more we give to one department, the less we have for another department. He stated that the first figure he heard bounced around is the \$975,000.00 in new projects/personnel hires. The second figure he heard was cutting their budget to a 7% increase in local taxpayer contributions and reducing the budget by 1.1 million dollars. He stated that the third figure was basically the same as the second figure except using 5.5% increase in local taxpayer contributions and reducing the budget by 1.5 million dollars. He stated that the final figure he heard was 1.905 million dollars which was derived by not replacing any teachers (\$930,000.00) and not replacing the retiring teachers (\$975,000.00). Mayor Marchand went on to state that cutting the school budget does not mean that the Council doesn't like kids or taxpayers.

Mayor Marchand requested what the potential effects would be if the School Department budget were cut by the levels previously discussed. Dr. Lister stated that he would need to get with the School Board, but there would be major effects. Mayor Marchand stated that one thing that would allow the Council to do their job would be for the School Board to give the Council a report before the June 13<sup>th</sup> meeting on what would happen should their budget were reduced by these levels.

City Manager Bohenko stated that if the School budget were reduced by \$975,000.00 then that would be what the Mayor refers to as a status quo budget. He stated that the school would have all the positions they have now, but not the 17 new positions. Dr. Lister stated that the one reading and one special education teacher that are mandated by the number of kids that are enrolled has to be filled. Mayor Marchand stated that the Delta money of \$263,000.00 could fund those positions. Kent LaPage stated that technology is one program they are falling behind on. He stated that Portsmouth is ranked at the bottom in technology. He requested if the \$975,000.00 was the lowest number that the Council would cut.

Assistant Mayor Ferrini stated that it would be helpful if the Council could receive information about what these cuts will impact. Kent LaPage stated he would like to get back to the Council with cuts at \$975,000.00 being the lowest and 1.5 million dollars the highest to cut at another meeting with the Council to go over their cuts. Assistant Mayor Ferrini stated that the thinking is right and they should use that range, but the Council does not have a firm figure in mind yet.

He suggested that the School Board go back and work in that range. He said the Council is not going to state that they agree with those figures.

Councilor Dwyer stated that she felt that the utilities cost look to be budgeted to low. Kent LaPage stated that they are pushing it, but think it is doable.

Mayor Marchand stated that early June is not a good time for another meeting because of the public hearing.

Councilor Smith stated that he is not at all comfortable with putting out a number for the School Board to cut. He stated that the Council was not going to put out any numbers. He said that we asked the School Board to put together their budget they did, now we are going to give them a chance to go back and make cut. He stated that he is uncomfortable with this. He stated that he feels that if the School Board comes back with cuts, he will be obligated to approve them and he is very uncomfortable with this.

Councilor Reynolds stated that he is in great distress with putting out a range of numbers. He stated that he doesn't feel there is a partnership between the School Department and the Council. He stated that he cares about kids and the quality of education they receive, but they have limited resources and we have to provide as much as we can on these limited resources. He stated that the School Department should work as hard as they can for the City and get the most for their money. He stated that he did not want education to suffer, but we have to work with the resources at hand.

Assistant Mayor Ferrini stated that he needs more input to make the decisions needed and requested that the Council receive a memo that would provide the Council with more information on what can be cut. Councilor Grasso said that the Council has a tough decision to make and the Council needs all the information they can get to do this. She stated that the Council can not tell the School Board how they allocated the money, only state the amount they will get. She stated that the more information they have the better decisions they can make. Nancy Clayburgh stated that some members of this Council were not here four years ago when these teachers and programs were cut. She said the School Department has taken some tremendous hits in the past 2-3 years and that our kids have lost teachers and programs because we have had large chunks taken out of our budget.

John Lyons stated that the School Board cares about the taxpayer and the Council cares about the kids. Our job is to present our budget and the Council has to look at the City as a whole, therefore, there is going to be conflict. He went on to state that this process is going to get harder and harder and as a Council you need to remember that as you encourage housing for over 55 and give tax breaks to the elderly folks, there is going to be less and less money coming into the City. He also stated that fewer and fewer parents with children are going to have to pick up the burden and we are going to lose these young people. He further stated that these are the people who pay the majority of the taxes. He stated that we need to look to the long term and encourage younger people to reside in Portsmouth.

Councilor Whitehouse asked if we were going to set another meeting with the School Department. Mayor Marchand stated that a meeting is difficult to set within the time constraints we are looking at. He also stated that if we set another meeting with the School Board, we are opening ourselves up to having the other departments requesting equal time. He suggested that the School Board submit a memo to the Council with their projected cuts.

Kent LaPage stated that the School Board would submit the information in written form. Mayor Marchand requested to see hands from the Council on who would like to have a written report only and who would like to convene a meeting and see a written report. Councilors Grasso, Pantelakos and Whitehouse requested to convene a meeting and receive a written report. Mayor Marchand, Assistant Mayor Ferrini, Councilors Dwyer, Reynolds, Smith and Hynes requested a written report only. Councilor Smith stated that the more information the Council has the better. He said that the Council would need to look at the big picture.

Mayor Marchand requested that the School Department submit, in written form, their proposed cuts. He suggested that they come in with cuts for higher than the \$975,000.00 figure and the sooner they could provide this the better.

### **VIII. Adjournment**

At 9:55 p.m., Mayor Marchand closed the meeting.

Respectfully submitted by:

Dianne M. Kirby, Deputy City Clerk