

## **CITY COUNCIL WORK SESSION**

### **School Department Budget**

April 22, 2009 – 6:30 p.m.

Eileen Dondero Foley Council Chambers

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City Council Present: Mayor Ferrini, Assistant Mayor Blalock, Councilors Novelline Clayburgh, Dwyer, Kennedy, Spear and Hejtmanek

City Council Absent: Councilors Smith and Pantelakos

Staff Present: John P. Bohenko, City Manager; Judie Belanger, Finance Director; Dianna Fogarty, Human Resources Director; Dr. Robert Lister, Superintendent of Schools; Steven Zadravec, Assistant Superintendent of Schools; Steve Bartlett, School Business Administrator and Dianne M. Kirby, Deputy City Clerk

School Board Members Present: Dr. Mitchell Shuldman, Chair; Sheri Ham Garrity, Kent LaPage, Rebecca Emerson, Lisa Sweet, Ann Walker, Leslie Stevens and Patrick Ellis, Members

School Board Members Absent: Dexter Legg

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6:30PM – an Anticipated "Non-Meeting" with Counsel Re: Negotiations – RSA 91-A:2, I (b-c) was held.

#### **I. Call to Order**

Mayor Ferrini called the work session to order at 6:50 p.m.

#### **II. Introduction**

City Manager Bohenko said we are here this evening to receive a presentation regarding the School Department budget. He stated the City Council Legislative Sub-Committee met with Senator Clark, State Representative Norrelli and the Delegation with regard to the uncertainty of revenue. He stated the major issues discussed were the Meals and Room Tax (which we have included in our budget), the Revenue Sharing (also included in our budget) and Past Building Aid payments (presently not included in our budget). He stated the House version of the budget does not include prior Building Aid payments of \$83,000,000.00. He stated the City Council Legislative Sub-Committee was told by Senator Clark that she couldn't guarantee anything, but it was going to be looked at very closely by the Senate and hopefully will be put back in.

He further stated the FY10 budget could change due to this major loss of revenue. City Manager Bohenko stated the City Council has until the end of June to adopt the budget and even if the budget is adopted before the end of June and the State Legislature has not completed their work on their budget, the City, under State law, will not set the tax rate until October with the Department of Revenue Administration. He said we can adjust the budget prior to the tax rate being set in October up or down depending on the outcome of the revenue issues with the State.

**III. Presentation – Robert Lister, Superintendent of Schools; Steven Zadavec, Assistant Superintendent of Schools; and Steve Bartlett, School Business Administrator**

Dr. Lister thanked the City Council for allowing them to make their presentation this evening. He said while reviewing an old Town Report from 1915 he came across a statement that he feels says it all:

*“There is no better advertisement for a town than good school houses.”*

Dr. Lister went on to say his staff and the School Board focused on three main points while preparing this budget:

- Quality Education for All
- Providing Reasonable Class Size
- Recruiting, training and maintaining the best teachers and support staff possible

He stated their goal is educating all students by challenging them to become thinking, responsible, contributing citizens who continue to learn throughout their lives.

He outlined the 2009 School Board Objectives:

- Create 5 year plan for program/curriculum development
- Create strategic plan in technology
- Create Special Education Task Force for program and cost saving recommendations
- Communicate middle school needs with clarity and transparency
- Develop quality educational metrics index – Follow the Child
- Develop specific strategies for improving communication and community relations
- Collaborate with other city departments on cost saving initiatives

Dr. Lister stated that quality schools draw families to Portsmouth. He said Portsmouth Schools attract new residents due to the following:

- Reasonable Class Size-Personalized Education
- 78% of our teachers have advanced degrees
- Parental involvement is encouraged not discouraged
- Our full day kindergarten classes
- Focus on the three A's: Academics, Athletics, and the Arts

Dr. Lister reviewed the Guiding Budget Principles to be:

- Deliver Personalized Education
- Maintain Reasonable Class Sizes
- Focus on Core Subjects
- Response to State & Federal Mandates
  - No Child Left Behind, Individuals with Disabilities Education Act, State Standards, Course Competencies, Grade Level Expectations, Follow the Child
- Implement 21<sup>st</sup> Century Technology Skills
- Strive for 0% Budget Goal

Dr. Lister identified the challenges encountered by the Portsmouth School Department to be:

- Maintain quality programming and absorb fixed increases (e.g. health insurance, wages) with attention to 0% budget increase goal
- Rising Class Sizes
  - PMS World Language, PHS World Language, PMS Grade 7, Little Harbour School
- Special Populations
  - 354 Coded Students (14% of Total Students)
  - 40 ESL Students Speaking 18 Languages
  - 56 Homeless Students
- Technology Integration/Maintenance Cycle
- Student Mobility (30%)

Dr. Lister stated that in order to obtain their goal of a 0% budget increase they have had to make staff reductions and reorganizations. He stated they have cut one clerical position in the PEEP program, a SRO position in the Elementary School, a Library Paraprofessional in the High School and a ½ clerical position in the Central Office. He further stated that a study skills position was cut from the High School and added to the Elementary School for a teacher position. He stated further budget reductions have been made in the following areas:

- Reduction in the Professional Development Funds
- Delaying of Furniture Replacement
- Reduction in Overtime
- No Sabbaticals
- Reduction of Substitutes by Reducing Professional Days
- Elimination of the PHS late bus

Dr. Lister stated the FY 2009 Budget was \$35,505,754.00. He stated the proposed FY 2010 Budget came in at \$36,291,193.00 for an increase of \$785,439.00 or 2.2%, which included \$557,017.00 for teacher contracts. He said they are here tonight with a proposed net budget of \$35,734,176.00 for an increase of \$228,422.00 or .64%. He further noted that more than 92% of the additional \$228,422.00 is the cost of step increases before the 2010 COLA is added.

Assistant Superintendent Zdravec stated the School Department remains result orientated. He spoke to the Performance Measures:

- State Assessments Above State Average – with the exception of writing which will be discuss later in the presentation
- Dropout Rate – 2008 - 1.6% (17 Students) - 2001 - 3.8% (41 Students)
- Increased Developmental Reading Assessments (DRA) Scores – Full Day Kindergarten
- Power Standards/Benchmark Assessments – we have defined the essential things for students to learn at each grade level. These are called power standards. We have developed power standards in reading and Math and this summer we will do the same in writing. We have been creating assessments to help monitor student progress.
- Professional Learning Communities

He reviewed the State NECAP testing with the City Council indicating that we are above the State average in reading and math and slightly below State average in writing. He said writing is an area we want to pay closer attention to and this summer we are going to have 3 full days for teachers to work together on developing our standards in writing.

Assistant Superintendent Zdravec reviewed the District Strategic, Measurable, Attainable, Results-Oriented, Time-Bound or SMART Goals. He said it is their goal that by June 2012, the dropout rate for the Portsmouth School District will be 0%. He further stated by June 2012, **ALL** students will have mastered grade level Power Standards in Reading, Math, and Writing as measured by more than one of the following: NECAP, district benchmark, DRA, and other common assessments.

School Business Administrator Bartlett spoke to the Stimulus Funds. He said the School Administrative Team members have attended multiple information sessions on stimulus dollars. He said the School Administrative Team has also met as a result of these meetings to brain storm possible uses of stimulus funds should these funds become available to us. He said it appears that only State level stimulus funds will provide much tax relief at this point. He stated there are still many unknowns with the stimulus funds. He further stated the School Department is looking to other areas for grants.

School Business Administrator Bartlett stated the major cost drivers for FY 2010 are health insurance premiums which have risen 11.45% or \$569,409.00 and retirement increases with teacher contribution up from 8.74% to 9.09% and employer contribution up from 5.80% to 6.96%.

School Business Administrator Bartlett reviewed the Budget request for FY 2010. He said more than 56% of the budget is made up of salary expenses. He said more than 27% is benefits for a total of 84%. He said this leaves 16% for operating expenses. He stated they are asking for a .64% increase which puts them less than 1% short of reaching the City Council's 0% increase goal.

Dr. Lister stated that given the emphasis on direct, classroom instruction, further budget cuts could mean:

- A reduction in the operating budget – this is a major concern because the operating budget decrease for this year is 3% less than last year. This decrease will have negative effects on the present and future ability to sustain support to our staff, students and facility
- Delaying integration of technology and the replacement cycle
- More pressure on the supply budget
- Delaying infrastructure or repairs and upgrades
- Delaying purchase of needed textbooks and instructional materials
- Increased class size
- Further staff reductions

Dr. Lister said we want quality, quality, and more quality for our kids. He said we want the best education for our kids and as Councilor Pantelakos said last year – there is nothing else to cut without cutting people.

Dr. Lister thanked the Council and City Staff for their attention this evening.

#### **IV. Questions and Discussions**

Mayor Ferrini thanked Dr. Lister, Assistant Superintendent Zdravec, School Business Administrator Bartlett, the School Board and all that participated in the preparation of this budget and opened the meeting for questions and discussion.

Councilor Hejtmanek thanked the School Department for the presentation, but requested they put in more specifics. He stated in the School Objectives it says creation of a strategic plan in technology. He said this sounds nice, but he does not feel it's as important as some of the other objectives.

Assistant Superintendent Zdravec stated the strategic technology plan is based on the digital portfolios in student work. He said this is something we have been working on over this past year to look at actual student portfolios to assess their understanding of their technology skills.

Councilor Hejtmanek said standards are great and very important. He asked what our standards are set against.

Assistant Superintendent Zdravec stated the standards are taken from two different places and two different resources. He said one is the State defined standards. He said we have noticed when we look at these standards we also want to be reflective on

how rigorous these standards are. He said the National Math Advisory panel spoke about narrowing it down to some of the most critical standards, to make sure they are rigorous and make sure we can get all students to achieve that. He said we must focus on the most critical issues that are common and then make sure we have the support necessary to get things done.

Kent LaPage, School Board stated that every year we make this presentation we are hit by what we don't include. He said we are always about one year behind – these issues are some that were asked for last year.

Councilor Spear stated that last year the National Government Association and some others put out a report insuring United States students receive a world class education. He said our kids will have to compete with kids around the world. He said we need to measure how well our kids are doing compared to other kids around the world. He said a group called Mackenzie and Company has put out a report about the economic impact of the achievement the American schools are getting compared to other countries and we are at the bottom on standards and the top in dollars spent. He said we don't know where we fit in terms of success. He said we need to check on where we fit globally.

Ann Walker, School Board, stated she administers the NAP testing (a US Government test that is administered every two years) and she has asked the kids which test is harder the NAP or the NECAP. She said the majority say the NAP test is easier than the NECAP. She said we are more concerned with the quality of the education.

Lisa Sweet, School Board said we need to be careful with international comparisons. She said we do not know who they are using within their standards. She said we include our special education students, but not all these other countries do.

Assistant Mayor Blalock stated we throw a lot at our children expecting them to be well rounded. He said it is unfair to compare our kids with kids from other countries. He stated we do need to compete globally, but be advised we require so much more from our kids. He further stated because we do throw a lot at our children, we spend more. He said this is a correlation with higher taxes and more things for our children.

Dr. Lister stated our education system is a lot different from other countries. He said nothing would please him more than to have a longer school day and a longer school year, but this would cost more money and we would have to change the attitudes of the communities.

Dr. Shuldman stated Portsmouth School Department educates the whole child. He said the top of that list is academics. He said we also realize that with Follow the Child we not only look at academics, but we also deal with the psychological, social and emotional issues of the kids.

Councilor Dwyer stated this Council has asked for basically the same thing each year. She said we have asked for class size by class and detailed assessment results. She said we want the question "so how are we doing?" answered. She said one good indicator of this is all the things parents have said over the last couple of months. Such as:

- Awards/commendations for teachers
- There was concerned that parents felt many more teaches in Portsmouth need to know how to differentiate instruction
- Classroom Management skill
- Concerns about allocation of resources
- Concerns that no money is spent on updating text books

She said we have to listen to the parents in order to get a since of how we are doing. She said she researched various State data and found we are slightly above average in New Hampshire Schools and spending slightly above average money. She said we are performing about al little above average and that's what we are paying for. Assistant Superintendent Zdravec said he agrees we need a clear vision of where we want to go and how we will get there. He said that is why we have the goals we have here. He said we need to ensure we are restructuring our resources to best meet the needs of where we want to go. He said one of the things that gives him some comfort with the reduction of professional development money is we do anticipate being able to direct some of the stimulus dollars and what we anticipate doing is to have outside expertise in some areas such as math and then build our own internal capacity. He said we need to look at how to get teachers working together so we are all improving. He said we can do a lot of workshops, but we won't have any ideal what the effect is. He said we are also looking at vertical alignment - how do students move through the system with a link to what is successful and what is not. He said we are now engaged in teachers developing common assessments, acquiring data and reviewing this data together then monitoring student progress. He said we are not there yet, but this will be our greatest benefit. He said it is really about our capacity to look at the data. He said we have the data, but getting the time and structures in place for teachers to look at and make sense of this data is our challenge.

Councilor Dwyer asked how do you judge where we are in the up-to-date replacement of text books. Assistant Superintendent Zdravec stated within our core program in the elementary level we look at everyday math and then as we get into the High School level the Department heads really look at the cycles within their own department. He said we don't really have a K-12 text book replacement schedule. Dr. Lister stated text book replacement is always a work in progress. He said a lot has to do with how much money there is in those accounts and what the priorities are. He said he agrees with Councilor Dwyer in that we want to hire quality teachers. He said we want to build a culture with the teachers we have in the schools. He said we need to make an

investment in them because they in turn make an investment in our kids. He said we are not asking for any new positions, but we want to build a culture with the teachers and support system we have.

Elizabeth Sweet, School Board stated the parents that spoke about class management and the lack of differentiation are the parents who children are in our overcrowded classrooms.

Patrick Ellis, School Board said most of the parents that complain about class management are really complaining about class size. He said there is a fine line between the two, but most of the parents come from a specific grade and situation in Dondero School where one teaching position was eliminated and so there was not a subtle shift in student population, but a dramatic one. He said these parents saw a dramatic change in the same set of kids when placed in a larger classroom. He said talking with these parents they don't want to see something happen to the teacher, they want to see the restoration of the para-professional that was once in that classroom and the restoration of the 3<sup>rd</sup> teacher that would have been in that grade. He said they feel that would solve the issue.

Councilor Kennedy said she is concerned about the text book issue. She encouraged a text book replacement schedule be incorporated. She said according to last year's budget the school had a surplus of funds in the amount of \$553,000.00 and yet you are teaching with 20 year old books. She said you need to develop a policy on student number and classroom per age. She further stated she is concerned with Medicaid being higher by \$50,000.00 and revenue, knowing that transportation is going to be taken out of Medicaid this year. She said Medicaid is falling by the day due to Federal policies and procedures yet you show an increase. She is concerned and would like to see more revenue in catastrophic aid as well as more grants. She said we made a commitment to a zero percent budget and we need to encourage this. School Business Administrator Bartlett stated the surplus was a counterbalance to the fund balance. He stated we saved to take care of a \$527,000.00 deficit in the Special Education, Special Revenue column. He said in anticipation of this deficit and working with the City Manager, Finance Director and auditors we agree to put in an extra \$100,000.00 budgeted in anticipation of trying to avoid a deficit in the following year, which appeared could be another \$300,000.00 or 4000,000.00 deficit. He said we were fortunate that we have some anticipated special education expenses that did not materialize due to a change in student population and we had better results with Medicaid reimbursement etc. so we had additional revenue that we did not anticipate. He said in order to get that fund to come out even, based on recommendations of the auditor, we made a transfer to fill in revenue shortfalls and each year we add a certain amount of money in anticipation of keeping that fund whole. He said the landscape of special education has changed. He said we are getting less revenue due to other town starting their own programs. City Manager Bohenko thanked Superintendent Lister and School Business Administrator Bartlett. He said we were looking down a barrel a few years ago and Dr. Lister and Mr. Bartlett and staff worked hard to alleviate this short fall. He said it turned into a positive thing.



Dr. Shuldman stated he appreciates the City Manager's compliment. He stated School Business Administrator Bartlett managed a scary situation into a happy ending.

Councilor Dwyer stated had the school had a text book cycle policy in place at that time, the surplus money could have been used to replace needed text books. Assistant Superintendent Zdravec suggested that when you have a surplus you build up on supplies and this is not a good idea. City Manager Bohenko said he will work with the school to develop a program for next year.

Councilor Kennedy said she is concerned that \$350,000.00 was put in for Medicaid revenue yet the Federal Government is dropping transportation and in most Districts this is a huge chunk of Medicaid. She asked if the School Department has something that is coming in. School Business Administrator Bartlett said they did have a serious discussion with the Special Education Department regarding the transportation portion in Medicaid being reduced. He said they felt very strongly that with the increased efforts by Marge Achilles and the Special Education office and by identifying some areas where we can make some gains we can make up for the decrease in funds. He said he has to rely on Special Education Department's interpretation of what they have for student needs that meet the formula and he knows they work diligently to make that estimate as accurately as possible.

Councilor Kennedy said she is curious about where we are with our competency base and if this is going to have any costs associated with it. Assistant Superintendent Zdravec stated we are doing this work at the High School Level with teachers developing the assessments.

Patrick Ellis, School Board said it has been presented that there is a structural problem with the way in which we approach text books. He said this is an inaccurate impression to leave the public with. He said that if a grant was somehow obtained for the School to buy text books the principal and teachers would be quick to tell us what text books were needed. He said in reality text books come out of the operating budget and the operating budget has not seen increase in five years. He said the buying power of the Principals and the teachers to replace those text books has gone down with time. City Manager Bohenko stated we will work on this for next year. He said he will work with the School to create a plan for text book replacement.

Councilor Novelline Clayburgh said she would like to complement the School Department Special Education program. She stated she has two children with different special education problems and the self esteem and confidence issues and support they have received from the Portsmouth School system is outstanding. She stated the only thing she would suggest is that they move the Portsmouth Early Education Program (PEEP) program to the High School which would save \$65,000.00. She also commended the School Department and School Board for the tight budget they submitted.

Ann Walker, School Board, stated she could not understand where the parents got the idea that our math text books are 20 years old. She can not think of any books they are using that would be that old unless a teacher had a special text book that she uses to outline a special section. Councilor Kennedy stated she heard it was a Middle School History Book.

Councilor Dwyer asked if the school plans to use the stimulus money for professional development. Assistant Superintendent Zadravec stated yes they were planning to develop a professional development plan for all schools.

Councilor Dwyer said a lot of the competitive dollars are only for Districts in need of improvement and because we are one of the Districts in need of improvement this is a chance to really take advantage of that and the competitive dollars. Assistant Superintendent Zadravec said that is one of the advantages of being in District two.

Councilor Spear passed out a chart on School Budget growth. He said this chart shows the cumulative changes after inflation of the school budget in the past 10 years. He stated the chart does not show all the cuts you say you have had to make in prior years. Patrick Ellis, School Board, stated you can do whatever you want with statistics, what he sees is over a 10 year period we are averaging 1.2% above inflation. He stated cost items not in the school's control like health insurance, retirement cost to name a few have out paced the rate of inflation. He said there have been real cuts.

Rebecca Emerson stated she wished the Council could look at line-by-line budget items so they could see what actually does get cut.

Mayor Ferrini said we do not have line-by-line authority although we have asked a lot of line-by-line questions. He stated he notes that the Principal is held at Little Harbour School is listed at \$90,000.00, as is the Principal employed at Dondero, but it is his understanding there will be a new Principal. He asked if the School is going to hold it at that level or are they going to hire lower. School Business Administrator Bartlett said the administrative contract has stipulated salary amount for each level of position. He stated the difference would be the educational component. Dr. Lister state \$90,000.00 is correct.

Kent LaPage, School Board said 3 or 4 years ago he suggested we go after more Medicaid dollars and different departments should be applying for that. He said Marge Achilles has done an outstanding job and we are now getting in excess well above the \$200,000.00 mark because we have accountability. He said this money can only be used for certain things. He said it can not be used to supplant in other areas and can only go back in to pay for Physical Therapy, Occupational Therapy, nursing, para-professionals one on one type learning. He said this board has never come back for a supplemental budget and he would never want to do that. He stated that he hopes the answer to the question "where do we stand in the future" is that for every child that enters into the Portsmouth School system we look first to make them the brightest, smartest, most intelligent individuals that we can because that is what we are here for. He said just as importantly that we keep them safe. He further stated health and

obesity have become a very big issue that has been leveled on the school system. He said it is no longer the 3R's – it is a heck of a lot more. He said we have been saddled with unfunded mandates in technology, health and safety.

School Business Administrator Bartlett stated they have made some major reorganization/reassignments to put the resources where the needs of the students are. He said in some cases that may appear to some parents as cuts when it was actually a reorganization or reassignment. Councilor Dwyer stated she appreciates what Mr. Bartlett has said. She said some School Board members use the word cut, but it is really a reorganization that has been done. She further stated she would like to see where we are going with retirements and replacements for the future.

Councilor Kennedy stated she would like to see the population numbers for a three year period. She asked if revenues are going up on any of the tuition payments. She further asked if the School has looked at their percentage of State and Federal funds. She asked if we are getting the funds back that we should.

Councilor Spear asked if stimulus funds could be used for educational reforms.

Councilor Dwyer stated these are going to be incredibly competitive. She said there are other competitive monies at the State level that is much more in our sights. She suggested the Competitive School Improvement dollars and the Competitive Part of Educational Technology is where she would put her energies. Dr. Lister stated we are looking at all grants and fund money.

Rebecca Emerson, School Board, stated we use to have Spanish in the Elementary School. We lost that a few years ago due to cuts. She stated if our kids are going to have any luck of competing in the global world, they must speak a second language and we need to find a way of funding this.

Lisa Sweet, School Board said the quality in school seem too be indicated by the amount of community support shown at the public hearing about the quality of our school. Councilor Kennedy stated she agrees with Ms. Sweet, but she knows there are also many who could not get here for the Public Hearing. She said everyone is supporting the Middle School because there is a need, but they are also concerned about the economy and retirement. She further stated people are supportive on the school but they need a break this year. She asked what we can do with the stimulus money that will help these people.

Councilor Spear asked what ideas the school has for collaboration with the City for FY10. City Manager Bohenko stated the Superintendent of School and the School Business Administrator have developed programs for shared collaboration. He said he has met with Dr. Lister and Mr. Bartlett a couple times to evaluate some other areas of collaboration. He stated one area we did not touch on this year was maintenance. He said this will be substantial with issues such as bargaining and will be a long term project. He said we have made some significant progress; the most important one is the combined administration of construction projects. He said we have a unified review of our bid process which is very, very beneficial to all concerned. He said we have one

Construction Manager that works on bid documents with the School Department and helps with the oversight of these and is unified through the Public Works Department. He said we have unified administration of software between the City and the School Department and a unified rolling stock program in the Capital Improvement Plan.

Councilor Dwyer said that Mr. Bartlett seemed pretty sure there would not be any LEA funds left over. She asked what he meant because it was all going to go to revenue sharing. School Business Administrator Bartlett stated we are not aware of any left over LEA funds at this time.

Mayor Ferrini stated he would send out a letter similar to last year with a list of data the Council has requested at this meeting. He commended everyone for their patients. He said this is going to be a hard year for everyone.

## **VI. Adjournment**

At 9:15 p.m., Mayor Ferrini declared the meeting closed.

Respectfully submitted by:

Dianne M. Kirby, Deputy City Clerk