

AMHERST FINANCE COMMITTEE MINUTES
Meeting of February 12, 2009

CALL TO ORDER

The meeting was called to order at 7:00 p.m. in the First Floor Meeting Room of Town Hall.

FINANCE COMMITTEE MEMBERS IN ATTENDANCE

Marilyn Blaustein, Kay Moran (Vice-Chair), Brian Morton (Chair), Robert Saul, Douglas Slaughter, Andrew Steinberg, Marylou Theilman.

STAFF AND OTHERS IN ATTENDANCE

John Musante, Assistant Town Manager/Finance Director; Bonnie Isman, Library Director; Louis Greenbaum, Library Trustee; Christopher Hoffmann, Library Trustee; Patricia Holland, Library Trustee; Molly Turner, Library Trustee; Kathleen Wang, Library Trustee; Helen Vivian, Acting Co-Superintendent of Schools; Rob Detweiler, Schools Director of Finance and Operations; Walter Wolnik, citizen; and Fred Vanderbeck, Pelham Finance Committee.

AGENDA

1. Budget Presentations
 - a. Library Overview
 - b. Elementary Schools Overview
 - c. Regional Schools Overview
2. Legislative Update
3. Speaking and Writing Assignments
4. Minutes
5. Member Reports
6. Miscellaneous

ANNOUNCEMENT

Morton introduced Robert Saul who was recently appointed by the Town Moderator to the Finance Committee to replace Barry Federman who resigned.

ACTIONS

Minutes

Steinberg moved to accept the minutes of 1/22/09 as amended – Blaustein second - Voted 6-0-1.

DISCUSSION

Library Overview

Steinberg disclosed his conflict of interest as spouse of a part-time library employee and recused himself from any discussion or vote on the Jones Library budget.

Isman stated that the library business is booming. According to the door count 25% more people have been using the library over the last few months. There has been a huge turnout for the children's program and the ESL program has used all tutors. Although there has been a

significant increase in the use of services, there has been a down turn in both public and private financing.

Isman presented her draft of a proposed FY 10 Library Operating Budget which showed both the Town of Amherst Accounts and the Jones Library Accounts. The budget reflected level services excluding monies for the Monday afternoon opening of the Jones Library which was funded in FY 09 by donations from the public. Under Town salaries for FY 10 the projection showed an increase of 4.1%.

The Town's portion of the operating budget that isn't for salaries is down 0.9% because Monday afternoon openings for FY 09 are paid through private funds, which are not repeated in the FY 10 draft budget. In addition, there is a slight decrease in fringe benefits due to the lower cost of the HMO plan which has attracted employees into the pool. Estimating the cost of electricity is an ongoing challenge.

Though her draft budget shows town tax support increasing by 2%, the library budget would decrease. Isman presented a chart indicating the end of year Endowment Market Value which is a snapshot of the last day of the calendar year. A three-year average of market value is used as the basis for withdrawing from the Endowment with a standard target of 5%. However, the library has been using 5.4% and 5.5% from the Endowment. For FY 09 the library is using a 5.4% distribution, as would Isman's proposal for FY 10. However, since the endowment's market value has dropped, the dollar amount of endowment support for FY 10 would be less than in FY 09. Also, the library would use close to the actual amount of state aid received, instead of using more than received by "borrowing" from the next year's aid, as was done in the previous two fiscal years.

Isman's Feb. 10, 2009, funding worksheet presents various options for budget reductions. It estimates that contributions are down along with the Endowment. Other gifts and contributions are estimates as final figures are not known at this time. There will be fund raising in the spring after which numbers will be refined and finalized.

The critical issue is maintaining the MAR (Municipal Appropriation Requirement) in order to continue to receive state monies of between \$75,000 and \$85,000 from the state. The town's appropriation requirement is based on the average budget of the last three years plus an additional 2.5%. If MAR is not maintained, the library is decertified and citizens of the community lose privileges at other libraries and the library/town cannot apply for federal library grants through the state.

Staff is presently discussing various options under Draft #4 which include reorganization, fees, and elimination of some services. They also are looking at new services which can generate fees such as a rental collection and fees for ESL that will go directly to the library and not to the town's general fund. This would need to be approved by the town.

At the end of the discussion, Musante asked for a time line for the final library budget. He also asked that the library identify its core services as requested by the BCC.

Elementary Schools Overview

Slaughter disclosed his conflict of interest as an employee of the schools and recused himself from any discussion or vote on the Amherst and Amherst Pelham Regional Schools budgets.

Vivian outlined the bleak school financial outlook as state aid is expected to remain the same or decrease and fixed expenses such as salaries and health insurance would increase. In addition, there are costs over which the system has no control.

Detweiler stated that the budget process has been difficult and on January 6 the administration started the process with assumptions and programs that exist. A level services budget was developed for Level 1 which included obligations for services such as money for raises for people on grants and other additions. Needs were prioritized and every line item was reviewed in order to prioritize cuts.

In the draft FY10 budget, salaries are up 1+ million and expenses by \$223,492 for a total of \$21,933,594 or a 6% increase for a Level Services budget. Reducing the budget by \$509,345 through additions and cuts brings the total budget to \$21,933,594 or a 3.6% increase. Another \$800,000 will need to be cut in order to reach a 2% increase for Level 1. At the present time, the entire elementary instrumental music is on the Level 1 list of cuts. Levels 2 and 3 are the worst case scenarios. Level 2 would require an additional \$1,288,776 reduction and Level 3 a \$1,865,570 reduction.

Redistricting or closing Marks Meadow were not figured into this budget as there are too many variables including the state's interest in regionalizing more school districts as the DOE would like the number of districts to be reduced to under 200.

Morton asked about the use of fees and Detweiler stated that all fees were still on the table. Fees for buses are not allowed for the Region. Busing at the elementary level would net approximately \$28,000 since children on free or reduced lunch and children living more than 1.5 miles from school cannot be charged for busing.

Musante questioned whether the administration was working backwards from 6% in determining what items make sense or were appropriate to continue. Detweiler stated that class size was important and under Level 1 class size remained the same. At Level 2, staff would be reduced and under Level 3 "class size would be out the window." At the present time there is no prioritization of cuts within each individual Level/tier.

Thoughts for increasing revenue included opening small classrooms to School Choice and charging a fee for instrumental music. Although details for the stimulus package are still unknown, people remain hopeful.

For the next meeting, Musante asked that the schools provide the Finance Committee with the following information for both Amherst and the Region:

Summary of current and next year's spending in these areas:

- Grants – Federal and State
- Revolving Fund
- Circuit Breaker
- Special Revenues
- School Choice
- Title One

Staffing charts for the current and next year to include:

Various categories of payroll for both Amherst and Region

Administrators

Teachers

Paraprofessionals

Maintenance

Other identified categories

Number of payroll FTE's and amounts in each category

Cost of special education summer program and number participating

Regional Schools Overview

Detweiler stated that the Amherst-Regional Schools Preliminary FY10 Budget dated January 20, 2009 is not as far along in the process as the Amherst budget. In developing the draft budget he started at the Finance Committee’s 3.5% guideline. It is a level services budget and every line item has been reviewed and needs have been prioritized. Under revenues, the FY10 budget projects that Chapter 70 and transportation reimbursement will remain the same. Grant money has maxed out and will no longer support raises. Choice and Charter School revenues are down along with interest revenues. E&D budget support for \$100,000 will be used to support the budget. Assessments for the four towns would be as follows:

Amherst	\$12,829,226	3.5%
Pelham	1,082,599	5.7%
Leverett	1,163,130	2.8%
Shutesbury	1,434,118	-1.4%

Projected revenue which includes the four town assessments is \$28,554,399 which is a \$433,405 increase over the FY09 budget. However, the projected level services budget for FY10 is up \$1,973,483 to \$30,094,478 or 7.0%. The Identified Net Budget Cuts total \$1,044,808 with \$495,271 needed in additional cuts to reach a total of \$1,540,079 which is the target budget for a Level 1 scenario. These cuts would reduce the overall percentage of the Regional Schools’ FY10 budget to 1.5%. Additional information listing the Impact on School Budgets of Reduced State Aid to the Town of Amherst outlines three levels of scenarios of which Level 3 is the worst. A net cut to the level services budget for Amherst’s portion is \$1,424,248 at 3.5%, \$1,801,135 at Level 2, and \$2,245,823 at Level 3.

Detailed cuts at Levels 1, 2, and 3 will not be available until after the Regional School Committee meeting as the committee has not yet seen them. Detweiler will present them to the Finance Committee after that meeting.

The combined reduction for Amherst’s share of both the Region and the elementary schools budgets range from 2.2 – 4.1 million depending on the level of services provided.

The percentage of state aid to Amherst breaks out as follows:

Elementary	38.5%
Region	23.0%
Library	4.0%
Town	34.6%

In concluding, Detweiler noted that fees for club activities for next year are on the table. Six out of eight furnaces have been converted to dual use burners for energy savings. Light wattage has been reduced by half as a result of an energy audit which recommended replacement of fixtures and bulbs.

Musante requested the same information listed under elementary schools.

Legislative Update

There were no updates on the stimulus package.

Speaking and Writing Assignments

Assignments were made and Musante will email the list to the members.

Member Reports

Reporting on the Joint Capital Planning Committee meeting, Slaughter stated that the town has requested \$4.3 million in road repair although there is a need for \$4.8 million. The town receives Chapter 90 money every year and is expecting \$500,000 of it on road repair. Bonding is possible for new expenditures. Needs have been identified, thoroughly documented and prioritized. Based on a condition index, each street has been identified and in some cases only parts of streets will be repaired. DPW has the specific list of streets.

Miscellaneous

The Four Town Meeting on the Regional budget is scheduled for 9:00 am on 2/28/09 in the middle school Library.

There will be a special meeting of the Select Board on 2/25/09 at 6:30 pm in the First Floor Meeting Room for the purposes of reviewing the town budget.

ADJOURNMENT

The meeting adjourned at 10:15 p.m.

Submitted by:
Marylou Theilman
Acting Clerk