

AMHERST FINANCE COMMITTEE MINUTES
February 6, 2010

CALL TO ORDER

The joint meeting of the school committees, select boards and finance committees of Amherst, Pelham Leverett and Shutesbury was called to order at 9:05 a.m. in the library of the Amherst-Pelham Regional Middle School.

FINANCE COMMITTEE MEMBERS IN ATTENDANCE

Marilyn Blaustein, Douglas Slaughter, Bob Saul (until 11:15 am), Andy Steinberg (chair), Marylou Theilman.

TOWN STAFF IN ATTENDANCE: John Musante, Assistant Town Manager/Finance Director

SCHOOL STAFF IN ATTENDANCE Alberto Rodriguez, Superintendent of Schools; Rob Detweiler, Director of Finance and Operations

OTHERS IN ATTENDANCE: Amherst Select Board members Stephanie O’Keeffe, Diana Stein, Alisa Brewer, Gerry Weiss; Amherst School Committee members Irv Rhodes, Andy Churchill; members of the school committees, select boards and finance committees of Pelham, Leverett and Shutesbury; Becky Torres, Shutesbury town administrator; State Senator Stan Rosenberg; members of the public

DISCUSSION

Reports from Boston. Senator Stan Rosenberg reported on the FY11 state budget. Local aid was level-funded in the Governor’s budget, which includes \$600 million in federal funds based on the House vote. According to Rosenberg, US Representative Olver confirmed that there are federal funds available, but it is more likely that it will be funded at about a third of the House version. The budget also relies on the rainy day fund, which is presently at \$500 million. The FY11 deficit is approaching \$3 billion. The Governor’s budget also relies on modest tax and fee increases. Rosenberg questioned the efficacy of increasing taxes since there will be questions on the November ballot aiming to reduce the state sales tax to 3%, a cost of \$2.7 billion to the Commonwealth.

The Legislature is hoping to vote a local aid resolution in the coming weeks and will not know about \$600 million at federal level before voting. The rest of the state budget would be in jeopardy if federal funding is not realized and the legislature commits to level funding for cities and towns and the schools. About \$100 million is left in education funds available to schools.

Rosenberg noted that Regional Transportation is a separate line item in the budget -- Chapter 71 -- a big target for reduction; in prior recession there have been deep cuts in regional transportation. A major issue of the Ed Reform 2 Bill is regional school transportation; Rosenberg recommended that they be calculated separately and then consolidated as one line item in Chapter 70. Regional school committees are uncomfortable with that. In the compromise voted by the Legislature, Chapter 71 would remain as a

separate line item but could not be cut more than Chapter 70. The language has not been vetoed by the governor.

In response to questions about the recovery, Rosenberg stated that it would be slow. If casinos/racinos are approved, revenue is not anticipated until FY2011 and is expected to top out at \$500 million with inflationary growth afterwards.

Rosenberg also said that he did not foresee new charter schools in this area and does not support taking funds from existing schools to fund charter schools.

Updated Revenue Assumptions and Budget Projections

Detweiler described the revenue assumptions and their history. The initial December 12, 2009 assumption was based on a reduction of 10% in Chapter 70. The Governor has since recommended level funding in the FY11 budget, and \$177,538 in 9C cuts for regional transportation was restored. The February 6 revised budget scenario projects a 5% cut in Chapter 70 aid. The FY11 Regional Schools budget recommends \$280,000 from Excess & Deficiency (E&D) for budget support and \$280,000 in E&D for contingency.

Rodriguez described the process of developing a prioritized cut list. The latest list was emailed to the School Committee; the list distributed at this meeting was an earlier version. It shows restorations at various levels of state aid with and without an override for Amherst. \$792,817 in cuts would be made regardless of funding. If “give backs” of COLA increases occur, they would allow for additional restorations. Give backs are unknown because negotiations are ongoing with the union. He said it was a dynamic process because priorities are still being established.

Assessments. Detweiler proposed four scenarios with state funding at -5% and 0% with and without a \$1.1 million override for Amherst. The resulting FY11 budget ranged from \$2.2 million to \$792,817 in cuts. With a 0% increase in state aid, the increase for Amherst would be reduced to \$718,000. This would require that three of four member towns supported that level of funding.

The group discussed the level of support that may be available from other towns to ascertain the level of funding that was possible. There was reluctance to provide numbers until more definitive information on local aid is forthcoming from the legislature.

Musante said that an override is needed to protect the schools and that the magnitude of cuts assuming the worst case is over \$2 million. Rhodes added that the Regional School Committee needs to know what towns can afford.

The budget would have the least impact on Shutesbury because the regional assessment for Shutesbury has been level in recent years. The town has funds to put toward an increased regional assessment.

Churchill said that massive cuts were made last year with 27 FTEs eliminated in FY10. The FY11 budget also proposes almost \$800,000 in additional cuts. The question is not just a fiscal one, but educational question about preserving the schools. John Tricky from the Pelham finance committee said that Pelham can come up with an increased amount, probably \$40,000, but an override is unlikely to pass. Increases for the Region have had to come from other sources in the past. Pelham would support the level of funding the other three towns support.

Hajir, chair of the Regional School Committee, said that the Budget Coordinating Group (BCG) has been working since September to develop a process for an override and is assuming a \$1.4 million gap for the Region. This would require a \$1.1 million increase in the Amherst assessment with approximately \$100,000 increase for the other towns. He asked what level of increase the other towns are willing to support. Representatives from Leverett indicated that it was likely that Leverett would support the higher amount if the Amherst override passes. Shutesbury can afford \$72,000 without an override for that town.

Musante suggested changing the methodology for the assessment formula for the next year only from a per pupil charge to an equal percentage increase in budget for all towns. The current formula ranges from 2.2% for Shutesbury to 7.8% for Pelham assuming a 0% increase in state aid and an override for Amherst. This has been done in the past. The method would have to be approved by each Town Meeting. In recent years, a Regional committee was unanimous in its recommendation to change back to a Regional agreement based on rolling enrollment rather than the statutory formula where Amherst's per pupil expenditure was lower than the other towns. The shift in the formula was costly for Amherst, but it was the fair thing to do. An equal percentage increase would help Pelham substantially, Leverett to some extent and would increase Shutesbury's assessment.

Hajir asked whether a delay of the Amherst override vote would affect other towns and would help the Regional School Committee discussions. If the override doesn't pass, smaller towns would have to put up less money. The consensus was that scheduling the Amherst override in March is preferable. This would give the other towns a starting point in building their budgets.

Musante stated that an override would allow for a sustainable level funded budget for Amherst for the next few years.

Detweiler distributed Projected Assessments for member towns through FY16 with enrollments for vocational, charter and school choice.

Rodriguez summarized the discussion and said there was resounding support from the smaller towns for Amherst to move forward with an override. If approved, the other towns will find a way to come up with their share of the funds. The Amherst BCG had agreed that the town would not levy taxpayers to the full amount of the override if funds were not needed. Discussion of an equal percentage increase will be deferred for a later meeting.

Regarding the Regional School Committee, Hajir noted that cuts list have been revamped based on February 2 discussion, and the school committee is ready to discuss funding priorities and the level of cuts they are willing to support.

The group agreed to reconvene after the Amherst override vote. A tentative date of April 3 was set.

ADJOURNMENT

The meeting adjourned at 11:50 a.m.

Submitted by Marilyn Blaustein, acting clerk