

FINANCE COMMITTEE MINUTES

Meeting Date: March 13, 2008

CALL TO ORDER

The Meeting was called to order at 7:03 P.M. in the First Floor Meeting Room, Town Hall

COMMITTEE MEMBERS IN ATTENDANCE

Brian Morton (chair), Marilyn Blaustein, Alice Carlozzi, Kay Moran, Douglas Slaughter, Andrew Steinberg (until 8:40)

OTHERS PRESENT

John Musante (Assistant Town Manager/Finance Director), Jere Hochman, (Superintendent of Schools), Elaine Brighty (School Committee), Fred VanDerbeck, Walter Wolnik, members of the public

COMMITTEE AGENDA

1. Budget Review – Elementary Schools
2. Member Reports
3. Minutes
4. Next Meeting Agenda
5. Miscellaneous

COMMITTEE ACTION

Minutes of February 28, 2008 were accepted as amended 6-0.

Minutes of March 6, 2008 were accepted as amended 5-0 with one abstention (member absent).

DISCUSSION

Budget Review – Elementary Schools. Slaughter announced that he is a school employee and would not be participating in the discussion of the elementary school budget. Steinberg announced that he would be leaving part way through the meeting and had sent an email to the superintendent asking for clarification on the legal services and health insurance budgets.

Hochman announced that Andy Churchill, chair of the Amherst School Committee would not be attending the meeting because of a conflict. He explained that the budget process began in the fall with a budget planning meeting, a second meeting in January with a first draft of budget assumptions about revenue and expenditures, this meeting with the Finance Committee, and finally, Town Meeting. This information changes routinely as more information about the budget, such as state funding, comes in.

This is a level services budget and represents a 5.2% increase. A 2% budget would be \$618,000 less. Presently, the FY09 salary accounts are the same as FY08 because they do not reflect salary negotiations which are not yet completed. The personnel dollars are in the Control Accounts and will be applied to salary lines once negotiations are completed. The differences in expenses

between FY08 and FY09 are also small with a few exceptions. The goal is to “slug” through FY09 and not make changes that could be reversed when they begin to think about a long term plan for FY2010-2012.

Additions and cuts to the budget total \$158,478 in savings for FY09. There are some additions that are required, for example services and staffing attached to students with IEPs. There will be a net loss of 2.0 teachers which was made possible because of a change in enrollment. The budget assumes 67 classrooms, a reduction of 3 from FY08. There will be a reduction of 1.0 nursing staff (LPN) that will not be needed (\$24,916), and savings of \$28,000 in expenses offset by grant funding for outreach (\$20,000), and \$8,000 from reconfiguration of administrative duties. The goal is to preserve class size because most teachers would be getting less support. Hochman noted that there would be little savings realized by increasing class size because of the way most grades break out at the respective schools. Three paraprofessionals will be added back to the library, but offset by cuts in SPED and learning disability paraprofessionals who are no longer needed.

Hochman said that most of the expense accounts are relatively unchanged from FY08. He cited those with the largest increases: 1) Choice assessment. The state assessment increased by \$85,000 and is based on 23 students who left the district in FY08. 2) Utilities (heating) increased by \$45,645. 3) Health insurance. There is a net increase of 14.8% in health insurance costs over FY08 (\$425,664). \$135,309 of the amount is for active health insurance enrollees, an 8% increase. There is a 63.5% increase in the amount assessed by the State for retirees’ health insurance premiums and is primarily due to an increase in the number of retirees from the district. 4) Control accounts. There is an increase of \$628,804 in these accounts and the majority of these funds are intended for negotiated salary increases. Funds like professional development are also in the control accounts. Once contract negotiations are completed, much of this money will move to payroll accounts.

Hochman described the changes for FY09 in transportation. A committee, with representation from each of the towns was appointed to review the transportation budget and the cap in Excess and Deficiency (E&D) funds at the regional level. Presently, the Amherst Regional school district is the only one in the state where elementary transportation is in the regional budget. The state has recommended that elementary transportation be charged separately. The Regional agreement will be revised based on the recommendation of the committee and requires approval from the four towns. Carlozzi, a member of the committee, explained that the committee recommended the odometer method which allocates costs to the respective towns based on number of miles. This method advantages Amherst and will result in a net decrease of about \$36,000 for elementary transportation. She asked Hochman if one could assume that this would be the method adopted before the four towns voted on the recommendation at their spring town meetings. Hochman responded that a second scenario would have to be developed. He noted that one article with two sections will be presented to modify the regional agreement, one section for E&D and the second for adjustments to the transportation budget. Members of the committee expressed their reservation about combining the two in one article if by chance one section did not pass. Brighty said she will discuss this with the regional school committee.

Hochman addressed two items that were raised by Steinberg in an email, health insurance costs and legal fees, and referred to a memo from Kathy Mazur. As noted previously, the increase for active employees is 8%. All retirees are in the state system and the state assessment for health

insurance premiums increased by \$291,355 , 63.5% This is due to the increase in number of retirees in the district. Regarding legal matters, the Amherst, Pelham and Regional districts use the services of an education-related firm for issues such as: collective bargaining; special education law; student rights, discipline and academic freedom; and school committees and school finance. Education related legal services are specialized and it would be rare for a legal firm to cover both municipal and educational matters. Legal services for Amherst and the Region were \$51,700 and \$66,500, respectively in FY07. For non-education related services, the district has retained the municipal attorney previously retained by the Town. They deal with issues like building expansions, property/abutters' disputes or challenges to the district regarding local ordinances. Services in these areas have not been required this year.

Hochman concluded that the budget is an ongoing process and will fluctuate as more information is gathered (e.g., contract negotiations, Chapter 70 funds, enrollments). He was appreciative of John Musante and Rob Detweiler's efforts to clarify numbers as well as the work of the Budget Coordinating Group. He also noted that the 5.2% budget increase represented a status quo budget and was no sign of disrespect for the Finance Committee's recommendation of 2%. Brighty added that two-thirds of the increase could be attributed to the increase in health insurance.

Morton commented that it is not obvious to people that reorganization and efficiencies such as, providing in-house services rather than out of district programs for SPED students, sharing a facilities director with the Town, and combining grade levels in some schools have occurred in the schools. Carlozzi asked what the school's view was of combining Town and School IT. Hochman replied that the schools are beginning the interview process for an information systems director for the schools. The information systems used are unique to education as are the reporting requirements to the state. For example, the schools are required to report 52 elements about each student and other information about school employees to the state. The only areas in common with the Town are websites and budgets. There is no duplication of effort and there would be no efficiencies gained by combining the school and town IT functions. In response to Carlozzi's question about whether there were too many administrators; Hochman stated that with increased demands for accountability, evaluation and professional development will be more demanding. He would prefer to have administrators working on IEPs, attending meetings, writing reports, etc. so that teachers could teach and spend time with their students.

Member Reports. Moran reported on the meeting of the Library Trustees. The revised FY09 budget has a gap of \$8,570. The budget is based on a lower estimate of health insurance costs. The Trustees voted to close the Jones Monday afternoons. It is already closed in the morning, and both branches are open on Monday. This will result in a savings of about \$11,000. They were also considering other revenue options like DVD rentals and a coffee bar in the library. The library director is seeking a legal opinion regarding fines collected for library materials purchased by Jones Library Inc. They believe that this revenue belongs to Jones Library Inc. and not the Town. There was no motion by the Trustees to adopt the budget.

Slaughter reported on the March 12 JCPC meeting. The committee reviewed capital requests for Police, Fire and Planning departments. Musante added that department heads have been asked to identify their top capital priorities. The requests are \$2.5 million higher than funds available if the capital plan is funded at 7% of the levy. The committee has not yet recommended what the percentage funding from the tax levy should be. The committee will begin to rank order projects at

its next meeting.

Morton reported that the BCG is continuing to work on the public engagement process for the long-term financial plan. The plan is for Town staff to create scenarios for a citizens group to look at and get input from the public. The scenarios will be based on service and revenue needs. The plan will be presented to the Select Board at its next meeting. Carlozzi asked if this work will require a budget. Morton replied that they are trying to do it in house and will use ACTV, the newspapers and the web for notification.

Musante said that he is working on elements of a long term financial plan independent of this group, and that progress is being made in all areas.

Next Meeting Agenda. The next meeting will be March 20, 2008. Regional school and library budgets are on the agenda. Musante will present a budget update and a draft list of articles. Carlozzi also asked that there be sufficient time for discussion about budget priorities for next year. She is concerned about the adequacy of the Police budget. The two additional positions are so far down in the list of restorations that it is unlikely they will be funded.

Miscellaneous. Musante announced that the Water Fund recommendation will be reduced by \$750,000. The water meter readers have been eliminated from the capital budget.

ADJOURNMENT

The meeting adjourned at 9:45 P.M.

Respectfully submitted,

Marilyn Blaustein
Acting Clerk