

Approved 3/27/08

AMHERST FINANCE COMMITTEE MINUTES

Meeting of March 20, 2008

CALL TO ORDER

Morton called the meeting to order at 7:07 p.m. in the First Floor Meeting Room of Town Hall.

FINANCE COMMITTEE MEMBERS IN ATTENDANCE

Marilyn Blaustein, Alice Carlozzi, Kay Moran (Vice-Chair), Brian Morton (Chair), Douglas Slaughter and Andrew Steinberg. Steinberg was absent during the Library budget review, having recused himself.

STAFF AND OTHERS IN ATTENDANCE

John Musante, Assistant Town Manager/Finance Director; Bonnie Isman, Library Director; Jere Hochman, Superintendent of Schools; Elaine Brighty, Chair, Regional School Committee; members of the public.

AGENDA

1. Budget Review
 - a. Library
 - b. Regional Schools
2. Updated Article List for Annual Town Meeting
3. Assignments for Remaining Articles
4. Member Reports
5. Minutes
6. Next Meeting and Agenda
7. Miscellaneous

COMMITTEE ACTIONS: None

DISCUSSION

1.a. Budget Review, Library. Isman presented the budget for Library Services, noting that the Jones Trustees have not taken a final vote on it yet and that further adjustment is likely. The total budget increases 1.3% over the current year, with a 2% increase in tax support as requested by the Finance Committee. The plan is to use part of anticipated state aid (about \$15,000) in addition to aid already in hand, a practice begun for the current year. The 5.4% of the endowment to be used in FY 09 is a decrease of .1% from the current year but still above the stated policy of using not more than 5%. The Trustees are in the process of reducing the amount annually until the policy goal is reached. The dollar amount of endowment funding for FY 09 will increase by 2.2% because of an increase in the value of the endowment.

The budget includes an allowance for salary increases. Savings in electricity will moderate the energy cost increase. There is a reduction in the number of retired people

covered by health insurance, which causes a lower cost of health insurance than would otherwise be expected. The budget for this may be reduced to reflect a 6% increase in premiums rather than the 8% used in the budget.

The Jones Library will be closed on Mondays to save money. It is currently open half days on Mondays. Money from town trust funds was appropriated for FY 08, but faulty language in the appropriation has not allowed it to be spent. The \$900 involved will be increased to \$1,200 for FY 09. Private donations plus grants will allow the ESL program to continue, and perhaps even to expand. There is no overlap in service with the ESL programs at the schools. The library serves only adults who are long-term residents.

The Trustees meet again on April 8, so the uncertainties about budget amounts could be settled before the Finance Committee votes budget recommendations on April 10. The Trustees would like to continue the conversation about establishing a revolving fund for library fines. They intend to end their recent practice of using state aid money prospectively after two more years, because the state Board of Library Trustees is discussing revamping the aid system and may have developed a new system in two years. The Friends of the Jones Library donation for books is reduced from \$9,000 this year to \$6,000 for FY 09, because the Friends are not yet certain how they would like their donation to be used. The Jones Trustees discussed, but did not adopt, some ways other than Monday closings to balance the FY 09 budget. They included operating a coffee shop at the Jones Library (the favorite alternative), rental of some library materials such as electronic games, eliminating Sunday hours (strongly opposed to this), reducing hours for special collections (poor timing since the town's 250th anniversary is coming up), and alternative staffing at the branch libraries.

1.b. Regional Schools. Slaughter reminded the Committee that he works for the schools and will be silent during this discussion.

Hochman drew attention to information about the schools that has already been distributed and is also available on their website, including a report on last year's budget results. He noted that the new budget format for Regional Schools includes, on page one, a list of revenues. The Excess and Deficiency account has increased. The plan for FY 09 is to use \$100,000 from E&D to support the budget and another \$280,000 as a contingency fund for use in emergencies (not to expand programs). Their auditor recommends the contingency fund appropriation. The total of all revenues and the budget total increase by a little over \$1 million, or 3.9% above the current year. The assessment increases are 3% for Amherst (as requested by the Finance Committee), 5.7% for Pelham, 1% for Leverett and 1.6% for Shutesbury. These figures do not include the proposed change in how elementary transportation costs are charged to the towns.

The largest part of expense changes are in Control Accounts, where pending salary increases and new positions are included. The cost of special education tuitions is affected by a lower number of tuitions but higher cost of individual tuitions. The state's "circuit breaker" provides some assistance to the Region when the cost of services to an

individual exceeds \$35,000. In such cases, the state pays 72% of the cost above \$35,000. The Greenfield Community College program is still popular but draws fewer students now that students must pay some of the cost. Hochman noted that this budget is essentially a “general fund” budget; it does not include various revolving funds.

The budget information includes pie charts showing changes in categories of spending from FY 00 to FY 09. The increase from 4% to 9% in spending for Operations and Other is largely due to the fact that salary increases included in Control Accounts for FY 09 have not been distributed into other categories yet. The largest differences are in Health Insurance (up from 7% to 15%) and Regular Education (down from 36% to 24% but without salary increases allocated yet for FY 09).

A page listing budget additions includes 6.4 FTE teacher positions at a cost of \$309,058. One teacher is required by an IEP, some temporary science and art positions are to be made permanent, two high school teachers are added to control class size and reduce the need for a second required study hall, and 1 middle school math teacher will allow the opportunity for students to take a second math elective. An assistant principal at the high school is added, for a total of three of them, because current staffing means the assistant principals have to spend too much time in their management role and not enough in their education role (for example, doing teacher evaluations). Hochman said these additions would begin a process of recovery for the schools, although it would take an additional 5 teacher positions to get the schools back to where they were in 2002-2003. The additions are indicated separately in order to show clearly just what they are. The cost of the entire list of additions is \$509,929.

The towns will be asked to adopt an amendment to the Regional Schools Agreement that would charge the individual towns for the cost of elementary school transportation from home to school and back. If the amendment passes, each town’s Regional assessment would be decreased by its elementary transportation cost, and presumably each elementary budget would be increased accordingly. For Amherst, the Regional assessment would decrease by an estimated \$361,369 and the elementary budget would increase by \$325,487, for a net decrease in cost of \$35,882. The difference is a result of more accurate allocation of transportation costs.

The cost of health insurance in the budget is based on an 8% premium increase. The Regional School Committee has not discussed what to do with any savings from a reduction in the premium increase to 6%.

The School Committee is expected to vote at its March 25 meeting on continuing School Choice and on language for three warrant articles: 1) calculating assessments according to the Regional Agreement, 2) amending the Regional Agreement to raise the E&D Fund maximum from 3.5% to 5%, and 3) amending the Regional Agreement to charge the individual towns for elementary transportation based on miles driven.

2, Updated Article List for Annual Town Meeting.

Musante distributed an updated list of warrant articles color-coded for the dates the Committee will consider them. The Committee's report to Town Meeting will be in two parts, first the budget and other financial articles, then the rest of the articles. There was discussion of future agendas and when votes would be taken.

3. Assignments for Remaining Articles.

Speakers and writers were assigned for articles that had not already been assigned.

4. Member reports.

BCG. Steinberg reported that BCG is refining plans for its information gathering process leading to a statement of financial priorities of the town, and that the Select Board endorsed the concept last Monday by a vote of 4-0, with 1 absent. BCG announced the plan to the public and invited citizens to apply for membership on what is to be a very broadly based facilitation committee to carry out the process. Two BCG members will review the applications; BCG will recommend members for the facilitation committee to the Select Board for their approval on April 14. BCG enthusiastically supports the process and expects the outcome be used for work on the FY 2010 budget. Their next meeting will concentrate on the FY 09 budget. Morton emphasized that the BCG wants broad representation on the facilitation committee. Musante complemented Morton and Steinberg for their excellent job of presenting the information to the Select Board.

JCPC. Moran reported that JCPC is having a very difficult time determining which capital items to recommend and which not to recommend for funding. After the first pass at eliminating items, JCPC still needs to find \$0.5 million worth of items to eliminate if capital spending is limited to 7% of the levy. Musante said the JCPC report would include a list of unfunded items above the 7% limit. He noted that the last half million would come from the top tier of department requests. Some part of the items from the list could be funded if money from prior completed or rescinded projects is released, perhaps as much as \$150,000 to \$200,000. Steinberg noted that capital must be included in the long-term planning process. Morton pointed out that capital spending is necessary because it supports operations.

5. Minutes. None considered.

6. Next Meeting and Agenda.

Hearing from petitioners at the March 27 meeting is scheduled to conclude at 8:20, leaving time for a discussion on closing the budget gap.

7. Miscellaneous.

Slaughter reminded the Committee that he will be absent from the next meeting.

ADJOURNMENT

The meeting adjourned at 9:43 p.m.

Submitted by Alice Carlozzi, Acting Clerk