

Budget Coordinating Group Minutes

Date: February 27, 2014
Location: Town Room, Town Hall
Start time: 8:23 a.m.
End time: 9:27 a.m.

Attendance:

Stephanie O'Keeffe, Select Board - Co-Chair
Andy Steinberg, Finance Committee - Co-Chair
Katherine Appy, School Committee
Alisa Brewer, Select Board
Maria Geryk, Superintendent of Schools
Rick Hood, School Committee
Sean Mangano, Assistant Business Director, Regional and Amherst schools
Mike Morris, Dir. of Education Evaluation and Assessment Analysis, Reg. & Amherst schools
John Musante, Town Manager
Sandy Pooler, Finance Director
Robert Pam, Library Trustee
Sharon Sharry, Library Director
Sarah Swartz, Finance Committee

Documents and other exhibits used at meeting:

1. FY 2015 preliminary Amherst Schools budget
2. FY 2015 preliminary Regional Schools budget

Summary of Discussion on each subject:

1. The meeting was chaired by O'Keeffe. Mangano explained why the January Cherry Sheet offset for Charter School sending tuition was substantially larger than projected. The Amherst Chinese Immersion Charter School has an authorized increase in enrollment and DESE and DOR initially project that the additional students will be proportionately from the districts currently sending students to that school. Those projections will be corrected in future Cherry Sheets. Pooler pointed out that the November Cherry Sheet is used to set the tax rate. Pooler and Mangano project the increase in this offset will be \$100,000, substantially less than the \$326,092 projected in the January 22 Cherry Sheet.
2. Musante described the recent Ways and Means Committee budget hearing that was held in Amherst. His and other testimony on behalf of the Massachusetts Municipal Association focused on the need for an increase in Unrestricted General Government Aid (UGGA). There has been an increase in lottery revenue and the MMA's position is that UGGA should be linked to that revenue, which was the original basis for the lottery. The legislature could support a 2-3% increase with each 1% generating an additional \$75,000 for Amherst. O'Keeffe reminded everyone of the importance of letters to the legislature supporting an increase in UGGA.

3. Musante and Pooler reported on the town health insurance plan. The PPO plan projected cost for FY 15 is unchanged from the current year and the HMO plan is projected to decrease by 3%. We are implementing an opt-out incentive to encourage employees to obtain health coverage from spouses' employers. There is no change to assumptions about retiree costs. Budgets should continue to project no change for health insurance premiums.
4. Geryk, Morris, and Mangano described the elementary and Regional School budgets. The elementary budget is \$100,000 less than the amount in the Finance Committee Preliminary Budget Guidelines. The schools could add more programs but is concerned that it could not then continue those programs in future years. A primary principle of this budget is to assure that programs can be sustained. The budgets include the 1% salary increase negotiated through collective bargaining. While there is a decrease in enrollment, it is not directly reflected in costs.

The Regional School budget has \$326,684 in additions, \$678,851 in reductions, for a net reduction of \$351,707. The additions focus on assisting students with special needs, professional development, and the cost of moving to a semester schedule. The reductions are based upon declining enrollment. There is no decrease in what is offered to our students, but the number of sections for some classes will be reduced.

5. Sharry reminded the BCG that the library needs Town Meeting votes on the library capital grant and the town share of the funding by May 16.
6. Musante explained that the Echo Village project was essential to the entire Community Development Block Grant (CDBG) application, including funding for human services. Because negotiations with the current owner failed to conclude before the application had to be submitted, the Town could not submit an application for FY 15. He therefore wants to ask Town Meeting to fund three programs at a total cost of \$125,000 from Free Cash, in an Article separate from the general budget. This is not intended to be a recurring mechanism to fund these programs but this is the only alternative for FY 15. There was no objection to this proposal. Pooler pointed out that in future years we may want such uses of reserves to come from the Stabilization Fund so that Town Meeting approval to use reserves requires a two-thirds vote. He also explained that we need to consider increases in the proportion of the general revenue allocated to capital for FY 15 and in future years.
7. There was discussion of next meeting and the Summary Points for this meeting.

Decisions made/actions taken:

**Amherst Budget Coordinating Group
Summary Points – February 27, 2014**

At our February 27th meeting, the members of the Budget Coordinating Group agreed that the following points would be conveyed to our home boards and committees:

1. That notable new developments in the FY15 State budget process thus far are:

- a) The Select Board, Library Trustees and School Committee have all sent letters to the legislature, advocating for additional Unrestricted General Government Aid.
 - b) Inquiries regarding a more-accurate Charter School reimbursement figure than first indicated by the State have been made and are being pursued further; conservative estimates will continue to be used for budget planning purposes.
2. That notable new developments in the FY15 local budget process thus far are:
- a) The Elementary Schools' budget increases only 2.2% over FY14, below the Finance Committee guideline of 2.7%, a difference of \$100,000. School officials are happy to come in under budget while being able to make some key programming improvements.
 - b) The Town expects to offer a separate spending article, outside of the municipal budget, to request \$125,000 from Free Cash to cover the three social service funding recommendations that were to have been part of the Community Development Block Grant application. That application was not submitted, due to a last-minute rejection of a purchase offer for Echo Village apartments by owner Jamie Cherewatti, because the loss of that capital project rendered the grant proposal non-viable. The \$125,000 would cover \$70,000 for the winter homeless shelter, \$35,000 for the Survival Center's food pantry program, and \$20,000 for emergency assistance funds administered by the Town. This request covers the loss of anticipated funds as part of a continuing CDBG transition.
3. That Finance Director Sandy Pooler recommends consideration of two key financial policies for the future:
- a) Allocating a larger percentage of the local property tax levy toward capital;
 - b) Making the Stabilization Fund, rather than Free Cash, the source for all spending that requires use of reserves, with its higher vote threshold (two-thirds vs. majority) reflecting the elevated level of scrutiny appropriate to such requests.
4. That the next BCG meeting will be held at 8:30 a.m. on April 17th, following release of the House budget.

Member preparing minutes: Andy Steinberg