

JOINT FINANCE COMMITTEE AND BOARD OF SELECTMEN MEETING

March 5, 2014

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Meeting Date: March 5, 2014

Called to Order: 6:00 PM

Location: 1 Avenue A, Turners Falls MA

Finance Committee Members Present: John Hanold, Sharon Kennaugh, Lynn Reynolds, Greg Garrison, Michael Naughton and Lisa Adams. Greg Garrison left at 6:30 PM.

Selectmen Present: Mark Fairbrother, Michael Nelson (arrived at 6:45 PM) and Christopher Boutwell

Others Present: Town Administrator Frank Abbondanzio, Carolyn Olsen arrived at 6:55 PM
From the Gill-Montague Regional School District (GMRSD): Superintendent Dr. Michael Sullivan, School Committee Chair Joyce Phillips, School Committee Members Jane Oakes and Leslie Cogswell, and Mark Chapulis from The Management Solution
From the Town of Gill: Administrative Assistant Ray Purington, Selectman Randy Crochier, Finance Committee members Nancy Griswold, Timmie Smith and Ronnie LaChance,
Audience: Jeff Singleton, Patricia Pruitt and Paul Nowill

Minutes

Selectmen Moved:

To approve the minutes of February 12, 2014.

Vote: 2 In Favor 0 Opposed 0 Abstained

Selectmen Moved:

To approve the minutes of February 26, 2014.

Vote: 2 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To approve the minutes of February 26, 2014.

Vote: 6 In Favor 0 Opposed 0 Abstained

Gill-Montague Regional School District

- Superintendent Sullivan presented his budget which includes decreases from the preliminary budget provided earlier.
- The Superintendent explained that GMRSD's initial budget request was \$500,000 higher than the affordable assessment because they wanted to demonstrate their need. Explained that the cuts that were being proposed would minimize effect on students. Mr. Hanold asked for confirmation from the Superintendent that it was unlikely that there would be any increases coming from existing revenue sources. Dr. Sullivan agreed.
- Mr. Hanold asked what was different in the budget presented tonight from the one presented in January. Dr. Sullivan said the primary differences were the elimination of eleven positions, along with \$74,000 in non-personnel expenses. Ms. Phillips said that the school committee was committed to presenting a budget that was affordable for the towns, and noted that the reductions were chosen to have the least impact on the students.
- There was a discussion about the GMRSD collective bargaining agreement. They are in the second year of a three year contract. The contract provides a 2% increase for years 2 and 3 in addition to step increases. Ms. Reynolds expressed concern about sustaining these increases and whether further teacher layoffs would be needed again next year. Dr. Sullivan indicated they would make every effort to protect education provided to students in the classroom but they anticipated that they would have to make some reductions again

next year. Mr. Singleton asked if the cuts meant there would be no Spanish teacher at the high school. Dr. Sullivan indicated that was true but they had resolved how they would deal with the 24 students who had been served by the Spanish teacher. Mr. Naughton asked if the school committee knew when it approved the contract that layoffs might be necessary to pay for it. Dr. Sullivan said yes, that school committee members felt that the raises were necessary, and they recognized that personnel reductions might be necessary in FY2015. Mr. Singleton disputed the claim that the contracts had been costed out, stating that he was on the committee. Ms. Phillips stated that the school committee had just voted to release the minutes of the 5/21/2013 executive session at which the contract was discussed, along with the spreadsheet prepared by TMS showing the impacts of the proposed contract alternatives, and she said that she would provide copies of those documents.

- Mr. Singleton expressed the hope that the district would support a statement calling for a review of the foundation budget. He also noted that the state's charter school policy affects state aid to the district, and he asked that others join him in discussing this with Representative Kulik.
- There was another discussion about the choice and charter numbers and students who are home schooled. Ms. Adams asked what plans they have to address the charter/choice issue. Dr. Sullivan indicated he has a plan to follow-up with families who have choiced or chartered out of the system. That process is expected to start in April. Ms. Adams suggested that perhaps they should also consider contacting families that choice into the district. Dr. Sullivan said this could certainly be a part of the process.
- At one point Mr. Naughton questioned the affordability number for Gill that was listed in Dr. Sullivan's handout, as it was different from his affordable assessment calculation. Mr. Purington explained that the number came from the Gill selectboard, which had agreed that a figure 3% higher than the FY14 assessment would be affordable for Gill.
- Mr. Hanold noted that the 85/15 enrollment split between Gill and Montague assumed by the original Table B has been shifting, and it is now at roughly 87/13. This has an effect on the overall affordable assessment calculation.
- Mr. Boutwell asked if we have an official contract with Erving. The GMRSD does. Mr. Chapulis stated that Erving pays less per student for regular students but more for SPED students.
- Mr. Hanold asked about the future of Erving sending their students to GMRSD. Ms. Phillips said that Erving has spoken with the district about regionalizing for the high school, and a committee will be formed to look into the alternatives.
- Ms. Smith noted that the GMRSD has brought a lot of SPED placements back into the district, and that this has come to fruition as shown in the SPED budget request.
- Mr. Naughton provided a spreadsheet and graph comparing the history of affordable assessments and actual assessments. Mr. Naughton said that if we think we can afford the increases above the affordable assessment, then we need to reconsider what we consider to be affordable. Alternatively, if we don't think we can afford them, we have a problem.
- Dr. Sullivan said that with flat revenues going forward there were likely to be continuing adjustments to the budget to offset contract increases.
- Mr. Naughton asked if there were plans to increase enrollment. Dr. Sullivan stated that this goal was addressed for Fiscal Year 2015 with the addition of the Behaviorist, and the Literacy Coach. Those positions are tailored to improving the quality of early education in order to bring students into the district.

- Ms. Cogswell pointed out that the district had 80 students choice into the district in Fiscal year 2014. Mr. Hanold added that the district went from a net loss of 84 to a net loss of 113 students.
- Mr. Hanold referred to Mr. Naughton's handout and summarized that the convergence of red and green line is what we expected to happen, with the affordable assessment equal to the actual assessment at that point in time. The lack of a similar convergence of the purple and blue lines indicates that there is still a problem. Last year Montague (page 6 of GM handout) shows a \$40,000 variance which we managed to cover from unexpected new growth. Fiscal Year 2015 is still a problem for us. Mr. Hanold further noted that the calculation of the affordable assessment is subject to change as new information is provided, and there is no notable difference from the preliminary amount at this time.
- Mr. Singleton seconded Mr. Naughton's comments that the current gap is not insurmountable, but the town has, in recent years, used large amounts of stabilization funds to meet the assessment. And, in that context, it's important to understand that this was supposed to be the end, which now brings the question of whether we will ever get there.
- Ms. Oakes added that the original table B is represented by the red and green lines, and that these numbers assumed annual 3% Ch 70 increases. This at least partially explains why the actual lines did not meet. Mr. Naughton noted that, while that was the original assumption, the unlikeliness of 3% Chapter 70 increases has been known for some time, and the question now is how to deal with it.
- Ms. Phillips noted that the school choice issue is not unique to GMRSD, and that the reasons for students choosing schools often have nothing to do with what the district offers, but rather convenience for parents who prefer their children attend schools close to their place of work or a babysitter.
- Throughout the hearing, several people noted appreciatively that the information provided by the district was very complete and clearly laid out.

Town Administrator's Budget Update

Mr. Abbondanzio will do his full presentation next week, but summarized the process to date:

- Department budgets and narratives were requested in December.
- Met with department heads in January and had narratives edited.
- Summaries were created based on programs within the town.
- Created a large document combining line item budgets, department narratives, program summaries, and recommendations. This is just one section of the report.
- In January and February he researched revenue and expenditures and updated a previous analysis showing budget trends.
- Created an analysis going forward five years based on identified trends.
- Also looked at the history of capital expenses since 2008.
- Working with CIC on long term capital plan. Looked at past 7-8 years to attempt to indentify both spending and funding patterns.
- Looking at past, present, and future impacts of "budget busters".
- Will be making recommendations next week based on his report.

Mr. Hanold asked what happens next after the Town Administrator's budget is submitted. Mr. Abbondanzio's main goal is to get it on the website by mid-April, and noted that there's a lot of text that needs to go with the numbers.

Mr. Naughton asked about the differences to recommendations currently on the table. Mr. Abbondanzio noted that they included some operational special articles. Mr. Naughton said that if there are differences, it would be handy to have information to review ahead of time. Mr. Abbondanzio said he would get something out.

Endorsement of Draft Statement Concerning Chapter 70

- Mr. Hanold asked who would be the sender and recipients, and whether a specific action was being sought. Mr. Singleton replied he would like the letter endorsed by both the selectmen and finance committee. Recipients would be state legislators and the joint education committee which is holding hearings. He'd also like to send it to a regional school district organization that is scheduled to be discussing the issue.
- Mr. Naughton handed out a statement that has been approved by both Mr. Singleton and himself. Mr. Naughton stated that both he and Mr. Singleton agree that there are problems with the formula, but disagree on what the problems are, and agree that opening the discussion at the state level is a good thing to do.

Motions

Finance Committee Moved:

To endorse the letter provided by Mr. Naughton, with the chair to sign as the Finance Committee representative.

Vote: 5 In Favor 0 Opposed 0 Abstained

Selectmen Moved:

To endorse the letter provided by Mr. Naughton, with the chair to sign as the Board of Selectmen's representative.

Vote: 3 In Favor 0 Opposed 0 Abstained

Ms. Kennaugh suggested that the letter be sent directly to our legislative delegation and carbon copied to the chairs of the Ways and Means and Education Committees, the Governor, and the Secretary of Education. Ms. Olsen will print the letters on letterhead, give to chairmen to sign, and then mail to Mr. Singleton.

Topics not anticipated within in the 48 hour posting requirements - none

The Board of Selectmen adjourned at 8:06

Mr. Hanold encouraged members to come prepared to next week's meeting.

Meeting Adjourned at 8:15 PM

List of Documents and Exhibits

- Minutes February 26, 2014
- Draft statement concerning Chapter 70 (attached below)

Next Meetings:

March 12, 2014 Capital Improvements Committee, final Schedules I & II, Town Administrator Budget, decide final use of reserves

March 19, 2014 Vote STM and ATM recommendations

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March 26, 2014 Vote operating budget and funding sources for Town, WPCF, Colle, Airport
and school districts

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Proposed Statement on Chapter 70
To State Reps, MASC, MMA etc

The current budget proposal by Governor Patrick calls for a review of the Chapter 70 state education aid formula. This conforms to the language in the Chapter 70 statute itself, which calls for periodic reviews of the formula.ⁱ However both the statute and the Governor's proposal appear to limit the statewide discussion to the adequacy of the foundation budget, only one component of the formula.

We strongly support a review of the foundation budget but believe a broader discussion of the Chapter 70 formula will prove to be necessary.

Since the minimum contribution portion of the formula was adjusted in 2007 the majority of school districts in any given year have not been entitled to state aid increases under the core formula. In most cases the state has simply ignored the formula, held these districts "harmless," and given them a small increase per student. This year seventy-five percent of the districts in the state are not due to receive increases through the core formula under the Governor's budget.ⁱⁱ Indeed many of these districts would be facing massive and unsustainable cuts in Chapter 70 if the formula were actually implemented.ⁱⁱⁱ

This reality applies not only to small declining enrollment districts in the western part of the state but to large urban districts in the east, including Boston and Somerville.^{iv} We believe that this has resulted in a failure to provide adequate and appropriate funding to many districts across the state.

We are not convinced that simply adjusting the foundation budget for inflation will address the problem. We therefore recommend a broader analysis that takes into consideration all of the elements of the Chapter 70 formula. The analysis should also consider state fiscal capacity and the impact of future increases in Chapter 70 on other state-funded programs, including other forms of local aid.

ⁱ See MGL Chapter 70, Section 4 "Foundation Budget Review Commission."

ⁱⁱ According to the DESE website, under the 2015 Governor's budget "59 operating districts received foundation aid to insure that they do not fall below their foundations budgets." That is, 59 out of 326 districts received aid under the "core formula" as defined here (Chapter 70=Foundation Budget-Minimum Contribution). 94 districts received money from an addition to the formula called "downpayment aid" and 201 were "held harmless" and received a \$25 per student increase. See DESE, "FY 15 Preliminary Chapter 70 Aid and Net School Spending Requirements" For previous years see DESE Website, School Finance, Chapter 70 program, "Chapter 70 and Aid Spending Requirement." From 2007 through 2009 only 1/3 of school districts statewide received aid under the core formula despite significant increases in the foundation budget inflation factor.

ⁱⁱⁱ According data on the DESE website, Chapter 70 to the Gill-Montague District has been nearly flat for the past decade and has actually declined since 2002. The local (minimum) contribution to education has increased by over 30% since 2002. See Chapter 70 District Profiles. Yet according to the core formula, the actual amount of Chapter 70 the district is now receiving in FY 15 is too high and should be reduced by nearly \$500,000 or nearly 10%. See FY 15 Preliminary Chapter 70 and Net School Spending Formula Spreadsheet.

^{iv} According to data on the DESE website, chapter 70 aid to Boston would be reduced by over \$57 million or over 25% from its current level if the core formula were actually implemented in FY 15. Boston's Chapter 70 has increased by a total of 4.5% since 2004 while its local (minimum) contribution has risen by over 60%. For Somerville the FY15 reduction were the formula followed would be over \$9 million or over 45%. Somerville's Chapter 70 has been flat since 2004 and declined by over 15% since 2002. Somerville's minimum contribution has increased by over 50%. See FY 15 Preliminary Chapter 70 and Net School Spending Formula Spreadsheet and Chapter 70 District Profiles.