

JOINT FINANCE COMMITTEE AND SELECTMEN'S MEETING MINUTES  
 UPSTAIRS MEETING ROOM  
 1 AVENUE A, TURNERS FALLS, MA  
 March 1, 2017

Chairman John Hanold opens the meeting

- Meeting was opened at 6:00 PM in the Upstairs Meeting Room
- **Finance Committee Members Present:** John Hanold, Fred Bowman, Michael Naughton, Chris Menegoni and Patricia Pruitt. Greg Garrison was absent
- **Selectmen Present:** Michael Nelson, Richard Kuklewicz and Chris Boutwell.
- **Others Present:** Accountant Carolyn Olsen, GMRSD Superintendent Michael Sullivan, Director of Business Manager Joanne Blier, School Committee Chair Michael Langknecht, School Committee members, Jane Oakes and Valeria (Timmie) Smith (also a Gill Finance Committee member), Gill Selectboard member Gary Snedeker, Gill Finance Committee member Tupper Brown, and The Recorder reporter Miranda Davis. Town Administrator Steve Ellis was absent.
- The Finance Committee Chair announced that the meeting is being recorded by MCATV, and asked if anyone else was recording the meeting. No one identified themselves.

**GMRSD Fiscal Year 2018 Budget and Preliminary Assessment**

The budget presented tonight is still preliminary, and based on the previous Affordable Assessment. The final budget will be voted on by the School Committee at their March 14<sup>th</sup> meeting.

The Superintendent presented the following information:

Budget Development Priorities

1. Retain small class sizes and existing courses and programs
2. Retain continuity and stability in staffing, organization, and initiatives
3. Advance the District Strategy: - Improve student readiness to learn
  - a. Improve student literacy achievement
  - b. Increase instructional focus on tasks, assessments, and projects that develop higher-order thinking
  - c. Improve educator learning through collaborative structures
  - d. Increase parent and community involvement and investment

Projected Fiscal Year 2018 expenditures break down on a percentage basis as follows:

- 45% Instructional Services
- 20% Benefits and Insurance
- 15% Tuition
- 9% Student Services
- 7% Operations
- 3% Administration
- 1% Capital Debt

<u>GMRSD Expense Trends</u>	FY15	FY15	FY16	FY16	FY17	FY17	FY18	FY18
	Budget	%	Budget	%	Budget	%	Budget	%
Wages	10,723,920	55%	10,459,495	51%	10,686,777	51%	10,703,610	50%
Benefits	3,634,710	19%	3,970,411	19%	4,026,147	19%	4,290,323	20%

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	FY15	FY15	FY16	FY16	FY17	FY17	FY18	FY18
<u>GMRSD Expense Trends</u>	Budget	%	Budget	%	Budget	%	Budget	%
Operations/Utilities	920,939	5%	899,348	4%	887,299	4%	930,908	4%
All Other Expenditures	<u>2,170,417</u>	<u>11%</u>	<u>2,723,107</u>	<u>13%</u>	<u>2,957,874</u>	<u>14%</u>	<u>2,955,806</u>	<u>14%</u>
Total	19,428,823	100%	20,452,361	100%	21,158,097	100%	21,480,647	100%

	FY15	FY15	FY16	FY16	FY17	FY17	FY18	FY18
<u>GMRSD Revenue Trends</u>	Budget	%	Budget	%	Budget	%	Budget	%
Town Assessments	9,751,896	50%	10,083,280	49%	10,445,136	49%	10,812,282	50%
State Aid	6,462,027	33%	6,568,611	32%	6,614,489	31%	6,693,774	31%
Grants/Revolving	1,940,000	10%	2,104,672	10%	2,395,172	11%	2,471,292	12%
Erving Tuition	650,000	3%	941,398	5%	900,000	4%	770,000	4%
Medicaid/Other	254,900	1%	354,400	2%	503,300	2%	533,300	2%
Excess & Deficiency	<u>370,000</u>	<u>2%</u>	<u>400,000</u>	<u>2%</u>	<u>300,000</u>	<u>1%</u>	<u>200,000</u>	<u>1%</u>
Total	19,428,823	100%	20,452,361	100%	21,158,097	100%	21,480,648	100%

Fiscal Year 2018 Preliminary Budget Highlights

- Initial budget requests totaled \$22,171,788, representing a 4.8% increase. Of these requests, items not funded include requests for 6 new positions: counselor, technology support, custodian, Occupational Therapy assistant, paraprofessional, and School Resource Officer
- The level services budget request totaled \$21,940,599, representing a 3.7% increase. Reductions included: 1 elementary level and 2 secondary level teachers, 6 paraprofessionals, an administrator's work week from 5 days to 4 days, teacher laptop replacements, professional development, maintenance projects and textbooks.
- The target budget based upon Montague's preliminary Affordable Assessment, a \$25 per pupil state aid increase, and other revenue projections was \$21,480,647, representing an increase of \$322,550 or 1.5% increase above the Fiscal Year 2017 final budget. This budget:
  - Includes \$25,000 for purchase of student computers
  - Does not include teacher replacement computers
  - Does not include new positions, including school resource officer
  - Eliminates Sheffield/Hillcrest literacy coach position (\$50,000)
  - Reduces one HS special education teacher from grades 9/10 (\$50,000)
  - Reduces one secondary level educator (\$50,000)
  - Reduces six para professional positions (\$100,000): Gr. 9/10 sped support, 2 MS life-skills, 3 1:1 supports
  - Reduces Director of Teaching and Learning to 4 days a week (\$20,000)
  - Reduces \$10,000 for professional development
  - Reduces \$10,000 for textbooks
  - Defers maintenance projects of \$20,000

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Budget Revenue Summary (all funds)

Revenue Estimates	FY16	FY17	FY18	Change
Chapter 70 State Aid	6,087,224	6,114,489	6,177,674	63,185
Medicaid Reimbursement	350,000	500,000	530,000	30,000
Interest Income	4,400	3,300	3,300	-
Excess & Deficiency	400,000	300,000	200,000	(100,000)
Erving Tuition	941,398	900,000	770,000	(130,000)
Charter Reimbursement	170,000	200,000	200,000	-
Chapter 71 Transportation Aid	311,387	300,000	316,100	16,100
Operating Assessment	9,927,145	10,293,621	10,597,729	304,108
Capital Debt Assess Old	156,135	151,515	147,053	(4,462)
Capital Debt Assess New	-	-	67,500	67,500
Grants/Revolving Accounts	1,399,503	1,513,414	1,529,847	16,433
Circuit Breaker Revolving	50,424	176,426	177,494	1,068
School Choice Revolving	654,746	705,332	763,950	58,618
<b>Total Budget</b>	<b>20,452,362</b>	<b>21,158,097</b>	<b>21,480,647</b>	
<b>Total Projected Increase</b>		<b>705,735</b>	<b>322,550</b>	

Assessment Breakdown

	FY17 Actual		FY18 "AA"		FY18
	Operating Assessment	2.95% Increase	Operating Assessment	Debt Assessment	Total Assessment
Gill	1,574,992	46,531	1,621,523	14,294	1,635,817
Montague	<u>8,718,629</u>	<u>257,577</u>	<u>8,976,206</u>	<u>200,259</u>	<u>9,176,465</u>
<b>Total Assessments</b>	<b>10,293,621</b>	<b>304,108</b>	<b>10,597,729</b>	<b>214,553</b>	<b>10,812,282</b>

Budget Expenditure Summary (all funds)

Expenditure Estimates	FY16	FY17	FY18	Change
Administration	698,697	750,652	648,044	-13.7%
Instructional	9,377,529	9,502,954	9,535,472	0.3%
Student Services	1,913,063	1,944,200	1,891,933	-2.7%
Operations	1,498,115	1,529,058	1,612,391	5.4%
Benefits & Insurance	3,970,411	4,136,483	4,394,762	6.2%
Tuition	2,838,411	3,143,235	3,183,493	1.3%
Old Capital Debt	156,135	151,515	147,053	-2.9%
New Capital Debt			67,500	
<b>Total Budget</b>	<b>20,452,361</b>	<b>21,158,097</b>	<b>21,480,648</b>	
<b>Total Projected Increase</b>		<b>705,736</b>	<b>322,551</b>	

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<u>FY18 Budget Summary</u>	General Fund	School Choice Circ/Break	Grants/Revolving	All Funds
Administration	648,044			648,044
Instructional	8,306,333	707,950	521,189	9,535,472
Student Services	1,245,044	11,000	635,888	1,891,932
Operations	1,612,391			1,612,391
Benefits/Insurance	4,342,991		51,771	4,394,762
Tuition	2,640,000	222,494	321,000	3,183,494
Capital Debt	214,553			214,553
<b>Total Budget</b>	<b>19,009,356</b>	<b>941,444</b>	<b>1,529,848</b>	<b>21,480,648</b>

<u>School Choice Revolving</u>	Beginning Balance	Revenue	Expense	Ending Balance
FY12	121,559	640,098	(659,853)	101,804
FY13	101,804	707,783	(643,318)	166,269
FY14	166,269	713,056	(692,092)	187,233
FY15	187,233	841,826	(557,260)	471,799
FY16	471,799	803,098	(654,666)	620,231
FY17 Projected	620,231	793,404	(805,332)	608,303
FY18 Projected	608,303	750,000	(763,950)	594,353

<u>Circuit Breaker Revolving</u>	Beginning Balance	Revenue	Expense	Ending Balance
FY12	309,061	472,658	(438,668)	343,051
FY13	343,051	338,497	(298,178)	383,370
FY14	383,370	300,731	(533,406)	150,695
FY15	150,695	153,340	(286,523)	17,512
FY16 Projected	17,512	229,501	(153,095)	93,918
FY17 Projected	93,918	225,482	(230,981)	88,419
FY18 Projected	88,419	200,000	(177,494)	110,925

<u>History of E &amp; D</u>	Certified	Overages to Towns		Reduce Assessment
7/1/2010	683,714		FY12	400,000
7/1/2011	821,827	4,419	FY13	250,000
7/1/2012	752,836		FY14	220,000
7/1/2013	1,094,457	247,662	FY15	370,000
7/1/2014	741,221		FY16	400,000
7/1/2015	568,751		FY17	300,000

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<u>History of E &amp; D</u>	Overages to Towns	Reduce Assessment
7/1/2016	390,484	FY18 200,000
7/1/2017	270,000	FY19 150,000

- Mr. Sullivan noted that the number of Charter School and School Choice students transferring out has dropped, while the number of these students transferring in has increased. The district hopes this trend will continue. The overall pool of students that live in the district is decreasing slightly.
- Building tighter budgets is reducing the contributions to Excess & Deficiency (E & D), so the district needs to reduce the annual budget funding from E & D.
- Mr. Naughton noted that the Erving Tuition amount has been going down steadily. Mr. Sullivan said that about 48% of Erving students in grades 7-12 come to the GMRSD, and this has been pretty steady. Two things make it look like there's been a steady decrease. The first is that there was a miscalculation for FY17 because more students than anticipated went to the Tech School, so the anticipated funds must be reduced accordingly in FY18. Ms. Blier noted that \$770,000 is a more average number, but it peaked in the two previous years, so it's now dropping down to where it used to be.
- The target balance for Circuit Breaker and School Choice funds is the amount that is going in and out each year. The maximum allowed as an ending balance in the circuit breaker fund is the current year's actual revenue.
- A lot of choice-in students are special education students whose parents think they get better services from the GMRSD.

**Montague's Updated Fiscal Year 2018 Revenue Estimates**

On Monday, the Town's Director of Assessing Karen Tonelli received information from Eversource and National Grid that provided a significant increase in estimated new growth. The estimated new growth amount went from a preliminary \$130,000 to a realistic \$500,000. Due to the significant increase, the GMRSD was notified that their Affordable Assessment, while still preliminary, would be expected to increase from \$9,176,465 to \$9,355,915. This increase of \$179,450 represents 48.5% of the \$370,000 increase in new growth.

The School Committee will review the potential impact of this change and determine how to proceed at their next meeting on March 14, 2017. Actions to take may be to restore some budget cuts and/or request that any amount of the Affordable Assessment in excess of the final Montague Assessment be placed in the Town's GMRSD Stabilization Fund.

Mr. Sullivan sent a memo to the school committee which:

- Noted that the current budget request is about \$28,000 greater than the preliminary assessment
- Noted that raising the Montague assessment would have a similar impact to Gill

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- Presented some options on how to treat this: reduce reliance on E & D, restoring some of the most painful cuts, or possibly retaining some of the new affordable assessment in a town stabilization fund.

Mr. Sullivan asked the Montague and Gill committee members if they had any input or preferences as to how the School Committee treats the increase in the Affordable Assessment at their next meeting.

- Mr. Kuklewicz mentioned that this would be an opportunity to reconsider the school resource officer.
- Mr. Naughton suggested that the first thing to do is for the Finance Committee to vote a new Affordable Assessment. This item has been moved to the agenda for next week.
- Ms. Smith said that, in her personal opinion, she would prefer to increase the reduction of E&D used towards the FY18 budget rather than having some of the additional money be put into the town's GMRSD Stabilization Fund.
- Ms. Pruitt felt that funding the textbooks is a priority for her. This was seconded by Mr. Menegoni.
- Mr. Brown noted that Gill has agreed to participate in the affordable assessment process with the ability to review it annually. It's worked out for them in the past, but it seems that the superintendent's memo presumes an additional contribution from Gill, and the Gill selectmen need to discuss and vote on this issue. The Gill selectmen will be meeting on Monday, but Mr. Snedeker thinks the additional funding requirement will be manageable.
- Mr. Naughton thinks it's up to the school district to determine the best use of the additional funding. As a finance committee member, he will support an affordable assessment number, but if the assessment is lower, he is comfortable with putting the difference into the GMRSD Stabilization fund.
- Mr. Bowman suggested putting the additional revenue into teachers.
- Mr. Hanold said it's the district's budget and he feels it's up to the district to decide what's most important.

The next steps are:

1. Montague Finance Committee to vote on final FY2018 Affordable Assessment next week.
2. GMRSD School Committee to discuss and decide on any budget changes, and vote the final FY2018 budget on March 14<sup>th</sup>.
3. Town Meeting will vote on Montague's assessment on May 6<sup>th</sup>.

**Minutes -**

Selectmen Moved:

To approve the minutes of February 22, 2017.

Vote: 1 In Favor 0 Opposed 1 Abstained

Finance Committee Moved:

To approve the minutes of February 22, 2017.

Vote: 5 In Favor 0 Opposed 0 Abstained

**Topics not anticipated within in the 48 hour posting requirements -None**

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**Next Meeting Dates:**

March 8, 2017 Town Administrator, Final revenue estimates, final Affordable Assessment due, begin budget discussions, changes to Finance Committee Report to Town Meeting

March 15, 2017 budget deliberations

March 22, 2017 Final meeting with CIC

March 29, 2017 **MEETING DOWNSTAIRS.** Budget Recommendations, draft warrant to KP-Law

April 5, 2017 Draft Finance Committee Report, vote on Special Article requests

April 12, 2017 Revise Finance Committee Report and Policy Actions

April 19, 2017 Final votes, reconsiderations, approve Finance Committee Report

May 3, 2017 Any pre-Town Meeting actions needed

May 6, 2017 Annual Town Meeting

May 10, 2017 Any post-Town Meeting actions needed

**Meeting adjourned at 7:45 PM**

**List of Documents and Exhibits:**

- February 22, 2017 Minutes
- Ms. Tonelli's memo regarding the increase in new growth
- Superintendent Sullivan's letter to School Committee
- Mr. Naughton's graph of enrollment percentages and assessment percentages

**Minutes Approved March 8, 2017**

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John Hanold, Finance Committee Chair

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Richard Kuklewicz, Selectboard Chair