

FINANCE COMMITTEE (DRAFT)

March 1, 2022

FinCom Zoom: 7:30 p.m.

Meeting ID: 781 572 6432

Members: Chair: Megan Blackwell Vice Chair: My Linh Truong
Hafiz Adamjee, Arun Balasubramaniam, Jeff Calabrese, Stefan Carp, Yannis Evrigenis, Bogdan Fedeles, Ruthie Gagne, Patrick Matteson, John Miller, Nicole Soto, Thomas Springer, Enzo Rascionato, Brian Vernaglia,

Missing: Hafiz Adamjee, Bogdan Fedeles, Patrick Matteson

Late Arrivals: Enzo Rascionato, Stefan Carp, Yannis Evrigenis

General Business

Chair Blackwell called the meeting to order at 7:31 p.m.

Roll Call:

Megan Blackwell

Arun Balasubramaniam

Jeff Calabrese

Brian Vernaglia

Nicole Soto

John Miller

Thomas Springer

My Linh Truong

Ruthie Gagne

Guests

Dr. Frank Hackett, Interim Superintendent of Schools

Mr. Peter Rowe, Interim School Committee Finance Manager

Ms. Karen Bolognese, School Committee Member

Ms. Michelle Bergstrom, School Committee Member

Mr. Shamus Brady, School Committee Member

Public Comments-No speakers present.

Schedule for Budget Reviews

Chair Blackwell is finalizing the budget review schedule. She is going to front load the easier reviews in March (i.e., town government, culture) and schedule the more complex reviews (i.e., Fire, Education, Public Safety) later in late March/April. Still need dates for presentations from Capital, DPW, Fire, and Police. The updated schedule will be uploaded to Dropbox after tonight's meeting.

Introductions of FinCom Members and Dr. Frank Hackett and Mr. Peter Rowe

School Department Budget Overview

Mr. Hackett provided an overview of the FY23 School Budget which was approved by the School Committee in January.

Budget	Total	\$ Inc over prior FY	% Inc over prior FY
FY22 SC Budget Voted	\$58,269,921	\$2,273,145	4.06%
FY22 TM Approved	\$58,153,983	\$2,158,617	3.85%
Roll Over	\$60,402,007	\$2,248,014	3.87%
Maintenance of Effort	\$61,475,723	\$3,321,730	5.71%
FY23 SC Approved	\$60,904,378	\$2,750,385	4.73%

Budget planning has been challenging with a lot of unknowns particularly as it relates to student enrollment numbers. The schools are still trying to understand what enrollment trends are for students who are returning to the district after the pandemic. The "Roll Over" budget reflects straight line expense projections without retirements. The "Maintenance of Effort" budget reflects the refined "Roll Over" budget.

Retirements will help lower costs because the position may not have to be replaced or if replaced will start at a lower rate of pay. Contracts are up for renewal this year and projected increases have been built into the FY23 budget.

Enrollment projections for K through 3 are based on assumptions only. Kindergarten enrollment is estimated to be at 300 versus 320 to 330 in previous years. Grade 1 enrollment is up due to anticipated return from Pre-K programs and pandemic-related departures. Grade 2 is showing a significant drop due to an overall flattening of enrollment. The FY23 budget does not include potential increases from new residential housing projects. Official enrollment numbers come from the Department of Education and will very often get modified without the School Department's knowledge.

Required program needs totaling \$809,436 were built into the FY23 budget. They are listed below as follows:

- Out of district & Professional Services \$535,720
- Language-based Sub Sep gr 4 & 5 (VO) \$79,506 One new FTE mkt rate
- Language-based 6 increase =1 McCall \$47,704 Enrollment related
- ESPs for 4 new kindergarten students \$120,000 Needs for 1/1 support
- High School World language-Mandarin \$26,506 0.4 FTE

Out-of-district services are in response to those students who were not served well during the pandemic that may have ended up in collaborative or residential programs.

Chair Blackwell questioned if the special education programs are state-mandated. Dr. Hackett stated that these programs are required at both the Federal and State level. There is an identification process that is done in an individualized education plan team environment whereby a contract is developed between the student and parent. The school’s goal is to keep students in district whenever possible given the benefits of education in their home community, socialization with peers, and a reduced cost to the town. Note that Collaborative programs can cost \$60K and Residential programs in excess of \$200K.

FY23 Budget Summary Detail

- FY22 SC Approved \$58,153,993
- FY23 Contractual \$ 1,940,949
- FY23 Program Needs \$ 809,436
- Recommended Budget **\$60,904,378**

FinCom Member John Miller raised two questions:

1. Working files shared by the schools are in PDF not Excel. Could the schools share excel files to enable FinCom to conduct analyses?
2. Could the schools add a few more years to the historical enrollment trends? He felt it makes it easier to understand trends over a larger number of years.

Dr. Hackett will follow-up with Finance regarding the Excel files. Regarding enrollment, Mr. Hackett felt that the school data beyond three years is not relevant. He felt that we are currently in a different place and time. Dr. Hackett agreed to send FinCom Member Miller his enrollment data prior to 2020.

FinCom Member Thomas Springer questioned page 10 of the budget book. He asked why the reductions are not larger given a declining enrollment. He used the following analogy: service to less customers leads to less service providers. Dr. Hackett replied that the number represents three elementary sections that were eliminated. The challenge is that the enrollment decline is not always at the same school and/or grade level. The School Department cannot have class sizes

of 10 or 12. In addition, there is the factor of laying off teachers with the town having to incur unemployment costs. The School Committee will have a better handle of enrollment in the spring and can make adjustments at that time. Dr. Hackett is confident that there will be money left over in FY22 which should have a favorable impact to the budget.

Chair Blackwell asked about the positions that were budgeted and not filled in FY22. Were those FTEs reduced and were the funds shifted elsewhere? Dr. Hackett stated that the salaries are still on the books and the excess money was used to handle staff leaves and other costs which resulted in overages. Mr. Rowe further elaborated that the actual headcount is 110 down from 113 in the original budget. This represents the \$300K reduction which is being carried forward into the FY23 budget. The three positions are in addition to those not filled in FY22. To clarify Former Chair Enzo Rascionato's question, the number of sections for FY23 will be 107 but the decision as to where those cuts will be has not been made. No projections have been made on the sections. The reduced salaries however have been accounted for at the top level. The School Committee did not want employees to panic. They feel they will be able to handle reductions through attrition.

FinCom Member Brian Vernaglia asked about the K-5 enrollment projections for next year. How much exposure do you see where classroom sizes that may be on the edge of a normal size? The concern is that come September we may need to add a teacher. Dr. Hackett responded that we need all of the sections we have now. There is room for growth and if enrollment numbers reflect reduced sections this can be facilitated.

Chair Blackwell asked about moving children around schools to balance enrollment. It was done in the past and gave parents a choice. Dr. Hackett does not like the open enrollment policy. Enrollment becomes less predictable. There is also an equity issue in terms of parents having the ability to transport and/or having more than one child in the school system. School Committee Member Bergstrom commented that historically there was low participation by parents for this program. This is not a game changer in terms of policy. It was a courtesy to parents not a tool to rebalance enrollment.

FinCom Member Yannis Evrigenis asked about the impact of new residential developments in town and its impact on enrollment. Dr. Hackett stated that we need to be cautious as it pertains to reductions in the school system budget given the enrollment potential with new residential development. He did feel that the impact will be minimal in FY23 and greater in FY24. He used the new Lynch project development as an example. If successful, the new development will more than likely attract new students.

FinCom Member Jeff Calabrese asked if there are any unanswered questions left for this budget. What would your focus be for the next budget? Dr. Hackett stated that up to now he has been operating in pandemic-mode and wishes he could broaden programs at the high school in the areas of stem research and engineering.

FinCom Member Vernaglia wondered if there will be an Article on the Carriage House. Dr. Hackett replied that it will come from the EFPBC and not the School Committee.

New Business

Chair Blackwell spoke with Ms. Marty Jones regarding the Waterfield project. She asked why FinCom is asking for a 99-year model. Chair Blackwell advised Ms. Jones that further clarity is needed and questions if a 99-year lease is really the best term for the project. Chair Blackwell also asked if there is room to change the percentage AMI after 25 years. Ms. Jones referred this question to the Select Board. Chair Blackwell will follow-up with Acting Town Manager Rudolph for clarity. She also stated that Ms. Jones is willing to meet with FinCom (or one on one) to answer questions.

FinCom Member Miller asked if he is allowed to do a scenario analysis. Chair Blackwell stated it is ok to do if time permits. FinCom Member Springer felt that the property will always be a low-income property operated by someone attracting grants. Chair Blackwell stated that the property is deed-restricted and might be negotiable. This is most likely a legal question.

On a related note, FinCom Member Calabrese advised that the town loses Safe Harbor status on March 21. He feels there is a valid concern regarding the 99-year lease and that the developer is manipulating the AMI to their advantage. Former Chair Rascionato agreed and felt this a fair point. He added that answers to these questions should be coming from Ms. Marty Jones or Ms. Lynne Sweet. He further stated that FinCom Member Miller's point around the 60% AMI being upfront as well as the potential term scenarios is more of a question rather than a statement. We don't know if it is all upfront or ongoing.

Chair Blackwell spoke to Acting Town Manager, Beth Rudolph on the Undistributed Costs. They are working on this request. FinCom Member Miller will put his previous spreadsheets into Dropbox.

Review Meeting Minutes

The February 15 minutes were moved by Former Chair Rascionato. Seconded by FinCom Member Vernaglia.

FinCom Member Vernaglia commented that the school org charts are at least seven years old. It might be something for the School Committee to work on once budget season is over.

FinCom Member Springer stated that the Audit summary is on the Town web site.

Minutes approved as amended 10 in favor, 1 abstaining.

The February 17 minutes were moved by FinCom Member Nicole Soto and FinCom Member Vernaglia.

Chair Blackwell noted that she is working on getting a list of the ARPA funds and requests.

FinCom Member Calabrese asked if the Select Board has the authority to manage ARPA funds.

Both Chair Blackwell and Former Chair Rasconato thought that it was to be a joint process between FinCom, Town Manager, and the Select Board. Chair Blackwell agreed to follow-up on the list of ARPA requests including the process in an effort to gain clarity. There should be parameters on how to spend the money.

Minutes approved as amended 10 in favor, 2 abstaining.

Adjourn

FinCom Member Vernaglia moved to adjourn the Finance Committee meeting and the motion was seconded by FinCom Member Springer. The motion passed unanimously with 10 in favor, 0 opposed and 0 abstained. FinCom adjourned at 9:25 p.m.

Respectfully submitted,
Gary Lozowski, Recording Secretary of Finance Committee

Approved by:  _____
Megan Blackwell, Chair of Finance Committee