

TOWN OF GROTON FINANCE COMMITTEE

Minutes of Regular Meeting Held March 4th, 2014

173 Main St., Groton Town Hall, 6:00 p.m.

2nd Floor Meeting Room

Present for Finance Committee: R. Hargraves, G. Green, D. Manugian, J. Prager (Chair), Joe Crowley, B. Robertson, P. DuFresne (Town Accountant, Recording)

Absent: S. Webber

Guests: Mr. Mark Haddad (Town Manager), Mr. Mike Hartnett (Town Tax Collector/Treasurer), Mr. Joe Bosselait (Fire Chief)

Board of Selectmen: Ms. Anna Eliot, Mr. Jack Petropoulos, Mr. Stewart Schulman, Mr. Josh Degen, Mr. Peter Cunningham

School Committee: Alison Manugian, Leslie Lathrop, John Giger, Thomas Steinfield, Jared Stanton (Business & Finance Director), Dr. Tony Bent (Interim School Superintendent), Dr. Kristan Rodriguez (Incoming School Superintendent)

Documents available at the meeting: FY2015 Proposed Town Budget
School Committee FY15 Budget Reduction Scenarios
DESE Spreadsheets: District Expenditures FY13
Fire Dept. Reserve Fund Trf. Requests/Backup Documentation

Mr. Prager called the meeting to order at 6:00 p.m.

Fire Department Reserve Fund Requests – Chief Bosselait explained that the Fire Department was in danger of overspending its appropriation for general expenses for FY14. The unusually large size of the most recent recruit class resulted in \$17,720 of unexpected expenses related to the purchase of turn-out gear, physical exams and textbooks. Additionally, the department was required to relocate a radio voter out of the Tarbell School and to purchase new NFPA code books; these costs were also unexpected and totaled \$2,865. Chief Bosselait is therefore requesting a transfer from the Reserve Fund in the amount of \$20,585 to support the Fire Department's FY14 general expense appropriation.

On a motion by Mr. Hargraves, seconded by Mr. Robertson, the Finance Committee voted unanimously to approve a Reserve Fund Transfer to Fire Department General Expenses in the amount of \$20,585. The Vote: 6-0-0

Chief Bosselait informed the group that payroll expenses relating to two separate fire events (the Rocky Hill brush fire, and the Blood Farm structure fire) have put extra pressure on the department's FY14 wage budget. Therefore, he is requesting that \$12,596 be transferred from the Reserve Fund to support the Fire Department's FY14 wage appropriation. After a brief discussion, the Finance Committee decided that with \$174,990 remaining in that appropriation, they would defer this decision until later in the fiscal year.

Mr. Green moved to approve a Reserve Fund Transfer request of \$12,596 to the FY14 Fire Department Wage appropriation. Mr. Crowley seconded. The motion failed by unanimous vote. The Vote: 0-6-0

(At this time Mr. Cunningham called the meeting of the Board of Selectman to order: 6:10 p.m.)

FY15 GDRSD Budget Proposal: Mr. Prager said that he has spent a great deal of time perusing the DESE website and attending School Committee meetings in an effort to gain confidence in the budget data presented by the school administration. He has found it difficult to extract crucial information relating to wages and finds that certain sections of the budget do not correlate with other sections. He is disappointed in the lack of prior year comparison data and does not feel he has sufficient information to make an objective decision on whether to recommend this budget to Town Meeting. Ms. Manugian reminded him that the document he is referencing is merely a draft budget and will not be certified by the School Committee until tomorrow. Mr. Prager replied that he understood this, but felt that the figures included should still be defensible. Dr. Bent noted that Mr. Stanton uncovered the budget errors very early in FY14, and has expended a great deal of time and energy to date in working through solutions for the FY14 budget shortfall. Therefore, the FY15 budget that has been produced has not received the attention that it normally would have, and the structure is somewhat flawed. He assured everyone present that the budget document to be released for FY16 will be extensively re-vamped and will offer much more clarity to residents and Town officials alike. Mr. Prager noted that the FY15 budget as currently presented is the working document that will inform decision-making in both Groton and Dunstable. Therefore this is the budget that must be analyzed for content and validity. He reminded the group that the time remaining before Town Meeting is growing short. Mr. Stanton said that the Special Audit should be available any day, and is expected to include projections for FY14 year-end that should help clarify the FY15 budget line items.

Mr. Prager asked whether a report could be generated that would help the Finance Committee to understand the factors driving the growth in school spending during this time of declining enrollment. He reiterated that he would appreciate a simple report listing the activity trends for the 10 or 15 major spending categories. He feels this would provide a much-needed frame of reference as the state website is not as helpful as it could be. Mr. Cunningham said that as it is the day before the School Committee must certify its FY15 budget, he hopes that they would be willing to share an idea of what progress has been made and what direction the committee is currently moving in. Ms. Manugian said that while she was not ready to quote specific numbers at this time, the committee feels it has absorbed the projected reduction in transportation aid, and is moving ahead with plans to close the Prescott building, to increase

lunch fees, and to reduce the burden of athletic costs on the budget. She estimates that approximately \$350,000 has been cut from the budget through these adjustments.

Mr. Green asked for a breakdown of the E&D and planned contingency requests. Mr. Stanton replied that the \$650,000 included in the budget for contingencies consists of \$150,000 earmarked as an Education Contingency, \$150,000 for Special Education, and \$350,000 to restore the E&D fund. He stressed the importance of establishing these contingencies as a way of offering some stability to the district Towns. Mr. Prager would like to feel more confident that the taxpayers are not being asked to support an excessive level of contingency funding. Ms. Manugian wondered if the Town could use a portion of its Stabilization Fund to support the School District. Mr. Haddad replied that he would be adamantly opposed to a plan that uses a one-time revenue source to attempt to resolve an on-going budget problem. He added that the Town is currently trying to finalize its own budget, and has put together a plan to fund approximately \$1.5 million of the requested GDRSD assessment. He asked the School Committee members if they felt that would be enough to meet the district's needs for FY15. Mr. Giger said that they would provide a number after the certification on March 5th. Mr. Prager stated that Town management has been working hard to pare down the municipal budget in an effort to address this crisis; it is not unreasonable that the Town should ask for a well-defined analysis of the actual need. Mr. Robertson said that he is in favor of funding what is needed to provide for good schools in Groton. He is fully invested in the Town of Groton and understands that good schools translate to health property values. However, it would be helpful if the School Committee could provide an expense "run rate" for FY13 and a projection for expenses several years into the future. If it could be determined that the projected expense run rate is legitimate and sustainable, this will help the residents to feel comfortable with the idea of passing an override should that become necessary. Finance Committee involvement in a periodic review of school district budget performance will also help build confidence in the budget process. Mr. Prager agreed that a well-thought-out budget projection that is reviewed and updated consistently is an invaluable tool that will be useful in many different ways. He added that he understands that time is short; he advocates for taking the biggest step possible this year and addressing the process again next year. He cautioned that it would be a shame to "overshoot the mark" and permanently burden the tax rate if there is no real need to do so. Ms. Lathrop urged the Finance Committee not to decimate the school district. Mr. Prager said that no one is planning to decimate the schools. He is simply asking for enough budget information to provide the Towns with a measure of confidence in the process. Mr. Robertson suggested using this opportunity to work on improving communication between the School Committee and the Finance Committee. Ms. Manugian said that the School Committee is committed to providing as much of this information as possible given the very limited time frame involved. Mr. Prager said he would like to pose some questions regarding the budget. Ms. Manugian suggested holding questions until after the budget is certified tomorrow. Mr. Petropoulos interjected saying that it is obvious that no progress is going to be made in this open meeting format. Perhaps a small working group could meet next week to address some of the Finance Committee's issues. Mr. Prager replied that this evening was originally planned to be a meeting with one or two school district representatives for exactly that purpose. Mr. Giger said that the School Committee simply does not have the resources to be accountable to the Finance Committees in both Dunstable and Groton. Mr. Prager replied that this crisis has the potential to increase taxes by a very

large margin; this will be significant and burdensome to many residents. For a budget gap of \$2.5 million, the School Committee should be willing to put in the extra work and be accountable to both Towns. Ms. Lathrop argued that this tax increase should not be defined as only burdensome to the taxpayers, they will be receiving the benefit of a well-funded school district. An audience member noted that high taxes do not always translate to better schools and higher property values. Sometimes high taxes drive people away from a town. She feels, based on research on the DESE website, that teachers in other school districts receive a larger overall percentage of the school budget. Ms. Lathrop disagreed with the comparisons noted.

Mr. Degen expressed his frustration with the entire process. He does not understand the school district's reticence to answer questions and to provide financial reports that have been requested numerous times. He warned that an override request is unlikely to pass if taxpayers have no comfort level with the budget process. Mr. Prager felt it might be useful to put emotions aside for the time being and try to move forward. The Town is committed to discovering what is needed to properly fund the school district, however, confidence in the budget presented is still lacking and diligent investigation into the assessment request is therefore needed. He reiterated that he simply would like to know how to get answers to his questions when he is continually being told to "wait until tomorrow." Mr. Cunningham offered to be part of a small working group that will likely be more productive. Mr. Petropoulos said that while expense projections may be helpful, the more crucial focus now should be on the FY15 numbers. Mr. Green disagreed saying that if an override is on the table, expense projections become critical. Mr. Giger asked that the Finance Committee submit their questions in writing to the School Committee. Dr. Bent interjected that he came prepared to entertain Finance Committee questions. The School Committee is not expected to completely re-write the draft budget before tomorrow; at most there may be some minor draw-downs. Mr. Prager asked a question about per pupil spending in the district. He said his own analysis shows that if the samples are standardized to those districts with budgets similar to GDDRSD, Groton is spending at almost exactly the state average, not below as previously reported. Dr. Bent felt that Mr. Prager was "cherry-picking" his data.

Mr. Hargraves wondered about the Building Leadership budget line. He questioned the number of principals and assistant principals necessary to oversee each school. Dr. Bent replied that it takes more leadership to run schools in 2014 than in past years. He cited the number of unfunded state mandates (including teacher evaluations), and the need to compete with schools in other countries. School principals are under pressure to do more and more. He added that the district should do a better job of communicating the valuable services provided by these administrators. The group briefly discussed the use of Instructional Coaches. Dr. Bent defended the need to keep this program in place as the standards and expectations for educators are continually increasing. Teachers need continual support and professional development in the area of instructional practices. Dr. Rodriguez agreed saying that this kind of coaching is very cost effective when compared to the use of outside consultants. Mr. Prager said this was interesting, but wondered whether the taxpayers should be asked to fund the maintenance of teacher skills. Dr. Rodriguez replied that the state mandates the district to provide ongoing recertification for its

teachers. Some of the teachers do require more specific content than what can be provided in-house, but it is done in-house whenever possible.

Mr. Green mentioned that the Finance Committee is not likely to become expert at school budgeting through this process; they are simply trying to ascertain that the numbers presented are justifiable. He said that he currently believes that the district is underfunded, but it is only a “gut” feeling and he cannot support that at Town Meeting. Ms. Manugian agreed and said that the School Committee will work to build some reports that will justify the budget figures. Mr. Prager said that if per pupil spending is increasing year after year, and enrollment is declining, why was there a need to cut services? Ms. Manugian mentioned that state revenue is declining year over year. She added that the dramatic increase in unfunded state mandates has also been a major cost driver. This analysis is something that she feels could be addressed by the proposed working group. Mr. Manugian wondered what the School Committee was projecting for state funding over the next several years. Dr. Bent replied that funding has been good recently, however, the Department of Education has indicated (through formula adjustments) that the Town of Groton has more capacity for local school funding than it actually does. Hopefully, as economic performance trends upward, more resources will be available from the state; but it is difficult to predict what will trickle down to the municipal level. Dr. Bent expressed his gratitude to Groton town management for their very clear and evident support of the school district during this crisis. He understands the necessity of holding these question and answer sessions as a way of helping both town officials and residents to understand what has happened. The willingness of the Town of Groton to make such significant adjustments to the municipal budget has said a lot about how committed the Town is to protecting the quality of education in this district. Mr. Giger mentioned that the lack of transportation funding is also contributing to escalating costs year over year. Mr. Hargraves agreed that regionalized districts have a very valid complaint against the state for its failure to keep up with funding in this category; he recommended patience as legislators fight to resolve this.

Mr. Degen informed the School Committee members that the Town has worked with its labor unions to remove step increases from contracts. Now, most of the unions allow salary & wage increases to be tied to employee performance. This is less costly and more efficient in the long run. He hopes the school district can implement such a plan during their next round of negotiations. Dr. Bent replied that this is certainly something that should be considered, but he reminded the group that Massachusetts has become a national leader in education while using a collective bargaining structure that includes steps and lane changes.

Mr. Stanton offered the following summary of the budget shortfall: \$500,000 tied to salary worksheet errors, \$500,000 due to revolving account & circuit breaker revenue that has been exhausted and is not available for FY15, \$450,000 of E&D revenue that was historically utilized to balance the budget but is also no longer available.

Mr. Prager, Mr. Robertson and Mr. Hargraves agreed to meet in a small working group with Ms. Manugian, Mr. Stanton and Dr. Bent to address any specific budgetary questions that may be lingering. This meeting

was tentatively scheduled for Monday, March 10th at 1:00 p.m. at Prescott School. The School Committee adjourned their meeting at this time (8:00 p.m.)

Mr. Prager informed the group that the Town Manager had cut an additional \$33,000 from the FY15 budget for Health Insurance in an effort to avoid having to lay off any employees at Town Hall. This was done at the request of the Finance Committee at the close of its February 22nd meeting.

The Finance Committee agreed to schedule a meeting for Tuesday, March 11th, 2014 at 7:00 p.m. to discuss the findings of the working group session to take place on Monday, March 10th.

Approval of Meeting Minutes – No minutes were approved at this meeting.

Mr. Prager officially adjourned the meeting at 8:25 p.m.

Respectfully submitted,

Patricia Dufresne, Recording Secretary