

# TOWN OF GROTON FINANCE COMMITTEE/ Regular Session Minutes

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*Wednesday, February 6th, 7:00 p.m.*

*GDRHS High School Library*

*703 Chicopee ROW. Groton, MA*

***Meeting Jointly with Select Board, FinCom, School Committee & Dunstable Advisory Board***

**Present for Finance Committee:** G. Green (Chair), B. Robertson (Vice Chair), Art Prest, D. Manugian, L. Leonard, C. Doody, S. Whitefield

**Present for Select Board:** J. Giger, A. Manugian (Vice Chair), B. Pine, J. Degen

**Present for the School Committee:** M. Gilbert (Chair), J. McKenzie, F. Raynor, B. LeBlanc, J. Kubick, R. McLane, A. Donahue

**Present for Dunstable Advisory Board:** R. Nelson (Chair), L. Tometich, Adria Fischer, Eric McKenzie

**Also Present:** P. Dufresne (Groton Town Accountant), Dr. L. Chesson (GDRSD Superintendent), M. Knight (GDRSD Business & Finance Director), B. Palaia (Dunstable Town Administrator), Members of the Public

**Documents available at the meeting:** GDRSD FY20 Budget Presentation 2/6/2019

*Mr. Green, Ms. Manugian and Mr. Nelson called their respective boards into session at 7:00 p.m.*

Mr. Knight presented a summary of the GDRSD FY20 Proposed Budget (please reference presentation document attached)

Ms. Gilbert pointed out that although the budget technically shows 4.62% growth over FY19, unexpected increases related to state mandates account for 1.5% of that, resulting in adjusted growth of 3.12%. The School Committee is discussing whether use of E&D to offset the increase would be an appropriate use of this reserve. She opened the floor to questions from the peer boards. Mr. Robertson asked for details regarding the savings realized from the operational audit. Mr. Knight replied that savings of approximately \$357,000 were achieved through outsourcing custodial services (\$32k), relocating the central office (\$50k), streamlining transportation (\$92k) and changing health insurance carriers (\$183k). This savings was used to fund 6 FTE's (\$543k): 2 STEM teachers, 2 Instructional Coaches, 1 addition to the Maintenance staff, and 1 Tech Support addition. The maintenance and technology support positions resolve an understaffing problem, the remaining four new positions (\$381k) help advance the District's strategic plan. Mr. Robertson noted that the cost of these four positions essentially offset the savings realized from implementing the audit recommendations. He asked the School Committee to consider that adding positions will compound budget deficits in future years. A discussion ensued regarding the

funding plan for the additional fire fighters recently added to the FY19 Town budget (50% from ambulance revenue). Ms. Manugian added that the Fire Department Task Force has verbally recommended to the Select Board that another two fire fighters be hired for FY20. The Select Board will not discuss or take a position on this recommendation until the formal report has been delivered (scheduled for the end of February). Mr. Green agreed that it would be better to defer a discussion on financing for this proposal until the Select Board has decided whether or not to pursue it.

The Groton FinCom described the Town's employee merit program, explaining that while merit increases earned are included in salary and wage totals, most of the unions have agreed to one-time cash payments rather than adding the increase to the employees' base salary. This holds down growth in salaries and wages, and shifts the funding to available Free Cash. Mr. Degen further noted that the average salary/wage increase in the recently settled union contracts is 5.5%, however, this resulted from negotiations to increase the employee health insurance cost share to 30% (from 20%). He reminded the group that the Town had removed guaranteed step increases from the union contracts years ago.

Mr. Knight provided some clarification on costs related to Out of District tuition. Mr. Giger suggested that the district consider setting up a Special Education Stabilization Fund. Ms. Gilbert replied that while no one opposes such an idea, it would require authorization from both member Towns and a funding strategy. Mr. Kubick added that the contingency line in the District budget is used to cover unanticipated expenses of this type, and if unspent, is used to replenish E&D at year end. Mr. LeBlanc said that mandated extra costs year over year have prevented the District from prioritizing a Sped Stabilization Fund. Mr. Green pointed out that authorizing and funding a Stabilization Fund would not ultimately resolve the budgetary growth problem. Ms. Pine noted that the proposed District assessment exceeds what Groton can spend without a tax override; this would force budget cuts for either the District or the Town (or both). Ms. Gilbert expressed frustration that an override would be considered when Groton routinely budgets for line items that receive grant support (she specifically referenced a \$235,000 reimbursable grant applied for annually in connection with regional dispatch services). Mr. Degen wondered if Special Education programs could be offered in house, so as to mitigate the out of district tuition problem. Dr. Chesson replied that the District does choose to staff programs of this nature when a number of students with a similar disability are in need of services. Currently there is such a program at Swallow Union, and another is planned for Florence Roche. Ms. Donahue noted that these programs tend to spike overhead costs and must be developed in a gradual and sustainable fashion.

The board members discussed revenue trends on the municipal level. Mr. Robertson cautioned that while Free Cash has been certified at the \$2 million for a couple of years, that trend is likely over. He is estimating lower Free Cash certifications in the future. He further pointed out that a healthy Free Cash balance is crucial to funding capital spending for the District as well as the Town. Mr. Robertson feels that the projected budget deficit for FY20 can be resolved without resorting to a tax override, but he cautioned that once this funding is added to the base budget it compounds for future years. The year over year rate of District spending will be a problem going forward. Ms. Gilbert disagreed saying that the budget shortage would not exist if the Town relied on 5-year actuals for revenue projections rather than the conservative approach currently used. Mr. Robertson reminded her that the model prepared by the Sustainable Budget Committee identified a target spending level for both entities. Mr. Green said that all the boards still had work to do, and the answer would not be discovered tonight. Both the school and the



district have complex budgets and if changes are made without a full understanding, neither entity will have its needs met. Ms. Manugian noted that while the Town and District follow different budgeting procedures (for instance around reimbursable grants), the District process is preferable. Using a contingency line item for unanticipated expenses or to replenish E&D is the more transparent method. Ms. Manugian expressed an interest in seeing some analysis of why students are transferring out to Charter or the Vocational Tech schools. Mr. Knight replied that the District has recently begun to track that information. Dr. Chesson added that students who wish to study specific tech programs have no option but to transfer out; GDRSD can't compete in that arena.

Ms. Gilbert explained the budget timeline going forward: The School Committee will work extensively over the next two weeks to finalize the budget. There will be a Public Hearing on February 27<sup>th</sup>, an additional meeting on March 6<sup>th</sup>, and the final budget for FY20 will be adopted on March 13<sup>th</sup>.

Mr. Giger objected to Ms. Gilbert's previous remark stating her intention to withhold support for any plan to fund the FY20 budget deficit by means of a tax override. Ms. Donahue agreed with Ms. Gilbert's position. Mr. Green stated that it is premature to take positions on a potential tax override when there is still a great deal of work to be done before budgets are finalized.

Mr. Nelson spoke on behalf of the Dunstable Advisory Board saying that the projected new revenue in Dunstable for FY20 is only \$400k, therefore the District's proposed assessment of \$421,000 will be out of reach. The Advisory Board voted instead to allocate 60% of the new revenue (or \$240,000) to the District. This amount seems justifiable as the District makes up about 60% of Dunstable's operating budget. He added that the Town has unfunded needs that must be taken into consideration. The group briefly discussed the use of Free Cash in Dunstable to supplement the operating budget. Mr. Nelson would like to see Dunstable relying less and less on Free Cash to support operations in future years. Mr. Degen noted that Groton's Town Manager created the proposed FY20 Budget for Dunstable and had set aside \$340k for the District. Mr. Nelson replied that the Advisory Board felt that the projected revenue from local receipts in the draft budget felt a bit aggressive and therefore the board cut it back to a more comfortable level. Mr. McLane entreated the peer boards to adopt a collaborative approach in the case of an override attempt; he requested that all boards support a public message that the School Committee is doing everything in its power. He added that they need help filling a giant hold in state aid. Mr. Degen said he would not support a tax override for a single year, when deficits have been projected for at least the next five cycles. He pointed out that the Town of Grafton has been successful with a multi-year override authorization. The Dunstable Advisory Board indicated that only one of their members supports a tax override at this point. Ms. Pine felt there is insufficient time to prepare the public for an override request for FY20; she advocated for starting to prepare now for FY21. Mr. Green reiterated that it is too early for any board to take a position relative to a tax override; the Finance Committees are still analyzing new information regarding FY20 operations. The board members briefly discussed the perception of Groton and Dunstable as wealthy towns and the impact of this on the minimum local contribution portion of the District funding formula. The School Committee requested a copy of Dunstable's draft budget for FY20. Mr. Nelson replied that it is being tweaked currently, but will be passed on shortly.

Ms. Donahue reminded those present that the District does not generate revenue, therefore a unified message must be created that stresses to the public the importance of funding both school and municipal

needs. Mr. Green agreed, and pointed out that the Select Board and Finance Committees in Groton consistently vote to support the District's needs. He does not believe that a multi-year tax override is a sustainable approach as this is unlikely to resolve the underlying problem. He is in favor of establishing a District SpEd Stabilization Fund and also supports the District's efforts to grow its E&D balance. He predicted that the Towns would be comfortable budgeting in a less conservative fashion if the District had greater cash reserves. Ms. Manugian was concerned that given the current lack of reserves, there are few legal alternatives apart from a tax override. Mr. Robertson said that the budget gap could be filled (without resorting to a tax override) for FY20; however, all three entities must identify the real cost issues to be faced over the next several years. These individual pieces must be determined prior to Town Meeting, perhaps through the creation of a small working group. Ms. Gilbert thought it was a sound approach and offered to coordinate with the Chairs of the peer boards present.

During the public comment time, a parent of a child with special needs reminded the committees to avoid using language such as "burden" and "budget hit" to describe the impact of these students on the community.

**Mr. Green officially adjourned the regular session of the Finance Committee at 8:50 p.m.**  
**Ms. Manugian officially adjourned the regular session of the Select Board at 8:50 p.m.**

Respectfully submitted,

Patricia Dufresne, Recording Secretary





## Groton-Dunstable Regional Schools February 6, 2019



## The Process

### The School Committee approved budgetary guidelines:

- All opportunities for reallocation, reorganization, and increased efficiency, informed by audit findings will be explored, discussed and considered for FY20 to enable administration the ability to increase achievement for all students, through implementing a multi-tiered system of support with a focus on frameworks-based curriculum and Universal Design for Learning (UDL), as outlined in the GDRSD Five Year Strategic Plan that was approved in 2017.
- Strive to improve services to Special Education students through review of recommendations in programmatic and staffing audit, including but not limited to review of use of Co-Teaching Model and Paraprofessionals in the delivery of Special Education services. Maintain the District's recommended class sizes as specified below with the exceptions of chorus, band and physical education. Additional exceptions are allowed if reviewed and approved by the School Committee. K-4 15 to 22 students 5-12 15 to 25 students
- Provide adequate funding for maintenance staff, services, and supplies guided by the District's maintenance plan to address the needs of our buildings and grounds.
- Strive to improve services to General Education to meet the needs of all learners and ensure programmatic offerings are keeping pace with comparable "market basket" districts.
- As part of the school committee's desire to assess fees district-wide, evaluate the cost of full-day Kindergarten, to ensure efficiency of fee-based programs and that our current fees are comparable to "market-basket" districts.

## The Process



- Review school supply budgets to ensure supplies are adequately funded,
- including:
  - specialized or supplemental supplies or texts when required by staff; and
  - incidental supplies, such as paper, scissors, pencils, glue, tissues, hand sanitizer, etc., that are part of normal classroom operations.
- Provide 5-year Operating Budget projections.
- For the District's FY20 and Technology expenses:
  - Capital and Technology items are not to be included in the District's Operating Budget.
  - A separate District Capital & Technology Budget will be prepared that includes descriptions of projects and other relevant details for any projects funded in FY20.
- 5-year Capital and Technology Budget projections, based on the approved Capital and Technology plans, should also be included in the FY20 Budget Booklet to enable Groton and Dunstable resident's towns to review and plan for future capital and technology expenses.
- Explore the use of alternative funding sources for operating and capital expenses, including but not limited to the use of Community Preservation Coalition (CPC) funds for any FY20 capital expenses that would be considered an eligible project, including projects involving historical buildings and or recreational facilities.

## All In Budget Comparison (Capital Inclusive no feasibility)



<b>FY 19</b>	<b>\$41,804,277</b>
<b>FY 20</b>	<b>\$43,283,987</b>
<b>DIFFERENCE</b>	<b>\$1,479,710</b>
<b>PERCENT</b>	<b>+3.54%</b>

## Budget Comparison without capital

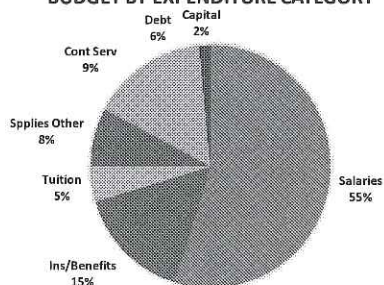


<b>FY 19</b>	<b>\$40,747,662</b>
<b>FY 20</b>	<b>\$42,629,722</b>
<b>DIFFERENCE</b>	<b>\$1,882,060</b>
<b>PERCENT</b>	<b>+4.62%</b>

## FY 2019-20 Budget Summary



**BUDGET BY EXPENDITURE CATEGORY**



FY20: Budget \$43,283,987  
 Increase: \$1,479,710  
 Increase: 3.54 %

## Budget Factors Still Outstanding



- State Aid initial numbers have been released but the final information will not be available until after the final school district budget is voted.
- Still exploring all fees, cafeteria operations, and high school start times.



Position	FTE
Maintenance Staff	1.0
Tech Support	1.0
Instructional Coach/ELA	1.0
Instructional Coach/ MS	1.0
STEM Teachers	2.0
Net	6.0 FTE

**\*NOTE STAFFING IS REVIEWED AND RECONFIGURED AS APPROPRIATE OUTSIDE OF THE BUDGET. THERE WILL BE A FULL REVIEW IN THE SPRING LOOKING TO ENROLLMENT AND SCHEDULES FOR NEXT YEAR.**



## Factors Effecting Assessment Increase



- Budget Expenditure increase 4.62%
  - Increasing out of district tuitions (\$259,637.44)
  - Charter School Assessment (\$137,797.00)
  - County Retirement Assessment (\$108,754.00)
  - In district Collocated programs (\$115,000.00)
- State Aid Remaining mostly flat increases the amount of budget that is assessed to both towns.



	FY19	FY20	
Operating	\$20,215,428	\$21,573,025	6.72%
Capital Projects	\$772,285	\$479,012	-37.97%
Totals (W/O Debt)	\$20,987,713	\$22,052,037	5.07%
Debt	\$871,241	\$798,962	-8.03%
Total Assessment	\$21,858,954	\$22,850,999	4.54%



	FY19	FY20	
Operating	\$5,827,196	\$6,248,216	7.23%
Capital Projects	\$284,330	\$175,253	-38.36%
Totals (W/O Debt)	\$6,111,526	\$6,423,469	5.10%
Debt	\$268,857	\$243,479	-9.44%
Total Assessment	\$6,380,383	\$6,666,948	4.49%



- Projected Certified Balance as of July 1, 2019 \$1,573,919
- E&D as a Percentage of FY19 Budget 3.63%

This number assumes complete expenditure of the feasibility and reimbursement.





**QUESTIONS?**