

FINANCE COMMITTEE Meeting Minutes

Approved 2/26/24

Tuesday, February 6, 2024 @ 7:00 P.M.
Town Hall: First Floor Meeting Room, 173 Main Street Groton, MA

Present for the Finance Committee: Bud Robertson, Chair; David Manugian, Colby Doody, Gary Green, Mary Linskey, Mike Sulprizio, Scott Whitefield

Others Present: Mark Haddad, Town Manager

Mr. Robertson called the meeting to order.

Meeting Minutes

Ms. Linskey made a motion to approve the minutes of the regularly scheduled meeting from January 22, 2024. Mr. Manugian seconded the motion and it was carried unanimously. 7-0

Discussion: FY2025 Operating & Capital Budgets

Mr. Manugian put forward a proposal to establish a policy regarding levy capacity in the event of an override. This policy would serve as an assurance that funds are allocated judiciously, ensuring wise expenditure. The drafted policy outlines proportions and strategies for moving forward and emphasizing long-term sustainability. Mr. Robertson expressed reservations about documenting a policy due to the numerous uncertainties involved and potentially changing circumstances. Ms. Linskey expressed appreciation for the rationale and emphasis on accountability. Mr. Robertson agreed to further discuss the proposed policy at a later date.

Mr. Green observed that while the operating growth for the School District has historically been around 4%, he questioned why it is projected to increase significantly. Mr. Haddad clarified that the typical growth rate has been 5% however; it is anticipated to rise to 9% and continue over the next two years. He explained that despite running deficits in 2021 and 2022, the School Committee managed to offset these through E&D and State Aid. Mr. Robertson noted that inflation has also played a role in increasing costs. Mr. Haddad highlighted factors such as the spikes in Special Education costs, utilities, lack of state reimbursement, and health insurance expenses, which have exceeded the usual 5% growth rate.

The Committee emphasized the importance of balancing the revenue going forward to achieve a 3% or 4% increase to sustain operations. Mr. Haddad provided insight, stating that he is projecting a 3.5% increase on the municipal side for FY26.

Mr. Whitefield pointed out that wages and benefits for the School District have consistently been around 8% or 9%, encompassing factors such as Cost of Living Adjustments (COLA), Steps, and Lanes. He noted that the Town has managed to sustain these figures in the past years. Mr. Green said that during the previous

meeting, the average salaries and wages were cited to be 6.5% however, it was clarified that this figure did not include COLA adjustments.

Mr. Green emphasized the importance of going to Town Meeting with a level service budget, stating that the municipal side cannot afford to be decimated while the School Committee cannot continue growing at the rate that they are. Mr. Haddad concurred with the necessity for the Finance Committee to present a level service budget. If the override fails, he said that the Committee would then reconvene to determine necessary actions.

The discussion was shifted to consider potential adjustments within the proposed FY25 municipal operating budget. Mr. Manugian expressed his support for the proposed budget, noting that he had analyzed the numbers and when comparing the tax burden to income in town, with the override, the tax burden as a percentage of the average resident's income is actually lower than it was five and ten years ago.

Mr. Haddad noted that the municipal side has seen a modest increase of only 2.23% and the Select Board has made numerous changes to ensure a sustainable number was presented.

Mr. Green remarked that there seems to be a lack of awareness within the community regarding the fact that teachers are receiving a 9% increase annually. He suggested that efforts should be made to increase base salaries, reduce the growth rate for steps and lanes, and decrease health insurance costs in order to address this issue.

Mr. Robertson highlighted that a proposed three-year override is on the table. He suggested aiming for 4% revenue with a 3% growth rate. He pointed out that the 60/40 ratio worked previously, but given the current circumstances, it is no longer feasible. For instance, if the Town brings in \$375,000 and disburses \$700,000, the Town's financial situation deteriorates annually. He stressed that the spending ratios for the School Committee need to be lowered.

Ms. Linskey expressed her disapproval of the three-year plan, stating concerns that it would lead to a return to the same financial predicament. She doubted that the motivation to sustain the budget would persist under such conditions. Ms. Linskey proposed that the Select Board retract their decision on the three-year, \$5.5 million plan and instead opt for a one-year plan requesting \$1.7 million. Ms. Linskey also expressed concern that if the Town decides to reject the override, it could result in the loss of 30 plus FTE positions within the School District. She questioned why this potential consequence does not serve as a negotiation mechanism. Mr. Sulprizio added that in such a scenario, it would likely be the newer, younger staff members who are the first to be let go.

Mr. Robertson said with the three-year plan certain goals are set to be achieved, however, it is an open question whether any real progress would be made to realize those goals. He emphasized that if the municipal side manages to stay within the 3-4% growth range, future district-driven deficits should not be shared by the Town. Mr. Manugian raised the question of how the Finance Committee can effectively communicate this message. Mr. Haddad confirmed that the School Committee has been made aware of this. The Finance Committee discussed a potential long-standing finance committee to be established to assist the School Committee in making sound financial decisions and to serve as the conduit for reporting back to the Town Finance Committees. This approach would ensure that everyone is aligned towards the same end goal and shares the same motivation.

Mr. Sulprizio expressed concern that the School Committee's decision to eliminate revenue at a critical time sends the wrong message, particularly given the current financial needs.

Mr. Whitefield raised a question regarding the possibility of adjusting the 9% increase to 6% suggesting it might be a more reasonable figure. This led to the consideration of a smaller override or an extension being more feasible.

Mr. Sulprizio said that the override would be problematic if it fails; many people reside in Groton for the school systems. Mr. Haddad said that the impacts would be delivered to the residents next week.

The Finance Committee briefly deliberated on the possibility of offering a contingent budget however, many were against pursuing this approach. Mr. Robertson proposed that if the override fails, an alternate budget would be discussed, potentially in conjunction with debating the 60/40 ratio. Mr. Green suggested that if the override fails, adjustments could be made to the original request and a similar proposal could be resubmitted.

Mr. Whitefield suggested separating the Town Budget from the School Budget and providing an opportunity to residents to vote on each matter individually.

Mr. Haddad said that a balanced budget needs to be determined and passed by July 30th. The Finance Committee needs to go to Town Meeting with a level service budget and if that fails a second Town Meeting is necessary. At that time a contingent budget and or an override budget are necessary to ensure that something is set in place. The bottom-line number will be known; however, the way in which it is distributed can be debated.

Mr. Haddad said that the School Committee would be officially voting on their proposed budget tomorrow, Wednesday, February 7, 2024. He explained that the final number cannot be increased; however, it can always be lowered.

Mr. Haddad requested that the Finance Team approve the proposed Town Municipal Budget (including debt) of \$22,322,823.

Mr. Manugian made a motion that the Finance Committee approves the level service budget as proposed by the Town Manager in the amount of \$22,322,828 for FY25. Mr. Whitefield seconded the motion and it was passed unanimously. 7-0

Mr. Haddad emphasized that the budget necessitates an additional levy capacity of \$1.7 million. Should the override gain approval, this levy would increase to \$5.5 million. With a deadline set for Tuesday, February 13th, the Finance Committee is tasked with finalizing the School Committee budget. It was unanimously agreed to wait for the School Committee to vote on their budget prior to proceeding with an official vote.

Mr. Haddad explained that the Finance Committee has to present the proposed budget of the School Committee in the original motion at Town Meeting; however, nothing prohibits the Finance Committee from amending the motion. Each Finance Committee member, as traditionally done, will stand up and move each motion at Town Meeting. Mr. Green recommended that a Finance Committee member along with a Select Board member take a position on each motion using appropriate language.

Mr. Manugian outlined the procedural steps: once the assessment is received, the Finance Committee would determine the necessity of the override. Subsequently, the Select Board would include the override on the

Warrant, and the Finance Committee will take a position. He sought clarification on whether this article precedes or follows the budget.

In response, Mr. Haddad clarified that the Town Meeting does not directly address an override; rather, it presents a budget that is currently out of balance. The citizens are tasked with voting on an appropriation that necessitates an override. Should the budget fail to pass, the Town would be left with a deficit of \$1.7 million and an undetermined tax rate, requiring another Town Meeting. The Select Board has already voted for a Special Election to be held for the \$5.5 million increase in levy capacity.

Mr. Haddad emphasized that if the Finance Committee rejects the School Committees assessment, the School Committee must either vote to reduce the budget to a lower figure or they have the ability to convene a district-wide meeting involving residents of both Groton and Dunstable. If the Finance Committee approves the full assessment and if the override fails then the Town is required to pay the entire amount.

Mr. Green stated that the proposed municipal budget needs to be contingent on the 1.7 million dollar override, aiming to safeguard the Town from being solely responsible for covering the entire amount.

Mr. Manugian made a motion to reconsider the original motion presented on accepting the proposed FY25 Municipal Budget. Mr. Whitefield seconded the motion and it was carried unanimously. 7-0

Mr. Manugian made a motion to amend the original motion that the Finance Committee approves the level service budget as proposed by the Town Manager in the amount of \$22,322,828 for FY25, contingent on passage of an override. Mr. Whitefield seconded the motion and it passed unanimously. 7-0

Mr. Haddad clarified that in the event that the School Committee budget fails to pass, a member of the Finance Committee would be required to cast a dissenting vote and propose a motion for reconsideration. Subsequently, a revised motion must be introduced, reflecting a reduced budget figure. This adjusted amount must be determined prior to the meeting. Mr. Haddad assured the Committee that he would engage in discussions with the Town Council to facilitate this process.

The next Finance Committee meeting is scheduled for Monday, February 12th. A quorum was confirmed.

The meeting was adjourned at 8:20P.M.

Respectfully submitted,

Kristine Fox, Per Diem Minute Taker