Lamoille North Supervisory Union and
Lamoille North Modified Unified Union School District Board
Minutes of Meeting
December 28, 2020

Board Members Present: Belvidere: Stephanie Sweet; Cambridge: Laura Miller, Jan Sander, Bill Sander, Sue Prescott, Mark Stebbins, Eden: David Whitcomb, Jeff Hunsberger; Hyde Park: Chasity Fagnant, Tina Lowe, Lisa Barry; Johnson: Katie Orost, Bobbie Moulton, Mark Nielsen, Angela Lamell, Allen Audette, Jr.
Board Members Absent: Cambridge: Bernard Barnes; Hyde Park: Patti Hayford; Waterville: Bart Bezio
Administrators Present: Catherine Gallagher, Deb Clark, Charleen McFarlane, Michele Aumand, Denise Maurice, Tommy O'Connor, Wendy Savery, Erik Remmers, Melinda Mascolino, David Manning, Jeremy Scannell, Jennifer Hulse, Bethann Pirie, Dylan LaFlam
Others Present: Betzi Goodman, Eric Hutchins
Minute Taker: Sue Trainor

Call to Order, Approval of Agenda, and Public Comments: Chair Nielsen called the meeting to order at 6:01 p.m. Moulton made a motion, seconded by Whitcomb, to approve the agenda. The motion passed unanimously. Eric Hutchins, speaking during the Public Forum, asked the Board to use caution when determining whether to go into Executive Session, especially when discussing budgets.

LNSU/LNMUUSD Routine Business: Consent Agenda Items
Minutes of the December 14, 2020 Board Meeting and December 7, 2020 Joint FCC/Technology Committee Meeting: J. Sander made a motion, seconded by Orost, to approve the minutes. The motion passed unanimously.

Review Future Floors Proposal for Replacement of Underlayment and Flooring of the Boot/Coat Landings and Ramp at JES – Request for Use of Capital Reserve Funds: LaFlam asked the Board to approve the use of capital reserve funds, not to exceed $11,000, from the Johnson Elementary School capital reserve for the replacement of flooring on the connecting section between the old section and the new addition of the building. Future Floors submitted the only quote at this time. Whitcomb made a motion, seconded by Stebbins, to approve the request. The motion passed unanimously. Cambridge abstained from the vote.

GMTCC Budget Presentation: Remmers informed the Board that the proposed GMTCC FY22 budget was $3,215,018. This was a difference of $109,355, or an increase of 3.52% over FY21. Everything was level funded across all programs. Health care costs were the major driving factor for the 3.5% increase, along with growth in salaries. Funds from either the Perkins Grant or GEER would be funding several of the major expenses for the next few years.

Remmers explained that the RAB Board had discussed the per pupil tuition amount several times already. GMTCC had $356,000 of unallocated excess funds going into FY22. This was the result of budgetary excess coming from FY20 of $56,000 and a much larger excess coming from FY19 that did not get allocated into this year's budget. These funds could be applied to FY22 revenue or placed in a reserve fund. The first budget that Remmers proposed and the RAB reviewed had $56,000 going into the GMTCC capital reserve fund and $300,000 going toward revenue for FY22 to help offset tuition costs.

However, the RAB Board decided they wanted to look at a variety of options. There was concern about the State education fund and whether there would be funding issues in a year or two. They asked Remmers to come back to them with a series of options. Remmers then provided the Board with detailed highlights of what he had proposed to the RAB Board: with the $300,000 being applied to revenue, there would be a $1,332 reduction in tuition for next year's student; with $250,000 being applied to revenue, there would be a $955 reduction, and $200,000 being applied would reduce tuition to $578. Putting $100,000 into revenue would result in a $177 increase in tuition.

Remmers stated the current capital reserve fund was $162,000. Any funds that they chose to place in capital reserve could not be applied towards future revenue without being voted on by the public. Therefore, once those funds were moved into capital reserve, those funds could only be used for capital expenses. On the other hand, applying those funds to FY22 revenue, it was a one-time use of funds to reduce tuition for FY22. There was no guarantee that there would be unallocated funds left to apply to FY23. Therefore, tuition costs could jump in FY23.

On December 16th, the RAB Board decided they wanted $150,000 of those unallocated funds to be applied to revenue and $206,000 be put into capital reserve. This would result in an $8,942 per pupil cost, a $200 dollar reduction over this last year. However, last week the Agency of Education provided GMTCC with updated information, informing them that the six semester average calculation was not 132.47 but 131.2, which changed the entire calculation. With that new number, the per pupil tuition rate that the RAB Board had agreed to, changed to $9,154, or a $10 tuition increase.

Remmers stated he was bringing three options to the Board for their consideration:

1. Approve the GMTCC budget with the RAB-recommended amounts of unreserved funds applied to FY22 revenue and the capital reserve fund. That would amount to a $10 increase in per pupil tuition.
2. Approve the budget with a different amount of unreserved funds applied to FY22 revenue and capital reserve fund. Remmers stated he would recommend applying $200,000 to the revenue so that there was still some savings.
3. Return the whole issue to the RAB for their recommendation, understanding that a recommendation would have to be brought forward to the Board by the January 11th meeting.

Remmers also stated some of their major expenses would be paid through the Perkins and GEER grant funds. The Perkins Grant would allow GMTCC to hire a math specialist. The GEER grant would allow for a large amount of technology infrastructure upgrades. None of those expenses would come out of the local budget.

Orost stated her recommendation was that the RAB Board should discuss this. Nielsen agreed. Miller stated she would normally agree, but that wasn't the option she would choose. B. Sander stated the Board could reduce the amount collected but the Board couldn't increase it. Clark agreed, stating that the Board would announce the tuition on January 15th. If the Board overestimated tuition, they could always charge less. However, if the Board underestimated tuition, they could only charge as high as the announced amount. B. Sander stated he wanted to guard against that and put a little cushion in there. Clark clarified that meant going with the higher tuition estimate.

Remmers stated he thought the RAB Board would understand and support a recommendation from this Board. Remmers recommended some amount of tuition reduction. He would come back on January 11th with a recommendation and a proposed budget to approve.

FY22 Budget Presentation – First Review:

Clark began her presentation by reminding the Board that this was a preliminary view of the budget. The FCC would meet one more time and review options. Clark did not yet have equalized pupil numbers from the State.

Clark explained that the FY22 costs for Central Office included transportation costs, special education costs, excluding para-educators, and new investments in SU-wide personnel. In response to mandated increases and changes to data filing systems and requirements at the State level, this budget would increase the part-time Data Manager position to a full time position. There would be money set aside for finance supports to support the continuation of the mandated conversion to the Statewide Uniform Chart of Accounts and the Statewide School District Data Management System. This proposed budget also increased the SU-Wide IT Systems Supports. These funds would not be spent on a person but would be spent on content filtering, JAMF (iPad support) on-site backups, and Zoom and Google services.

The FY2020 Uncommitted Reserves had $664,406 available. Clark was recommending that $64,406 be put in the already established Maintenance and Repairs Fund. The Central Office building was owned by the MUUSD and any work done on it came out of the MUUDS budget or MUUSD capital. There were ventilation problems that still needed to be addressed. Additionally, Clark recommended that $600,000 be applied to the FY22 budget to reduce general assessments.

The LNSU was looking at a total budget of $3,909,055. Transportation services in the amount of $1,727,386 that were direct billed, along with $63,000 of miscellaneous revenues, brought the assessment expenses to $2,118,669. Applying the reserves of $600,000 gave a FY22 Non-Special Education Assessment of $1,518,669. This was a 1.35% increase over the current fiscal year.

The LNSU FY22 special education assessment costs were $6,396,244. Minus the estimated revenue of $4,029,439, the net special education assessment was $2,366,805. Combining that total with the non-special education assessment of $1,518,669 brought the total FY22 assessment to $3,885,474, or a 2.33% increase over FY21.

Clark outlined some of the revenue information, noting that the FY22 state offset for transportation costs was based on FY20 actual expenses. In March, the transportation expenses dropped. Therefore, the estimated FY22 transportation revenues from the State would also fall. While the expenses were holding level, the revenue was projected to drop significantly. This would result in a 13.32% increase.

Clark then provided a sample of the motion that she would ask the Board to approve on January 11th. The motion requested approval of $10,305,229 of general funds for FY22 and to approve applying $600,000 of the LNSU FY2020 uncommitted reserves toward lowering associated assessment. If approved, this would result in total assessments to member districts of $3,885,474. Projected assessments were 2.33% higher than the current year assessments. Further, to commit $64,406 of uncommitted FY2020 uncommitted reserves to the already established reserves for Repairs and Maintenance.

Clark then moved on to the FY22 budget for LNMUUSD. Key items to note were:

- An increase to Pre-CLA Homestead rate of 7.582 cents. This was significant because the State forecasted a 9.5-cent increase to the tax rates before anything was done with the budgets.
- A comprehensive increase to education spending of 1.15%. That was why they were able to hold the Homestead rate down to 7.582 cents rather than the 9.5-cent increase.
- The Elementary School budget, before assessment and revenues, was $8,784,364, up 5.27%;
- The Secondary School budget, before assessment and revenues, was $10,811,334, up 3.26%;
- The Special Education budget, before assessment, was $1,596,466, up 1.51%;
- The Operations and Maintenance budget was $2,723,630, up 3.86%;
- The Information Technology budget was $583,960, up 14.5%. There was a lot of work being done because of the increased number of devices and the cyber event taught them a lot about how to protect themselves in the future.
- The Board and Treasurer Budget was $56,290, a 0% increase;
- The Long Term Debt Budget was $678,302, down 31.61%. This was a result of the high school retiring an old bond. In FY23 the Hyde Park bond principal would come on to the debt schedule.

- The Total Assessment from the LNSU was $3,078,728, up 2.02%. The General Expenses Assessment was $1,141,367, up .49% and the Special Education Assessment was $1,937,361, up 2.95%.

Clark explained that the letter from the Tax Commissioner outlined factors that were used in building the FY22 budget. There was an anticipated 3.79% increase in statewide education spending which was driving the 9.5-cent increase that the State was estimating, a 0.03% anticipated increase in equalized pupils statewide, the growth in average equalized per pupil spending was 3.75%. The state property yield for FY22 was $10,763, a decrease from FY21 of $230, which was contributing to the State projecting a 9.5-cent increase. The income yield was dropping from $13,535 to $12,825, which would drive the tax rate up. The forecasted average state property tax rate would now be $1.635. The FY21 rate had been $1.54. The forecasted non-residential property tax rate would now be $1.73. The FY21 rate had been $1.63.

The excess spending threshold was $18,789 and the MUUSD was currently at $18,756. The forecasted income sensitivity was 2.74%. The FY21 rate had been 2.51%. The estimated June 30,2020 combined unassigned fund balance that was available (excluding GMTCC) was $1,066,001. The combined reserve funds being applied totaled $600,000, with $300,000 being used in the elementary school budget and $300,000 being used in the secondary school budget. That excess was a result of COVID shutting down the buildings and going remote.

Clark explained that of the 9.5-cent increase the State was projecting, 3.5-cents was for the Vermont State Teachers' Retirement System (VSTRS). That fund was increasing from $6.9 million to $38.9 million. Four cents of the 9.5-cent increase was due to the COVID FY22 forecast for non-property tax revenue sources, leaving a hole of about $552 million in funds available for education.

The combined education spending would see an increase of 1.15% overall. The elementary school expenses, before revenues, would increase 3.87%. There was a 4.46% increase in the salaries line item. That was not a negotiated increase or a flat increase given to salaries. This particular line item included some new FTE's, some horizontal moves and some sick leave buyouts. There was an expected 10% increase in health insurance. Health benefits were now being provided to ten domestic partners. There was also a Health Savings Account (HSA), which cost more to the employer.

Clark noted that Hyde Park water and sewer expenses would increase by $27,000 in FY22. Orost asked that water be budgeted under Utilities, rather than Purchased Services. FY23's budget was when the Hyde Park principal payments would start. School Nutrition Services would see a 15.88% increase. The cumulative increase in the elementary expenses was 3.87%.

The Union School expenses would be increasing 1.56%. The salary increases would increase 2.91% but, as noted earlier, this included changes to FTE's and horizontal moves. Benefits would increase 6.38%. Regarding the large percentage increase in long-term debt, Clark explained that the District had previously received a discount due to a refinance. So while it looked like a substantial jump, the long-term debt had decreased overall as a result of the retiring of the high school old bond, which was much larger than the new bond. Overall, there was a 1.56% increase in the union school expenses.

After revenues were applied, they were looking at a 1.93% increase in education spending at the elementary level and a .46% increase at the secondary level. This would result in a $76.00 increase in taxes to a property value of $100,000.

Lamell asked that Clark provide a list of FTE's and their locations at the next meeting.

Comparability Policy – Updated Review: Gallagher explained there were no changes to this policy but by law policies needed to be updated every few years.

Central Office/Director Updates:
Gallagher reported that Lamoille County's COVID cases over the last fourteen days had decreased. This was not the case in many any counties. Gallagher attributed that in large part to school protocols. The Governor temporarily changed a policy that now allowed one household to gather with one other trusted household over the holidays. Schools would not ask questions about multi-household gatherings on the daily health screening form at least temporarily and they would wait for further guidance. Practices for winter sports would resume on January 4th. That would include dance and sports teams. Wrestling would not happen this year. Scrimmages and competitions were not allowed at this point.

Principal Updates:
Eden: Mascolino stated there wasn't much to report. Before the break the school had raised money for the Vermont Food Shelf and had a Secret Snowflake gift exchange for staff that she thought had raised spirits.
Johnson: Manning informed the Board that Johnson had a teacher going on a long-term maternity leave and they had found a candidate to move forward to the Superintendent. Manning then reported that Johnson had its first case of COVID and he was impressed with and expressed appreciation to the leadership and staff for preparing for and handling the situation.
Middle School: Maurice noted the school was anxious to begin the middle school athletic program.
High School: Bethann Pirie spoke about the business program and the Lancer Gift Guide. She also spoke about spending time with Epic Academy and the presentations that she was able to learn from. Pirie stated she was fortunate to witness a lot of kindness.

Personnel Matter: McFarlane made a recommendation to go into Executive Session, along with Gallagher, Maurice and McFarlane, to discuss a confidential personnel matter. Orost made a motion, seconded by Miller, to approve the recommendation. The motion passed unanimously and the Board went into Executive Session at 7:09 p.m.

The Board came out of Executive Session at 7:23 p.m. Orost made a motion that the Board accept the recommendation of the Superintendent to terminate Brian Long for failure to report for duty. Moulton seconded the motion. The motion passed unanimously.

Other Business: There was no other business.

Adjourn: Moulton made a motion, seconded by Whitcomb, to adjourn the meeting at 7:25 p.m. The motion passed unanimously.