

LNSU/LNMUUSD BUDGET COMMITTEE MEETING
MONDAY, JANUARY 11, 2018
GMTCC COMMUNITY EDUCATION CENTER

Board members present: Laura Miller, Amanda Tilton-Martin, Katie Orost (by phone), Andrew Beaupre

Others: Deborah Clark, Catherine Gallagher

Note: All votes taken are unanimous unless otherwise noted.

1. *Call to Order and Approval of Agenda*

A. Tilton-Martin called the meeting to order at 6:07. The agenda was approved by consent

2. *Review Mechanics of the Estimated Tax Rate Calculation*

D. Clark reviewed tax rate calculations and showed some historical information. Key factors affecting the tax rate include property yield, threshold, CLA, and equalized pupils. D. Clark said AOE and the legislature work on the yield to be sure the state gets all the funds it needs. The equalized pupil number is a complicated weighting of the October ADM count. There are different weightings for preschool students, English language learners and students eligible for free and reduced lunch.

Ed spending at the elementary level is \$300K more in FY19 than in FY18. Elementary ed spending per pupil is \$16,082 for FY19, compared to \$15,735 in FY18.

A. Tilton-Martin said a \$300K change sounds good with the increase in employee salaries. C. Gallagher said we are one of the few SU's level funding.

D. Clark said Act 46 incentive is pretty much offset by the change in yield. C. Gallagher said if we had not consolidated, then taxes would be even higher, right? D. Clark said yes. Calculating the actual difference in tax rates compared to what they would have been without consolidation is a lot of work and she hasn't done it yet but she will have that information for next Tuesday's full board meeting. (*S. Hamlyn-Prescott arrived at 6:16.*)

A. Beaupre asked how the state determines yield. D. Clark said they determine how much money they need to raise and base it on that.

The estimated elementary tax rate after going through all the calculations is 0.8608.

D. Clark went over the calculations for the high school tax rate. There is a 5% min/max rule that was part of the Act 46 incentives. The incentive rate calculated can't be more than 5% above your last year's pre-CLA homestead rate or lower than 94% of last year's rate. She showed the max/min amounts for the different LNMUUSD towns. Hyde Park and Johnson hit the incentive rate last year. Belvidere, Eden and Waterville were limited by the min/max but still benefited. We divide the incentive rate by each town's CLA to get the final tax rate.

D. Clark showed the tax rate for each town. CLA's plummeted, causing tax rates to go up even more. Towns will see these increases:

- Belvidere: 5.59 cents
- Eden: 8.03 cents
- Hyde Park: 12.25 cents
- Johnson: 17.53 cents
- Waterville: 10.79 cents

3. ***Continue Review and Discussion Regarding FY2019 Budgets***

After thinking about it, D. Clark feels strongly that we should put the same budget back in front of the full board that they saw in their last meeting, work on putting out the message about what is driving tax rates and what cuts have been made to get to a 2% increase, and let the voters decide. It is important for them to understand what went into the 2% change. If they say the tax rates are not tolerable, we need to be sure they are telling the legislature it's not tolerable.

A. Tilton-Martin said she is afraid they will want to send their message through not passing the budget.

C. Gallagher said they need to understand that 3 of the 5 best predictors of student outcomes will be impacted negatively if we cut more from the budget. If we had not merged, the tax rates would likely be even higher. She has been asked by legislators for our student-teacher ratio. She heard from one legislator today that it was better than they thought. Our sister SU's are not able to even come close to level funding. We are already dipping into professional development and programs, though not hugely. Administrators worked hard to make adjustments.

D. Clark said D. Reilly worked hard to figure out a way to not add back \$85K to her budget. L. Miller asked, so Hyde Park's preschool program is not in jeopardy? C. Gallagher said no.

D. Clark said it would be good to have a press release explaining all the budget drivers and pressures. C. Gallagher said the budget will go to the full board. Hopefully they will approve the committee's recommendation. She thinks then we should call the News & Citizen and ask them to sit down with us. It is important to talk about education quality standards and what we are being mandated to do.

A. Beaupre asked how Johnson's tax rate went up with unification. D. Clark explained that their CLA was driving it. A. Beaupre said it will be hard to get them to approve the budget when their tax rate went up last year and went up again this year again. Smaller towns are seeing tax rates that are less than their 2016 tax rates. Bigger towns are not. D. Clark said if their CLA hadn't changed, Johnson's tax rate would be almost 10 cents lower.

The committee discussed having questions and answers in the annual report.

A. Beaupre asked if the legislature has put out reasons for the changes affecting tax rates. D. Clark said yes. She discussed a memo from the Vermont Legislative Joint Fiscal Office which explains some of the factors affecting tax rates. She thinks we can get a lot of key talking points from this.

D. Clark said for FY19 the SU is applying \$320K in unassigned fund balance to hold down assessments. C. Gallagher said that is another good talking point. D. Clark said at the end of FY18 she thinks we will be okay but she can't say there will be large surpluses. There will be some leftover undesignated reserve that the board will talk about on Tuesday.

There was discussion about voter participation in different towns.

S. Hamlyn-Prescott said she thinks it would be good to know what percentage of taxpayers receive income sensitivity. D. Clark said she will try to get that information before Tuesday.

S. Hamlyn-Prescott said she thinks we should recommend the budget previously presented. A. Beaupre asked, what if it gets voted down? C. Gallagher said then the taxpayers will be asking us to make our programs less rigorous. She can't imagine that is what they want. D. Clark said that will have to be part of a clear message that goes out after Tuesday. A. Tilton-Martin said we need to make it clear that this is a lean budget that doesn't have much allowance for disasters. S. Hamlyn-Prescott said there are no cushions except in capital reserve. C. Gallagher said she thinks we should point out we were able to accomplish what many can't.

A. Tilton-Martin asked when we need to start talking about deadlines for individual campus capital reserves. D. Clark said she thinks it will be a continuous conversation. S. Hamlyn-Prescott said she thinks A. Tilton-Martin is wondering about a timetable showing how much money has to be used by a certain date. D. Clark said everything we started with as of June 30, 2017 is restricted to specific campuses. Going forward, reserves will just be general.

There was discussion about what will happen to any fund balance the SU has as of July 1, 2019. C. Gallagher and D. Clark said they think it will need to be divided up among schools, maybe based on ADM. There was discussion about what happens to any SU fund balance at the end of this year. D. Clark said she will ask about that. She will be seeing Marilyn Frederick tomorrow.

D. Clark said in these committee meetings we have talked about starting a conversation on right-sizing staffing for 2020 budget preparation. If this budget is voted down, it will mean voters are saying we should have that conversation now. Between now and town meeting day her advice would be for administrators to start looking at it so they can make shifts if the budget doesn't pass.

C. Gallagher said she doesn't think we will need to go there. She knows the administrators have already started thinking about what that would look like but they are being very mindful about not making a snap decision but looking at this in a thoughtful and reflective way. We are looking at how we use paras. The state is suggesting we have highly qualified teachers serve our most needy students. Administrators are thinking about how to make those changes.

S. Hamlyn-Prescott said she thinks we have to be cognizant of the deadline we have if we are going to do a non-renewal for those under union contract. C. Gallagher said we have to notify the association by March 20.

D. Clark said there is no other place to cut now besides cutting people. April 1 is the deadline for RIF notices. There are seniority and endorsement issues. She believes seniority would have to be by campus. S. Hamlyn-Prescott said she thinks we would have to look at the contract. L. Miller said in Newport they were told by the union that if they merged into a MUUSD then if they closed a school down those people that had seniority there could take jobs at another school. C. Gallagher said she thinks that is the way it is.

S. Hamlyn-Prescott said RIF notices need to go out before April 1, which is before we can have another vote if the budget fails. We have to ask administrators to start the exercise.

K. Orost moved that the committee recommend that the full board approve the same budget presented at the previous LNMUUSD board meeting, S. Hamlyn-Prescott seconded and the motion was passed.

Committee members agreed that they are supportive of the work administrators have done on the budget and they are not looking to shave the budget any more. L. Miller said she appreciates what they had to do to come down to what we asked. They cut a significant amount and they didn't have much fluff in it to start with.

A. Beaupre asked what next year will look like. D. Clark said hopefully after this correction year the next year will just be level. But something will happen with the SU and Cambridge. The announcement about that should come out sometime this fiscal year.

C. Gallagher said she will talk to VSBA reps and her colleagues about talking points for a newspaper interview on the budget.

L. Miller said several people have asked her, if taxes are going up, is it because we have to pay for the Hyde Park building? D. Clark said no; that is a minimal part of the budget. C. Gallagher said we need to incorporate that into our questions and answers.

A. Beaupre pointed out that the way D. Clark had presented tax rate calculation information made it look like Cambridge is not making a contribution to the high school – like

their students are attending free – because their tax rate was not shown. S. Hamlyn-Prescott asked if Cambridge representatives would be upset if their budget was included. C. Gallagher said that can be a topic for next week’s CES board meeting.

C. Gallagher said probably it is a good idea to send all our principals our questions and answers so they can disseminate them to parents.

S. Hamlyn-Prescott asked why the LNSU budget isn’t voted on by the public. D. Clark said because it’s all assessed out.

4. ***Adjourn***
K. Orost moved and A. Beaupre seconded to adjourn at 7:29 and the motion was passed.

Minutes submitted by Donna Griffiths

UNAPPROVED