

LNSU/LNMUUSD BUDGET COMMITTEE MEETING
THURSDAY, DECEMBER 28, 2017
LNSU CENTRAL OFFICE

Board members present: Laura Miller (by phone), Andrew Beaupre, Katie Orost, Sue Hamlyn-
Prescott

Others: Deborah Clark, Brian Schaffer

Note: All votes taken are unanimous unless otherwise noted.

1. Call to Order and Approval of Agenda

K. Orost called the meeting to order at 6:04.

2. Receive Budget Reports and Related Information

B. Schaffer gave answers to some questions K. Orost had come up with. One question was why there were reductions in driver's ed salary and benefits. B. Schaffer said we previously had a full-time person in that position who was near the top of the salary scale. It has been hard to fill the position with a full-time person. This amount is more reflective of what we are doing with the position now. K. Orost asked why we are removing all the benefits too. D. Clark said she just put in benefits in certain places, knowing there is supposed to be a certain amount of reduction.

K. Orost had asked why there are vocational reductions. B. Schaffer said it's evidence of decreased enrollment at the tech center.

K. Orost asked if there is a drive to get more students to attend the tech center, at least from Lamoille Union. B. Schaffer said there is constant effort. As an example, recently we held an "Engage Day." Personalized learning groups have been created and many of those students spent a full day at the tech center. The high school is always looking for ways to mesh with the tech center. There are regular opportunities for kids to spend time at the tech center.

K. Orost asked if we are cutting a guidance position. B. Schaffer said his plan is to remain at the current level of staffing. He is not exactly sure why salaries for guidance went down by \$40K. D. Clark said she thinks money was shifted from one line to another due to Diana Lepikko moving to the student support center.

L. Miller asked what co-curricular expenses are. B. Schaffer said that is how we fund clubs, after school activities and some supervision elements. Those who lead school sponsored activities like clubs are entitled to some pay. We also have athletics, which is on a different line. Co-curricular expenses do not include study hall.

A. Beaupre asked if there is anything for music included in the co-curricular amount. B. Schaffer said yes.

K. Orost said in the elementary budgets the music teacher's salary is included in the music line. It is in a different place in the high school budget. B. Schaffer said in the high

school budget all teacher salaries are in one place, except for a few D. Clark has pulled out. K. Orost said the difference is confusing. D. Clark said she, W. Savery and B. Schaffer have talked about first getting actuals in the right place and then starting to shift some budget items to different lines.

L. Miller asked, the student support center doesn't have anything to do with special ed? D. Clark said no. It is for students who are not on an IEP. L. Miller said she thought the budget number for the student support center looked low for all the people who work there. She was wondering if that line was just for general ed student support and there was more that went through special ed.

S. Hamlyn-Prescott arrived at 6:20.

L. Miller asked about extended year services. Why would there be any for general ed? She thought ESY was just special ed. D. Clark said this would be for students who are not special ed, who we don't get reimbursed for. L. Miller asked, do they have ESY services? B. Schaffer said not ESY as a special educator would think of it, but there is summer school, which used to be offered by the tech center with Perkins Grant funds. That funding dried up so the funding was changed. If the board wants to continue summer school we need to allocate about \$15K. D. Clark said she changed the figure from \$25K to \$11K. If it needs to go back up she can increase it. B. Schaffer said he would want to look at it more closely. K. Orost said it looks like the decrease was all middle school.

A. Beaupre asked if there is any place capstone projects are funded. B. Schaffer said we had a contract with a therapist that he cancelled because he wasn't seeing value in the service, so he has \$20K that can be used not just for capstones but for personalized learning in general. The real question is how we will support personalized learning. He knows there is money in the budget for capstone projects and personalized learning but it is not clear to him yet how that money will get spent.

D. Clark said W. Savery found savings in guidance salaries and used the money for Stacy Stokes in athletics. B. Schaffer said he thinks the shift in position for Diane Lepikko helped fund part of Stacy Stokes' position and also supported the student support center.

L. Miller asked about the amounts for science and social studies. It looks like a placeholder figure that keeps being used in case it is needed. B. Schaffer said we have been level funding those lines for as long as he can remember. Some years actuals come closer to the budgeted amount than other years. His directive to department heads was to keep it level funded. L. Miller asked if he anticipates needing that much money. B. Schaffer said yes.

S. Hamlyn-Prescott said in the past science might be higher one year when there was a need for new science materials and math might be higher another year. Why isn't that happening? B. Schaffer said that is not the direction he received in creating this budget. The direction was to level fund. Department chairs oversee their purchases and he oversees everything. Sometimes one department's purchases go higher but it all comes out of

the same overall budget. D. Clark said this is an area where there can be budget adjustments during the year. If the school is not spending in math but in social studies they can request a budget adjustment to move funds from one bucket to another.

B. Schaffer said all supply funds total about \$100K. The biggest factor driving the budget this year is the increasing LNSU assessment. Teacher salaries are also a driver. Out of a \$10 million budget, \$100K is not that important. D. Clark said it is not even \$100K.

S. Hamlyn-Prescott said the \$108K increase to the bottom line looks good but it is a false number because it includes tech center savings of \$73K. That can change every year. She does not understand why co-curricular is going down. Why would it be going down? Including the vocational savings in coming up with the bottom line gives a false impression. That doesn't address what is really going on in the middle school and high school.

S. Hamlyn-Prescott asked about the decrease in co-curricular transportation. D. Clark said it is going down by \$17K. Of that, \$15K is for the late bus run, which is now in a different line. It is part of the contract with LVT. A. Beaupre asked how much regular transportation went up to account for that. D. Clark said she is not sure.

K. Orost about "supplies – general" under 3100. There has been nothing spent in the past 2 years but we are still going to budget \$25K? D. Clark said that is the loss in food services we have to absorb. Those schools that use The Abbey Group are guaranteed no loss. Other schools take a loss. It's to help buffer the tax impact. A. Beaupre asked why actuals aren't in there. D. Clark said because the actual loss is around \$100K and this is just to buffer it, not cover all of it.

K. Orost asked why we don't contract out food services. D. Clark said because of the union contract. Also she thinks the financial situation will improve with improved participation. It's an enterprise fund that is supposed to pay for itself by charging. Karyl Kent is increasing the cost for catering and D. Clark thinks she increased the charge to students a little. There are school run nutrition services that make a profit. B. Schaffer said he thinks that has always been an area where there has been deficit spending. S. Hamlyn-Prescott said it has gotten more so in the last couple of years. It was close to breaking even when Marty Spaulding was here.

A. Beaupre asked how free and reduced lunches are billed – to the state? D. Clark said that is right. She said K. Kent can send past due letters to families as discussed by the board.

S. Hamlyn questioned including the vocational decrease in the bottom line if that is an amount that could make a big change again next year. If we didn't have that decrease in there, then the increase would be closer to \$180K. B. Schaffer asked if S. Hamlyn-Prescott is assuming another 25 kids might decide to go to the tech center next year. Enrollment is one of the few consistent pieces of data we have seen. Tech center enrollment hasn't increased with the new farming program. There are regular checks on how the budget is going and adjustments that can be made if there is a gap.

S. Hamlyn-Prescott said there is a significant amount of special ed expense for next year. The committee is looking critically at this budget because we don't want to end up having to make adjustments mid-year.

D. Clark said she thinks the tech center decrease is legitimate savings for FY19 but the question is if we will have to add that amount back in in a year or two. The only way it is a false negative is if we think it will not be sustained in the long run.

S. Hamlyn-Prescott asked, if we took out that savings, wouldn't the bottom line increase be closer to \$183K? D. Clark said that savings is still there across the SU.

B. Schaffer said he created a budget based on his needs. If directed, he can go back and find additional funds. But this is what he thinks we need to operate next year.

S. Hamlyn-Prescott said it always feels like we are too late looking at this every year. Somehow we have to rectify it. Last week we were given class sizes but this late in the budget process she doesn't see how we can ask those questions about class size that would make a difference in the budget process. It doesn't feel like we are given enough information ahead of time.

D. Clark said at the last meeting we discussed not disbanding the budget committee but having it meet once a month and starting the conversation for the next budget year.

L. Miller said if there are places where we have a placeholder amount because we might need money but we haven't needed it in past years, maybe we can cut those from the budget and see the difference. B. Schaffer said this is his tenth year. One year the high school went a little over budget due to unexpected special ed expenses. If he was told to eliminate \$250K he knows our school would look a lot different next year. He would find savings by getting rid of people. The main place we can make deeper cuts is by reducing staff. He has always advocated for maintaining our people as best we can. This is a very uncertain time. We have to plan for supporting students in individual learning and we don't have a clear picture of that yet.

A. Beaupre asked if we have had a budget freeze in the past. B. Schaffer said we did one year because of a special ed increase during the year. Every year we have come back with a surplus of 1-2%. We have been able to do creative things with that like putting it into reserve funds.

A. Beaupre said proficiency based learning will have a cost in people, resources, and materials. When everyone is pursuing personalized learning, what someone needs this year might be completely different from what is needed next year. We might buy something that is needed one year and have it sitting on a shelf afterwards. It seems like in the long run it will cost us a large amount of money.

B. Schaffer said the problem is not so much the materials we have to buy. We haven't made superfluous purchases in the past. The bigger question has to do with the teacher contract, which says teachers have a certain amount of preps per day. The board has talked about a more flexible structure. Those will be the bigger, tougher questions. Now we are locked into another 2-year contract cycle. He met with the student council and they told him what they are looking for administrators to provide. It will be a challenge.

D. Clark said she thinks having this be a monthly working committee will help. Information will not come so much at the last minute.

A. Beaupre said he thinks there are probably creative ways to make personalized learning work using early college and dual enrollment. B. Schaffer said we are not sure how long dual enrollment will continue to be funded.

K. Orost asked about 2410, with \$6K for middle school food and \$10K for high school food. B. Schaffer said that is to provide refreshments for events such family orientation night and open house, or for school functions.

D. Clark said overall expenses for the SU went up 1.48%. The main thing affecting the budget is loss of revenue.

A. Beaupre asked what the "unallocated" page is. D. Clark said it includes D. Laflam's salary and IT infrastructure. Expenses she left at the school level are those that the school has purview over. For analysis purposes she left instructional technology at the school level but moved IT infrastructure to unallocated.

D. Clark said she worked with D. Laflam and removed some expenditures in the unallocated area. He is looking at reducing his proposed budget to get to a 2.5% increase rather than a 4.5% increase. In the unallocated area under superintendent's office the healthcare recapture is included. For LNMUUSD the recapture amount is \$110,565.

S. Hamlyn-Prescott said even if we took out the \$110K there would still be a 10% increase. D. Clark said we also lost \$157K of revenue.

S. Hamlyn-Prescott asked how we can get the 10% increase for the SU down near what we are talking about for the others. D. Clark said we might want to talk about using the unrestricted fund balance at the SU, which can be applied as revenue. This year it was \$79K. It came from budget surplus.

S. Hamlyn-Prescott asked what the big drivers are at the SU level. D. Clark said loss of revenue. Expenses have gone up 1.48%. The bulk of that is due to an employee changing to family coverage.

A. Beaupre asked if there is a need to have a quorum of the budget committee. He said he had to go. D. Clark said since there are 6 committee members she thinks 3 is a quorum.

D. Clark said there is a retirement affecting the SU budget, but there will be a cost to train the replacement.

A. Beaupre said he can't come to the next meeting. He will send D. Clark any questions he has. (*A. Beaupre and B. Schaffer left at 7:04.*)

S. Hamlyn-Prescott suggested looking at the whole budget. D. Clark said there is a 2.3% increase before including special ed.

L. Miller asked about the line item for world language. K. Orost said that is the Spanish program that was just started this year at JES. L. Miller asked, it is just at JES? D. Clark said yes. L. Miller said she thought there was going to be a shared person. D. Clark said she thinks there was talk about the possibility of expanding to other schools. L. Miller asked, there is a full time Spanish teacher at JES? K. Orost said not full time. The person teaches Spanish half time.

D. Clark said expenditures are up 2.3%. When expense is compared against revenue the increase is 2.18%. The 2.3% increase is what the board will see. Taxes will be impacted by the 2.18% increase. The taxpayers will only see the expense side in information we give them.

S. Hamlyn-Prescott asked if J. Stevens is re-looking at special ed. D. Clark said no. She has gotten state revenue estimates back.

S. Hamlyn-Prescott asked where we can look to make significant changes. D. Clark said D. Laflam is looking to cut \$45K. Instructional technology was reduced from last year at JES. And we can apply the unassigned fund balance. S. Hamlyn-Prescott said that will only change the tax rate. She asked the other committee members if the committee should ask administrators to reduce the budget further before it is taken to the full board. If so, we have to give a number. She would rather be proactive. K. Orost said she thinks we say we want flat budgets. L. Miller said there are only 3 committee members here. Can we say that without going to the full board? D. Clark said it will impact services. L. Miller said the committee can give the rest of the board ideas about what would be best to do but if that will be cutting services she is not sure. S. Hamlyn-Prescott said that is the piece we don't know. At elementary schools it is difficult to cut a teacher and make a 28 student classroom. Cuts impact different schools in different ways. She is trying to understand. She would have concern about saying to elementary principals that they should find the cuts. K. Orost said Hyde Park is the only one that would need to cut much. D. Clark said all the others have increases under 2%. S. Hamlyn-Prescott asked where all the change is coming from.

D. Clark said the percentage increase is not huge. D. Laflam is working on his reductions. She needs to work with Diane Reilly on the Hyde Park piece and she suggests applying unassigned fund balance.

S. Hamlyn-Prescott said the committee's role is not to tell administrators what to cut but to say that we need the budget reduced. D. Clark said she would recommend not asking them to reduce anything. The \$73K tech center savings will be used for technology purchases.

L. Miller asked, if we asked administrators to reduce X amount of dollars, would they look at class sizes? D. Clark said there isn't time for that. S. Hamlyn-Prescott said it would be up to them. Our role is just to say how much money to cut and they will figure out what will benefit the kids. She doesn't think they would look at class sizes now. D. Clark said she doesn't think it could happen for this year. She thinks they would cut funds for new technology and live with the current terrible technology, which is a shame because kids in the classes using that technology are suffering. K. Orost said we should apply for grants then. She questioned how many kids are being affected.

D. Clark said she doesn't think the proposed increases are outrageous. She feels Hyde Park needs to come down and the unallocated part of the budget needs to come down. We can look at 2840 again and apply unreserved fund balance to the SU budget.

S. Hamlyn-Prescott asked if we will see the same increase next year. D. Clark said she doesn't think we will see the healthcare recapture again.

S. Hamlyn-Prescott asked what it would take the rate down to if we took out the recapture amount.

S. Hamlyn-Prescott said Governor Scott changed what he had been saying and said to aim for 2% increases. He realizes zero percent was outrageous.

L. Miller asked how much special ed is going up. K. Orost said 15.83%.

D. Clark said taking off the \$110K for the healthcare recapture takes off half a percent, driving the increase down to 4.5%. She said she would like to get Hyde Park down to a 1.5% increase.

S. Hamlyn-Prescott asked what it would take for us to get to a 2% increase. D. Clark said we need to find \$707K in reductions to get the increase down to 2% including special ed. K. Orost said she thinks we should decide how much of the reserve we want them to use and let administrators decide what to cut. The committee agreed to use a total of \$390K from reserves to offset SPED increases and healthcare recapture costs; \$240,287 of SU reserves and \$150K of MUUSD reserves. D. Clark said we know D. Laflam will come up with \$45K of cuts and she will try to find at least \$45K from Hyde Park. That leaves \$226K left to cut. K. Orost said that would mean basically telling each school to come up with a level funded budget. All agreed that would be the committee's recommendation. S. Hamlyn-Prescott said she thinks the directive to schools should be that our overall budget increase needs to get to 2% and unfortunately that affects everyone. We need to let them decide where it comes from.

D. Clark said she will take another look at the LNSU budget. S. Hamlyn-Prescott said she thinks it will be important to spell out drivers in the SU budget explicitly for the presentation to the full board. She thinks there is a misperception of what costs are in there. For recapture, etc. she thinks D. Clark should really break it down. Otherwise it makes it look like there is a huge increase in central office when really the SU budget is the collecting pool for a lot of things. It needs to be explained so people understand it is not central office spending the money.

5. *Adjourn*

K. Orost moved to adjourn at 7:50, L. Miller seconded and the motion was passed.

Minutes submitted by Donna Griffiths

UNAPPROVED