

LNSU/LNMUUSD BUDGET COMMITTEE MEETING
THURSDAY, DECEMBER 7, 2017
GMTCC COMMUNITY EDUCATION CENTER

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

Others: Deborah Clark, Dylan Laflam

Note: All votes taken are unanimous unless otherwise noted.

1. *Call to Order and Approval of Agenda*

The meeting was called to order at 5:30. The special education funding item was removed from the agenda.

2. *Approve Minutes of the November 16, 2017 Meeting*

It was moved and seconded to approve the minutes of November 16, 2017.

3. *Review Meeting Times – Possible Action*

Amanda explained why a meeting time of 6:00 would be better for her. **L. Miller moved to change the meeting time to 6:00 on Thursdays, A. Beaupre seconded and the motion was passed.**

4. *Receive Budget Reports and Related Information*

A. *Facilities*

D. Laflam presented his budget. He said from FY17 to FY18 there was a 7% increase in salaries and benefits. The proposed FY19 budget has an increase of about 2% for salaries and a 5% decrease in benefits. Some of that is due to retirement of two long term employees who could be replaced by people being paid at a lower rate. D. Laflam's proposed budget for FY19 is \$2,776,178.62, an increase of \$42,295.93 (1.6%) over the total for all schools in FY18. About \$38K was added to the budget because D. Laflam developed a preventive maintenance schedule for all elementary schools, which they haven't had before.

S. Hamlyn-Prescott asked if D. Laflam sees us running over budget for FY18. D. Laflam said if some areas are over budget he has some money in other areas that can be used to cover it. He won't spend on anything non-essential until later in the year.

D. Laflam said his salary is included in his budget as a new line item, now that he is an LNMUUSD employee. There was an increase in the tech center facilities budget and a small decrease for the high school.

L. Miller asked if this budget includes anything for the SU. D. Laflam said SU's can't own property. The central office building has always been part of the Lamoille Union campus. D. Clark said the SU pays rent to Lamoille Union.

D. Laflam said he wanted to point out that in the last 2 years 23% of his budget came from the high school capital reserve. If the board doesn't continue to do capital reserves there may need to be an increase to the facilities budget.

A. Tilton-Martin asked what needs to be replaced in the next couple of years. D. Laflam said there is plenty. The LU/GMTCC parking lot needs work. The gym has not been renovated since it was built. The capital reserve for the high school currently has \$411K in it. We will probably have to bond to do the work that is needed on the gym. We might want to include an additional amount in the bond to cover new cabling that is needed.

A. Beaupre asked about the secondary access road to the campus. D. Laflam said once the trees were cut on the planned access road you could see that the grade looked steeper than expected. An engineer did a plan for the road and determined that it would have a 12% grade, which is too much. We can't do anything over 10%. There are a couple of possible workarounds.

D. Laflam said he may come to the board in the future about hiring another person. The money to cover it is already there because the budget includes money for overtime. If we can cut down on overtime, that would pay for another person. A. Tilton-Martin asked if he can ask custodians from other schools to help out at the high school. D. Laflam said he could, but they are typically even more over-worked.

A. Beaupre asked if there will be a runoff issue with the route cleared for the secondary access road. D. Laflam said he doesn't think so, especially since he left the stumps.

L. Miller asked if the Hyde Park facilities budget is going up because of their new facility. D. Laflam said it went up about \$9K, but that is still \$20K less than it was in 2017.

B. LNSU

D. Clark reviewed the LNSU budget. She did not include special ed because we don't have revenue estimates from the state yet in response to our service plan. It just includes LNSU operations and expenses. It is a 0.9% increase overall. That translates to a non special ed assessment increase of \$170K, which is directly offset by billbacks for transportation and other expenditures that come into the SU as part of consolidation for transportation. In the first year transportation was consolidated at central office, net expense was billed back to the districts. Now personnel have come over with LNSU as their new employer. The whole employee had to come over even though in some cases only part of their salary was for transportation.

A. Beaupre asked about transportation for 3 year olds. D. Clark said \$30K is built into the budget for that, to cover the cost of seatbelted buses and having to hire someone to monitor students on the bus in case it is required.

D. Clark showed the last several years of assessments compared to FY19 for each school. S. Hamlyn-Prescott asked why the middle school went up so much. D.

Clark said because the middle school has growing enrollment – 20 to 25 students. A. Beaupre asked why Hyde Park is not moving much. D. Clark said their enrollment is not moving much.

L. Miller asked, what about the mandate that might be coming about a cap on staff per child? D. Clark said they were saying that the state was changing the formula so all regular taxes would be up 8%. The last thing she heard was that it would be 6%. The state has changed the formula so the incentives for merging are gone but instead of going up 6% we are going back to where we were without the incentives. They have started with rhetoric about student-to-staff ratios.

L. Miller asked if we would be in compliance with what they are talking about. D. Clark said what she has from principals is ratios by class. We are starting to look at ratios and the possibility of making changes to increase class size.

L. Miller asked if there are retirements coming up that we can do attrition with. D. Clark said some is built in already. That is one of the first things administrators look at.

C. Health Benefit Recapture

D. Clark discussed recapture of the expected savings on health benefits. For the current year the state will just withhold a part of the last state payment representing recapture. For 2019 she has built into the budget the recapture amount as an uncollectable expense. S. Hamlyn-Prescott and D. Clark explained that this amount is based on the state saying everyone should go to an 80-20 split for health insurance and they will assume everyone is saving as much as if they had gone to 80-20, whether they do or not, and they will take back that amount. We went to 80-20 for the teachers and 83-17 for support staff who are under the union contract. Support staff not under the union contract are 80-20. D. Clark said we are seeing great savings on premiums in 2018, even with the employer HRA contribution, but for 2019 there will a 10.5% increase in premium costs.

L. Miller said we will know more next year about how much of the HRA money is unused. D. Clark said after 3 years we will have some reliable data about utilization. S. Hamlyn-Prescott said we won't have more data for next year's budget because by the time the health insurance year is over in January we will have already done the budget.

A. Beaupre asked if an HRA is to cover out of pocket expenses. A. Tilton-Martin said an HRA only covers deductibles. You can't use it for copays. It stands for Health Reimbursement Account. D. Clark said this HRA covers total maximum out of pocket. S. Hamlyn-Prescott said we had no control over what it would cover. VEHI set it up. A. Tilton-Martin said the difference between an HSA and an HRA is that you can put your own money into an HSA but not an HRA.

D. Clark said the amount of uncollectable expense for next year is \$110,565 for LNMMUUSD, \$18,122 for GMTCC and \$20,463 for Cambridge.

A. Beaupre said the amount we are contributing for teacher retirement went up to \$64K in 2018 compared to \$30K in 2017. S. Hamlyn-Prescott said we didn't budget for the \$64K. D. Clark said we didn't know it would be a continuing annual payment for each teacher. We thought it would just be an assessment for the first year a teacher was here.

D. Clark said if you took 237 as the maximum number of teachers we will employ and multiplied that by \$1200/year it comes to an annual expense of roughly \$300K for retirement contributions.

S. Hamlyn-Prescott said she thinks perhaps the LNMUUSD board should send a letter to legislators. When they put this in legislation a few years ago they never told us it was coming.

D. Review Finance Policy

D. Clark showed the committee a draft finance policy. She said it hasn't been passed yet by the board. K. Orost said the policy committee has already approved it. D. Clark said it has been brought to the full board twice. Approval was put off by the full board until C. Gallagher was back and then was never put back on the agenda. She will see if it can be put on the agenda for Monday's LNMUUSD board meeting.

5. Discuss Future Agenda Items

D. Clark said the GMTCC budget will be presented for approval at Monday's LNMUUSD board meeting. The RAB has approved it.

Deb wants to try to get class sizes for the December 14 committee meeting. She asked if there is any other budget the committee wants to see. S. Hamlyn-Prescott said she would like to see the whole LNMUUSD budget. A. Beaupre would like to see the high school budget. S. Hamlyn-Prescott said she thinks the committee would like to see the budget and have the opportunity to ask questions. D. Clark said after looking at the budget on December 14 the committee can tell her if there are any administrators they want to talk to at their next meeting or can give her specific questions for administrators. S. Hamlyn-Prescott said she is interested in learning how student-teacher ratios factored into budget building.

S. Hamlyn-Prescott asked when we will get back a revised technology budget. L. Miller said she thought there wasn't anything B. Pena could cut. D. Clark said he meant that there was nothing in the budget that shouldn't be in a regular technology budget. Administrators are looking at where in the operations budget the proposed increases for technology can be funded.

6. Adjourn

A. Beaupre moved to adjourn at 6:53, L. Miller seconded and the motion was passed.

Minutes submitted by Donna Griffiths