

**LNSU/LNMUUSD Finance/Bond/Budget Committee Review
December 17, 2018**

Members in Attendance: B. Sander, M. Nielsen, Angela Lamell, Katie Orost, Lisa Barry (arrived at 6:34 p.m.)

Others Present: Diane Reilly, Deb Clark, Dylan Laflam, Wendy Savery, Melinda Mascolino, Jan Epstein

Minute Taker: Sue Trainor

Review of Preliminary FY2020 Budget Figures: Clark began her presentation to the Committee members at 6:00 p.m. Clark reported that they were able to find \$60,000 additional funds to cut from the LNSU which brought the assessments down. Revenue for special education was received last week and it was more than expected which also helped to bring the assessment down. Laflam was able to reduce some expenses within the MUUSD. Both the increased revenue and the additional cuts resulted in a 3.23% education spending increase. The State had been looking for a 3.24% increase. The equalized pupil figure was still too shaky to try to calculate. Clark did her own conservative estimate and ran the tax calculations with the new yield, which resulted in a penny and half swing upward. This would mean \$16 or \$17 on a \$100,000 tax bill. Her calculations used last year's common level of appraisal as there were no new figures for that on the State website. Clark was comfortable with the 3.23% education spending increase.

Savery reported that she was very worried about having to cut \$60,000 from the middle school budget. She asked that the Committee reconsider the amount being cut, as it eliminated so much of what was needed to continue the work they were doing. Clark confirmed with Savery that the current numbers in the proposed budget already reflected the cuts that Savery had made. B. Sander agreed with Savery, stating that spending less than the State average could become the new normal. Over the next few years, meeting basic needs could become difficult.

Clark agreed with B. Sander's comment but noted there was some growth in the budget. Clark, noting the expense-only figures, reported that the elementary schools were up 4.5%, the middle school was up 4.53% and the high school was up 2.94%. IT was up 27% but Pena had not budgeted enough funds in this year's budget and needed to replace funding for contracts that had been underfunded. Operations was up 8.06%. The Board and Treasurer were up 13.89% but this was a small dollar amount. The increase was mostly fees for professional groups that supported the Board. Because of mergers there were fewer Boards, so the groups had increased their rates. Nielsen stated over the past three or four years taxpayer funds had been invested in a number of things. The return on investment in these programs had been positive and he didn't think the Committee should reduce funding of facility maintenance or educational programs at this point.

Reilly also expressed her concern about funding, as Pre-K costs hadn't been budgeted for in this year's budget. She now had very little money to spend for the remainder of the year. Savery was very worried about the commitment to meet the State requirement of effective continuous improvement plans. She was also concerned with needing the flexibility to offset funds if necessary. All the funds that were left in her budget were for salaries, benefits, stipends, and transportation, which were contractual in nature. Savery stated she didn't know how to lead the school under these circumstances.

Clark recalculated the budget after adding in the \$60,000 the middle school had cut. The estimated tax rate per \$100,000 after the CLA would be as follows:

Belvidere would increase from \$16.76 to \$20.00;

Eden would increase from \$16.93 to approximately \$20.00;

Hyde Park would increase from \$15.96 to \$19.00;

Johnson would increase from \$16.11 to \$19.00;

Waterville would increase from \$18.61 to approximately \$22.00.

Clark explained that the way the State had run their yield and depending on the CLA and equalized pupil, she didn't anticipate it would result in a big jump in taxes. Before calculating the common level of appraisal tax rate, adding an additional \$60,000 would result in a ½% increase. Sander confirmed that these were homestead rates and again noted that those who complained the most about a tax increase were renters. Clark confirmed that over 75% of those in the District benefitted from income sensitivity in the homestead rate.

Orost asked about the \$35,000 in revenue that Johnson received for their afterschool program. She wanted to know what other schools did with their afterschool program. Reilly stated that Johnson received State funds because it was a licensed program. Hyde Park was a 21C and worked within the budget it was given through their grant. Clark stated that the other afterschool programs didn't generate income like Johnson did, but they could look at doing that in the 2021 budget. Reilly stated that Hyde Park previously hadn't had the ability to handle the requirements.

Clark informed the Committee that the Board had to approve the budget to move it forward to the voters at the January 14th meeting. The Committee could meet the first week of January to continue to work on the budget or use January 7th as a Committee meeting. This would then only allow the Board one meeting to review the budget. Another option was to call the Board together on January 7th for a first view of the budget with a second review on the 14th. The State hoped to have a reasonable equalized pupil calculation the first week in January.

B. Sander was concerned about the special education numbers. He wondered how the District would handle it if there were an influx of students requiring special education services. Clark stated services would need to be provided and if there was a deficit at the end of the year, it was tagged on to the subsequent year. Clark clarified that new census-based funding mechanism would start in 2021.

Orost asked why Waterville's transportation budget was going up. Clark explained that the costs were blended and they had to add additional funds for Pre-K transportation. Discussion ensued about charges that were combined at the middle and high school and whether it made sense to keep it that way.

Barry arrived at 6:34 p.m.

Orost then highlighted the fact that LNSU Special Education Administrator Salaries (2420-100) had increased 257,000%. Clark stated the total function totals were down 6.13% so she thought that number was coming from something else. Clark believed it came from the way the miscellaneous line item was budgeted. Barry asked what was included in staff improvement costs. Clark replied that workshops, in-service training, and coaches were paid through that line item. Lamell asked why occupational therapy costs were increasing. Clark stated that Stevens would have to answer that question.

Call to Order, Approval of Agenda and Public Comment: With there now being a quorum, Nielsen called the meeting to order at 6:43 p.m. B. Sander made a motion, seconded by Barry, to approve the agenda. The motion passed unanimously. There was no public comment.

Routine Business: Consent Agenda Items:

Minutes of December 3, 2018: B. Sander made a motion, seconded by L. Barry, to approve the minutes. The motion passed unanimously.

Orost asked for details on what had been cut from the LNSU budget to decrease the assessment. Clark stated she would prefer to discuss the details in Executive Session. Orost then made a motion to enter into Executive Session to discuss matters, the prior public knowledge of which could place the District at a disadvantage, seconded by B. Sander. Orost requested that the Committee members and Clark remain.

The Committee went into Executive Session at 6:45 p.m. The Committee then came out of Executive Session at 6:52 p.m.

Clark informed the Committee that discussions were taking place about the need to buy a bus, as well as conversations about eliminating in-house busing and having Eden employees move to other positions in the SU. The cost to have LVT handle transportation was comparable to the cost to keep it in-house, except for the cost of buying the equipment every other year. Mascolino reported that the 7-year-old bus had to be replaced and in 3 ½ years the other bus would need to be replaced. This meant that every 3½ years they would spend \$100,000 on a new bus. Laflam added that Eden rented a large storage space for bus parts for \$85 month and that cost could be eliminated if LVT took over. Mascolino stated there were a lot of advantages to LVT taking over the busing. Clark reported that the FY20 budget calculation showed there was enough capital at Eden to buy a bus next year without impacting the budget, but that would mean capital wouldn't be available for the other discussion about facilities.

Nielsen asked Laflam about cuts he had had made in his budget. About \$9,000 was cut from the fuel costs at the elementary schools because that had been overbudgeted. The high school equipment cost for a tractor was overbudgeted and Laflam cut \$7,500 from that line item. The substitute line items were reduced by \$12,000 because he was unable to find and hire any substitutes. These cuts shouldn't affect any services.

Nielsen and Orost recommended adding \$60,000 back into the middle school budget and the Committee members agreed. B. Sander made a motion to provisionally recommend the budget to the full Board, subject to major unanticipated problems with the CLA and equalized pupil numbers, seconded by Barry. The Committee decided not to meet on January 7th and would instead meet on January 14th. The motion passed unanimously.

B. Sander then discussed a vote that took place following last year's budget approval that was outside of normal protocol. He requested that procedures be followed in the future.

Other Business: Laflam provided the Committee with a proposal for the space use analysis. The cost for the study would be between \$50,000 and \$66,000. Committee members discussed how pleased they were with the firm and the work they did at Hyde Park. B. Sander stated they were worth the money and Reilly stated there were no hidden costs with this firm. Orost asked why this work did not have to go out to bid. Clark stated it was not required for engineering and architectural services. This item would be placed on the full Board agenda on January 14th.

Adjourn: K. Orost made a motion to adjourn the meeting at 7:15 p.m. Lamell seconded the motion and the motion passed unanimously.