

**Lamoille North Supervisory Union and
Lamoille North Modified Unified School District
Finance and Capital and Technology Committee
Minutes of Meeting
December 7, 2020**

Board Members in Attendance: Mark Stebbins, Patti Hayford, Bart Bezio, Mark Nielsen, Angela Lamell, Sue Prescott, Laura Miller, Lisa Barry

Others in Attendance: Deborah Clark, Melinda Mascolino, Denise Maurice, Diane Reilly, David Manning, Karyl Kent, Dylan LaFlam, Brian Pena, Nicole Chauvin, Terri Bickings, Lisa Vinick, E. Hutchins, Jeremy LaClair, Yvonne Jones, Christine Callahan, Heidi Kneeland, Terry Ayers, Crystal Burns-Koch

Call to Order, Approval of Agenda and Public Comment: Stebbins called the meeting to order at 6:04 p.m. The agenda was rearranged with the FY2022 Budget Review item being discussed first. Bezio made a motion to approve the agenda as amended, seconded by Prescott. The motion passed unanimously. There was no public comment.

FY2022 Budget Review: Clark informed the Board that the Lamoille Supervisory Union had \$600,000 of surplus or unrestricted reserves available and it was being applied at the SU level in order to keep the assessment down as much as possible. There was a 4.42% increase in non-special education general expenses, a 2.92% increase in special education expenses, for a 3.52% increase in expenses overall. They were looking at a 3.86% decrease in general revenues and a 2.97% increase in special education revenues, for a .79% increase in revenues. The pre-surplus increase was 7.25%. After applying the \$600,000 surplus, they were looking at a 3.16% total net change in allocated expenses.

In addition to some of the general increases, they had budgeted a general 1.5% inflation rate on general expenses. They were budgeting \$27,000 in instructional staff training. This year and last year there was a mentor in the general expense line, so that was being budgeted for FY22. There was \$14,000 budgeted for Zoom costs across the Supervisory Union, \$89,000 was budgeted for additional cyber security, \$15,000 was budgeted for equity and racism initiatives, and \$35,000 for the education finance conversion. They were budgeting a 10% increase in health costs. All other personnel costs, excluding salary increases, were increasing 3.5%. VSBIT has asked for the 10% increase, and that increase was below what had been requested in previous years.

Transportation was a direct bill back. Transportation revenue for FY22 was going to be based on the actual FY20 expenses. There was a significant decrease in reimbursable transportation costs in FY20 because of the COVID shutdown in March. Overall, there was an \$89,000 decrease in expected expenses. Because of the shortfall in drivers, services were being affected. Currently, Eden was the only school not being impacted by the driver shortage. There was a \$173,000 decrease in expected revenue, resulting in an approximate \$116,000 increase of direct bill back to the districts. That loss of revenue would mean a higher bill back to the district. This would result in about a 3.46% increase in the general assessment. That would be allocated out by the internal average daily membership (ADM) counts.

There was also a unique dynamic with the student count. There wasn't much loss in the secondary level, but those students who have moved up to the secondary level were no longer on the elementary rosters and there weren't a lot of Pre-K and Kindergarten students replacing them. Additionally, across the SU, about 116 students had moved to homeschooling. This was shifting the burden of the assessment to the secondary level. They were looking at a 2.97% increase in the special education assessment. Special education costs were also allocated by student counts. The Tech Center was not assessed those expenses.

Clark then moved on to discuss the LNMUUSD budget. They were looking at personnel cost increases of 4.59% across the MUUSD. The increase at the elementary level was 5.34% and the secondary level increased 3.85%. These costs were all personnel costs and included the 10% increase in health insurance costs. This budget included adding a dedicated full time tech coordinator at Waterville Elementary. With the shift in the student ratio, the general assessment for the elementary level was down about \$36,000. The

special education was down about \$63,000. The general assessment for the middle and high school went up about \$66,000. Special education assessment was up about \$118,000.

At the elementary level, they were looking at a 3.96% total expense increase. Eden was at 8.36%, which was a non-facility, non-technology, non-special education increase. Much of the reason for that increase had to do with transportation. Their expense was not dropping because they weren't losing services. While Eden's transportation expense was not dropping, their expected revenue for FY22 was dropping. Johnson Elementary's budget was increasing 4.39%. They were anticipating some additional increases in school nutrition costs for Johnson. They were looking at a 7.26% increase in general expenses at Waterville. They were looking at adding a 5 to 1 support at \$40,000 and a Tech Coordinator.

Estimated revenues at the elementary level were up about 10.34%. That was based on FY20 and what was happening this year. There could be some modest increases to the estimates based on what they had been seeing. This resulted in a pre-reserve net increase of about 3.56%. The elementary level had about \$368,000 of unapplied reserves that could be used for the FY22 budget. The budgets that the Committee members were reviewing included \$300,000 from the reserves being applied to the elementary schools to keep the total tax down.

They were looking at elementary expenses of \$13,388,568, \$300,000 of reserves applied, and \$822,482 of revenues applied. This resulted in an education spending of \$12,266,000 or a 2.02% increase. Equalized pupil figures wouldn't be available until mid-December at the earliest. The Legislature in June had said that if the ADM were going to drop because of COVID and the anticipated number of students being homeschooled, the District would be protected to at least the same ADM as last year. Currently, the 658 equalized pupils being used in the calculation was last year's number. With that number, they were within \$140 of the spending threshold, which was set at \$18,789 for FY22. Clark explained that every dollar that needed to be raised above the spending threshold was basically a double tax. Bezio asked how close the District was to the threshold last year. Clark stated they were at \$18,279 and the threshold last year was \$18,756.

The Union High School had a total of 1.64% total expense increase. Much of that was retiring debt. Without the retiring debt, the increase would be 3.76%. The total expense increase would be 4.63%. Revenues based on FY20 were relatively flat. This resulted in a net increase before reserves were applied of 1.73%. There was \$697,000 of unrestricted reserves that could be applied at the secondary level. This budget applied \$300,000. More could be applied but the issue was the spending per equalized pupil was reasonable based on the threshold. Clark noted that applying another \$200,000 of the reserve would only change the tax rate by \$0.01. The potential change in property tax would be \$10.00.

With the \$300,000 of reserves being applied, the education spending at the secondary level was about .55%. The combined costs of the elementary and secondary levels resulted in a \$77 change in taxes per \$100,000 home. Clark reminded the Committee that they didn't have the equalized pupil figures yet and that could make a difference.

In response to a question, Clark explained that the reserves brought over when the boards merged would expire at the end of FY22 and those funds were campus specific. Bezio confirmed with Clark that there were very few actual new positions being added to the budget. Miller asked if the District was planning on having the same amount of teachers next year. Clark stated it seemed as though it would remain status quo. While there were 116 additional students who had applied for homeschooling, that number was spread across the district. Lamell asked if there were extra janitorial expenses due to COVID. Clark stated there was not an increase in the FY22 budget and LaFlam stated that the current fiscal year expenses were being paid for from COVID funds. Clark stated the ESSER funds would go through September 2022.

Prescott asked whether the budget needed to be decreased because they were so close to the spending threshold. Clark stated that was a good question and a challenging one. She asked whether the Committee wanted to discuss the space use analysis and how the District utilized the total expenses at the elementary level. She noted that some of the data that had been done on the space usage had been lost in the

cyberattack and would need to be rebuilt, including some of LaFlam's analysis on square footage and occupancy.

Miller reported that there were students who were being sent to another school at a significant cost to the District. One of the bills she had recently approved was \$9,000 for 20 days for one student and there was more than one student going to that school. Currently there was a building in Belvidere available that students could potentially attend with a behavioral specialist. Clark agreed with Miller and noted that the money spent on those students was included in the ADM count. Clark stated they would need to have Jen Hulse discuss that idea with the Committee.

The Committee agreed that it was worth going into more detail about the spending threshold. Clark reported \$74,000 was the maximum available until they hit the threshold and she noted that in FY23 the spending per equalized pupil was not growing as fast as the costs per pupil. Stebbins stated that two weeks from now the administrators could attend the meeting to discuss options. Clark stated this was a conservative budget and the District had the benefit of having surpluses. Stebbins noted the percentage of change was quite reasonable.

Review Next Generation Anti-Virus Bids: Pena noted they had had two rounds of RFPs. An IT committee consisting of Pena, Jeremy LeClair and a third party vendor reviewed the four submissions and a significant vetting process took place. They had NSS Labs and SE Labs provide testing and comparisons of the anti-virus programs. The information provided from the outside sources supplemented the information that the IT committee reviewed. Pena noted that Champlain Valley School District also used Sophos. Pena was now recommending the Board move and accept the bid from Sophos for the five-year plan.

Lamell asked why Sophos was so much less expensive. Pena stated that education customers could be offered lower prices. Lamell asked if Sophos had a good reputation in the IT world. Barry stated the most recognized name of the four vendors listed was Sophos and she thought they had a good reputation. The IT committee preferred the style, look and support provided by Sophos. Bezio agreed that Sophos had a good reputation.

Clark reported that the funds needed to pay for this would have to come out of this year's budget. Sophos did not offer financing. The District currently had some very healthy capital reserves. Clark recommended proceeding with the purchase and, if needed, at the end of the year they could apply capital reserves. It was a 60-month purchase and would need to be a MUUSD/LNSU/Cambridge purchase if capital was used. That could eliminate about \$60,000 of expenses at the SU and to the allocations. Bezio asked if there was any apprehension about going for the 60-month purchase. Pena explained why he was not concerned. Bezio made a motion, seconded by Miller, to bring Sophos forward as a recommendation to the large Board. The motion passed unanimously.

Other Business: Bezio asked if there was a written report that could be shared with the Committee on the cyberattack. Clark reported she had an executive summary and the key takeaway was there had been no data infiltration or exfiltration. There was a breach that had locked up Windows devices and ransomware was involved. All recommendations provided were acted upon.

Adjourn: Bezio made a motion, seconded by Hayford, to adjourn the meeting at 7:07 p.m. The motion passed unanimously.