

**Lamoille North Supervisory Union and
Lamoille North Modified Unified School District
Finance and Capital Committee
January 6, 2020**

Those in attendance: Mark Stebbins, Deb Clark, Mark Nielsen, Angela Lamell, Patti Hayford, Lisa Barry, Bart Bezio, Jan Epstein, Laura Miller, Dylan Laflam, Brian Pena, Jennifer Hulse, Brian Schaffer, Diane Reilly, Wendy Savery, David Manning, Melinda Mascolino, Katie Orost, Deb Stender
Minute Taker: Sue Trainor

Call to Order, Approval of Agenda and Public Comment: Chair Stebbins called the meeting to order at 6:01 p.m. Nielsen made a motion, seconded by Barry, to approve the agenda. The motion passed unanimously. Deb Stender, Librarian at Johnson Elementary School, requested that the Committee consider increasing her position from .85 to 1.0 FTE. The cost to add the hours would be \$8,380.50. She explained the number of things that needed to be done in her position and noted that she wanted to be available to staff and students during regular school hours.

Routine Business: Consent Agenda Items

Minutes of December 9, 2019 FCC Meeting: Nielsen made a motion, seconded by Bezio, to approve the minutes. The motion passed unanimously.

Review FY2021 Budgets: Clark reported to the Committee that since the last meeting they had received information on both the equalized pupil and common level of appraisal numbers. The equalized pupil numbers had not worked in the District's favor as far as generating a base tax rate. On December 9th the tax rate increase came in at \$73 per \$100,000 property value. Today it was an \$85.23 tax increase on \$100,000 property value. The reserve information was now up to date. If the District were to add \$50,000 at the SU level it would drop the increase down to \$82.83 per \$100,000 property tax. If the District were to add more at the elementary and secondary levels, the increase could go down to \$79.05 per \$100,000 property tax. That would result in no cuts being needed.

Clark reported that the schools had provided data on where cuts could be made in their budgets. Clark advocated for staying with the budget as presented on December 9th. She thought it was important to remember that this budget was really a state educational budget. It was the SU's piece of the State educational budget, but it was still a state education tax that was being calculated. Property tax bills didn't differentiate between the state and the municipal education tax, but it was distinctly different. Clark stated it was a tough year because there was a lot of growth across the state. Health insurance premiums were increasing by at least 13%; Hyde Park electricity rates were going up 15%; and merged school districts were now talking about large bonds to upgrade their facilities.

Clark reminded the Committee that two cents of the increase was the two-cent reduction in the Act 46 incentive rates. The 2022 budget would no longer include incentives. Clark stated if they used all the reserves at the elementary/secondary level there would be no funds to put into capital, but there was a healthy capital reserve right now.

Miller asked for clarification on how paraeducator positions were paid and, further, how many were not paid through special education. Hulse explained that some students were not on IEP's but needed behavioral support and those students weren't paid for by the state. Miller then asked what other schools budgeted for the hours of their librarians. Cambridge's librarian was a .8 position, Eden's librarian was a .6, Waterville had a .4 position, Johnson's was a .85 position, and Hyde Park's librarian was a 1.0 FTE.

Stebbins asked if Laflam was comfortable using capital funds to fund the budget. Laflam stated that as of right now, the schools had healthy reserves, but if money weren't put into the fund for the next four or five years it could be a problem. Discussion then centered on how each school determined the percentage they needed to cut. Laflam was asked about how the budget cuts would affect services. Laflam stated a one-cent reduction would impact overtime hours somewhat. A two-cent reduction would involve cutting all summer maintenance help at all schools. This would mean that all full time staff would be unable to take vacations during the summer months, but instead, during the school year. Funds would not be available to cover substitutes for staff vacations. Therefore, some schools would be without that support.

Orost asked about information on student data and it was briefly reviewed. However, Lamell noted budget numbers hadn't been provided alongside the student data, which she had requested. Schaffer explained how students enrolling in educational programs outside of the school affected enrollment numbers at the high school.

Clark advocated using as much of the reserves as possible. However, if the reserves were all used in the 2021 budget, there wouldn't be much available for the FY22 budget. In response to a question from Orost, Clark stated that the SU's budget was level funded.

In response to Miller, the budget options were as follows:

- If the Committee went forward with the December 9th version of the budget, without any cuts and without applying any reserves, the base rate would increase to \$85.23 per \$100,000 of property value;
- If the Committee went with Scenario 1 and reduced the educational spending increase to 5.01%, for both elementary and secondary levels, and moved the tax rate down by one cent, the base rate would increase \$72.78 per 100,000 of property value; and
- If the Committee went with Scenario 2, moving the tax rate down by two cents, the base rate would increase \$64.42 per \$100,000 of property value.

Hayford expressed concerns about increasing property taxes. Clark stated it was necessary to maintain educational quality and to help families and students in crisis. Additionally, student behavior needed to be addressed, as it was impacting instruction across the board and throughout the community.

Nielsen asked what Clark had heard from others around the state about the following year (FY22) as far as budgeting. Clark stated what she had heard was discussion about bonds. Everyone was talking about upgrading their facilities because building maintenance throughout the state had been deferred for fifty years. Clark stated that while it had often felt like a local tax, it never was. It was always a state tax. This was something that the local taxpayers needed to be made aware of.

Reilly explained that the increase in health insurance costs had increased her whole budget by 9%. It was the biggest impact on her budget. In bringing in a budget with a 6% increase, that meant she had to level fund and then cut 3% in instruction costs.

Orost stated her concern that the taxpayers couldn't afford an increase and Barry thought there would be pushback because voters had just approved a bond for renovations.

In response to a question from Orost, applying reserves to Scenario 2 would bring the total increase in the tax rate to \$56 per \$100,000.

Nielsen stated they had asked administrators to cut their budget to the bone and there were costs the District had no control over. He understood the importance of cutting costs, but there were programs within the District that he thought were important to continue, such as learning Spanish and providing mental health counselors. He agreed that voters would be unhappy with an increase, but they had been cutting the budget for four years. Nielsen advocated using reserves to lower the increase and letting taxpayers know what they would lose if they voted the budget down. It would then be the voters who chose to discontinue those activities and could mean that extracurricular activities and plowing might be cut.

Miller agreed, stating that she usually came at the budget looking for cuts. However, she could see what had to happen with this budget. Nielsen noted there was a 22% increase in food service. This was an important service for those Lamoille County children who came to school hungry. He had no interest in reducing student access to food. Taxpayers needed to understand that piece.

Stebbins noted that when reviewing the cuts, all the positions affected, with one exception, were for existing student-facing positions. It would mean cuts in the library, Spanish, and paraeducators. If Spanish were to be eliminated it could be hard to get it back. Additionally, maintenance support for Belvidere's building would be cut. If maintenance on a building were eliminated, it would affect the condition of the building. Stebbins agreed with Nielsen and advocated putting the reserves in. If the voters voted against the budget, then the District could come back with the one or two cent decrease.

Clark stated that if they used all the reserves and made no cuts, it would be an increase of \$77 per \$100,000. If they used all the reserves and made all the cuts in Scenario 2, it would be an increase of \$56 per \$100,000. That amounted to a \$21 per \$100,000 difference. Miller asked if that amount was worth the drastic cuts.

Bezio appreciated the due diligence in reviewing the budget and he didn't feel he could take the cuts to the voters. He thought the voters should make that decision. Orost stated she thought the Committee was getting the sob story from the administrators as far as budget cuts. She thought money could be removed from some line items. Orost thought that if the Committee told the administrators to keep the art and Spanish program, the administrators would find a way to cut other expenses. Bezio stated there was substance behind what the administrators provided. Laflam noted that there were a lot of state mandates as far as education requirements. He believed the first place that cuts would occur would be custodians and maintenance, because it was the only place that was not entirely mandated. Clark stated administrators cut where there was value added and there wasn't a lot of that. Because of mandates, cuts couldn't take place in general instruction.

Mascolino stated they reviewed line item by line item. Cuts could only be done in materials or maintenance because it couldn't be insurance or personnel. Orost stated it could be personnel and that class sizes could be bigger. Lamell stated that was why she had wanted to review the FTE information. Manning stated he made cuts where he thought there would be the least impact on the school. While Spanish was great, it was not required. If the Committee wanted him to keep Spanish and find cuts elsewhere, he probably would look at cutting a classroom teacher position and raising the class size. However, he thought that would have a negative impact on students.

Stebbins asked the Committee for their thoughts on taking the December 9th budget to the Board with the only change being the addition of the extra reserve fund. He outlined the fact that it was clear that the budget was consistent with previous budgets and had only added one position, a position that was desperately needed. Nielsen made a motion to move the budget that included reserves forward to the Board.

Barry stated a fact sheet would need to be provided to voters explaining in bullet points where the majority of the money would be going.

Clark was asked to explain how the reserves came about. Following her explanation, Schaffer noted the reserves were a result of proper financial management during the year. There was strong financial leadership at each of the sites. Historically budgets had passed, each year they finished the year as budgeted, and over the years they had accumulated the reserve funds because they understood that tougher times could be coming. Clark then reported that in FY19 they had applied \$190,000 in reserves and had not had to use it all for the elementary schools. At the Union school \$57,000 of reserves had been applied in FY19 and they hadn't had to use it all. Those funds were now also available to use.

Nielsen again made a motion to approve sending the following budget with reserves applied to the Board:

- A budget of \$12,878,972 and education spending of \$12,023,070 (a 5.44% increase in education spending) at the elementary school level.
- A budget of \$14,703,564 and education spending of \$13,572,711 (4.89% increase in education spending) at the secondary level.
- This included increasing reserves applied at the SU level by \$90,000.
- This would result in an incentive tax rate of 1.6006.

Miller seconded the motion. The motion passed, with Orost voting against.

Supervisory Union Budget: Clark stated the Supervisory Union budget would be changed to incorporate all uncommitted reserves with an estimated assessment of \$3,796,852. This was a decrease from the prior year of \$50,000. Nielsen made a motion, seconded by Miller, to approve the budget. The motion passed, with Orost voting against.

Review Draft Five Year Capital Plan (Facilities and IT): Clark explained that the following information was work that was proposed to be done over the next five years. This was not tied to money already reserved, but was work that needed to be scheduled. As Laflam stated, it was a capital plan, not a capital reserve plan, and was a working document that could change at least once a year. Clark explained that there was nothing in the document regarding the space issues at Eden and Waterville. Clark stated Belvidere was sitting empty. Laflam stated regulations supported using Belvidere for pre-K and moving kindergarteners into that space as well. It was the most cost-effective way to deal with the space issues. They would also need to dedicate a maintenance position for Belvidere, however, that would mean increasing a current part-time position to a full time position. Pena stated that the Belvidere building was already connected to the network.

The Committee discussed items related to the document including security, the parking lot at Johnson Elementary School, reimbursement for computer expenses and wireless access points. Each of these items would be addressed at the Board meetings as time went on.

Other Business: Laflam stated that paperwork had gone out for the gym project the Friday before Christmas. There had been a lot of interest during the walk-through. Laflam expected he would be able to provide information at the first Board meeting in February.

Adjourn: Orost made a motion, seconded by Nielsen, to adjourn at 7:44 p.m. The motion passed unanimously.