

LNSU/LNMUUSD Finance and Capital Committee
Minutes of Meeting
January 3, 2022

Committee Members Present: Mark Stebbins, Katie Orost, Sue Prescott, Mark Nielsen, Laura Miller, Patty Hayford, Angela Lamell, Bart Bezio, Lisa Barry

Administration Present: Deborah Clark, Brian Pena

Minute Taker: Sue Trainor

Call to Order, Approval of Agenda and Public Comment: Stebbins called the meeting to order at 6:03 p.m. Bezio made a motion, seconded by Prescott, to approve the agenda. The motion passed unanimously. There were no public comments.

Consent Agenda Items - Minutes of the December 6, 2021 Meeting of the Finance and Capital Committee: Orost made a motion, seconded by Bezio, to approve the minutes. The motion passed unanimously.

Update on Wireless Access Project: Clark began by reminding the Committee that the full Board had suggested looking at using ESSER funds rather than capital funds to support this project. Administration checked with the AOE to see whether this project would fall under equipment or supplies. Because each of the access points cost less than \$5,000, they fell under the supply category. Therefore, the District would move forward using ESSER funds and e-rate funds. Pena would begin ordering the products immediately. The total project would cost \$413,229. \$208,000 of that would be paid by ESSER funds and the remaining portion would be covered by e-rate funds. Clark noted that ESSER2 funds would be used and the project itself had been approved by the full Board in April. There would still be \$100,000 remaining of ESSER2 funds for IT supplies and this wouldn't encroach on the Eden project.

Update and Discussion Regarding Central Office Relocation: Clark reported that after the last Board meeting Laflam contacted a number of agencies for office locations and everything led back to MSI. MSI owned many commercial properties within the LNSU. The decision was then made to go out for a formal bid. In the meantime, MSI would be reviewing the PJ Edwards building to ensure there were no structural problems.

Discussion Regarding Disposition of the Belvidere School Building: Clark stated that in the fall of 2019 Randy Barnett presented the Space Use Analysis to the Board. The holidays and COVID happened immediately after the presentation. Because of that, the discussion about what to do with the District buildings was put on hold. Now that Belvidere had a mold issue it was time to make some decisions.

Clark asked Mascolino to provide her with the number of students in Pre-K. Currently there were seven Pre-K children between the towns of Belvidere and Waterville. Two were at Cambridge and they were there at their request. Two had been relocated to Johnson Elementary School after the mildew was discovered. Three had been with Act 166 partner agencies. In the 2017-18 school year, there were fourteen students in Pre-K. In the 2018-19 school year, there were twelve to thirteen students. In the 2019-20 school year there were twelve to fifteen students. In the 2020-21 school year there were one to five students and they were all attending Johnson. This year there were seven students.

The Hyde Park building could accommodate three more Pre-K students. Cambridge had room for five more in each of their two classes. Eden had room for three to five students. Johnson had room for three or four more children in their afternoon program. Therefore, as of today, there was room to accommodate nineteen more pre-K-aged children across the SU within existing classrooms with no additional staff required.

In FY19 the District spent \$42,000 on that facility and \$61,000 on the actual Pre-K operations. In FY20, \$46,000 was spent on the building. In FY21 \$47,000 was spent on the building. Year to date \$17,300 had been spent and an additional \$60,000 was projected for the mildew remediation.

Clark stated she thought it was time for a professional population forecast to be done. The last study that was done had been well over fifteen years ago. Miller asked whether Bezio could review town information to review any population increase. Bezio stated it would be helpful to know what the breakdown was between Waterville and Belvidere programs for the Pre-K program. He thought it was important to think outside of the box. He wondered if it was possible to put the Pre-K students at the Waterville Elementary School and shuffle other students around. He wondered if Waterville might only go up to fifth grade with the sixth grade located at Belvidere.

Stebbins suggested it might be best to include all the towns within the District in the population study to get an entire snapshot. Clark stated it would take months to get the population study. She estimated the study would cost between \$10,000 and \$15,000.

The Committee agreed that Clark should get information on the cost of a population study.

FY2023 Budget Review: Clark, reporting on the LNSU budget, stated there were no changes to the budget since the last presentation. The general education assessment increased 3.36%, with expenses increasing 3.76%. The special education assessment decreased 18.71%. Overall the decrease would be \$393,175, a 10% decrease.

The Committee agreed to move the LNSU budget forward. Prescott made a motion, seconded by Nielsen, to move the budget to the full Board. The motion passed unanimously.

Clark stated that the CLA rates did not go as low as she had anticipated, however, the equalized pupil numbers were not as high as she had anticipated. The spending per equalized pupil was now at \$20,144.

Clark noted that a few of the MUUSD elementary school average daily membership numbers that the AOE used in their equalized pupil calculation did not line up with what the MUUSD had certified and sent to the AOE. Several other districts had noticed the same thing with their numbers. Clark explained there should not be 59 state-placed students or FTE's at the elementary level. Therefore, the information presented in this budget was the worst-case scenario. The District was now contesting the pupil count. The AOE was reviewing why there was a discrepancy. It was possible the number was accurate, but the AOE needed to be able to explain the count.

Prescott stated she continued to struggle with the amount of surplus that they needed to put into the budget every year. She believed it was important to get back to looking at the budget earlier in the year. She thought it was time to review the facility to student ratio, the teacher to student ratio, and the staff to student ratio. Prescott wanted to meet the threshold and not have to put the surplus into the budget every year. She suggested creating a committee that could begin now to review the information.

Clark stated the change in expenses were 4.95% at the elementary level and 3.3% at the union school level. The 4.95% increase included the Hyde Park bond. Before adding the bond, the raw expenses had only increased 2.1%. They were \$352 over the allowable spending threshold for penalty after deducting excludible expenses.

Clark recommended putting together a study committee as soon as possible to review all manner of things, such as teacher to student ratios, reviewing what teachers were doing when they were with the

students, how much seat time took place, how much prep time was being used. Other school districts were at the \$17,000 to \$19,000 range as well. The Board could direct the questions they would like to see answered. Clark also noted that education was a statewide budget. If there were buildings around the state that needed work, those expenses would fall on general fund budgets in FY24 or FY25.

Clark stated the District needed to be able to say whether they had the right number of people per student, whether students were getting the right amount of seat time, and whether the District was meeting their various obligations. This would take time and involve different levels of expertise. Clark suggested that the FCC recommend to the full Board to direct the administration to create a study committee so they were ready in September of 2022 to apply the knowledge gained from doing this deep dive to the FY24 and FY25 budget.

Clark noted that it was the change in revenues that was putting the District over the threshold, not the expenditures.

Prescott made a motion, seconded by Orost, to ask that the full Board direct the administration to create a study committee. The motion passed unanimously. Prescott stated she would like the study committee to begin in January.

Orost then recommended putting more of the reserves in this year's budget. She asked if that would bring the budget under the threshold. Clark stated they didn't have \$218,000. Miller stated she would like to be under the threshold as well. Clark stated there was \$114,000 available. They would need an additional \$103,000 to bring it under the penalty threshold.

Clark stated they were looking at a 24% decrease in revenues. The increase in expenses, with the exception of the Hyde Park principal bond coming on, was extremely modest, especially during a time when inflation was at 6% and 7%. Prescott stated that voters would ask why the surplus wasn't being used to offset the budget.

In response to a comment from Miller, Clark stated that they were now in their first fiscal year with a block grant from special education, not a reimbursement. This would involve a learning curve in FY23. Clark suggested that the study committee review special education and the weighting study. The block grant benefitted the SU site, however, it was hitting the revenues at the local sites.

Orost and Prescott both stated they would like to use all of the reserves available at the elementary level. Nielsen agreed that it was prudent to put the reserves into the budget. Stebbins wasn't opposed to putting the reserves into the budget, but he asked how the capital budget would be affected if 100% of the reserves were put into the budget. The total amount of capital reserves was \$859,121 but the capital reserve account line items were mostly all earmarked. The actual capital reserve amount available across the MUUSD was \$150,000, the Union school had \$72,000 available, and \$153,000 was available for GMTCC. Clark stated the current surpluses were from COVID funds.

Orost, Lamell, and Miller all agreed again that they would like the full Board to consider using 100% of the surplus on the elementary budget in order to bring the threshold down. Stebbins stated he wasn't completely comfortable having only \$150,000 in capital reserves but he respected and supported everyone's position of using 100% of the surplus.

Clark stated with that decision, before CLA, the change to the taxes would be a decrease of \$76.45 per \$100,000 property value. After the CLA was applied, the estimated tax rates would be:

Belvidere: a decrease of \$0.50 per \$100,000 of property value;
Eden: a decrease of \$91.37 per \$100,000 of property value;
Hyde Park: an increase of \$27.59 per \$100,000 of property value;

Johnson: a decrease of \$29.59 per \$100,000 of property value; and Waterville: an increase of \$40.04 per \$100,000 of property value.

Orost made a motion, seconded by Lamell, to bring the elementary budget to the full Board. The motion passed unanimously.

Clark then reported that at the secondary level expenses increased 3.3%. Revenues were down 14%. The surplus increased 4.26%, which brought the reserves to \$450,000. This meant that the total amount of surplus/reserve available was \$561,000. This drove the homestead rate down 10%. The spending per equalized pupil was \$16,375. The secondary level had always been able to keep their spending per equalized pupil figure down because they were able to include the Cambridge students in the calculation.

If the entire surplus were to be used at the secondary level, the change per \$100,000 would be \$81.41 per \$100,000 of property value, or \$5.00.

Orost stated she was comfortable using the entire surplus at the secondary level. This would allow the Board to tell taxpayers that they were being given all the funds that had been overcollected and would now be starting from a clean slate. Next year there could be changes but everyone was coming back from the pandemic and the Board wanted to give back as much as they could. Miller and Nielsen agreed. Lamell stated that adding the study committee to the discussion would be helpful as well.

In response to a question from Stebbins, Clark stated at the end of this year there could be modest to semi-generous surpluses depending on ESSER funds. Stebbins stated he was a bit concerned that the District could be hit with a large expense and not have enough funds available if they used the entire surplus. However, it appeared the consensus was to approve putting the entire surplus at the secondary level into the budget.

Orost made a motion, seconded by Prescott, to move the secondary level budget to the full Board. The motion passed unanimously.

Other Business: There was no other business.

Adjourn: Prescott made a motion, seconded by Orost, to adjourn at 7:27 p.m. The motion passed unanimously.