

LNSU/LNMUUSD FINANCE & CAPITAL COMMITTEE MEETING
MONDAY, DECEMBER 19, 2022
GMTCC COMMUNITY EDUCATION CENTER

Committee members present: Mark Stebbins, Katie Orost, Bart Bezio, Patty Hayford, Angela Lamell, Lisa Barry, Sue Hamlyn-Prescott (via phone)

Administration present: Deb Clark, Jen Hulse, Denise Maurice, Jan Epstein, Dianne Reilly, Betzi Goodman, Bethann Pirie, Dylan Laflam, David Manning, Wendy Savery, Rene Thibault, Brian Pena

Note: All votes taken are unanimous unless otherwise noted.

1. *Call to Order, Approval of Agenda and Public Comment*

M. Stebbins called the meeting to order at 5:05.

K. Orost moved to approve the agenda as written, B. Bezio seconded and the motion was passed.

No members of the public were present.

2. *Consent Agenda Items*

B. Bezio moved to approve the minutes of November 7, 2022 and December 5, 2022, K. Orost seconded and the motion was passed.

3. *FY24 Budget Update*

D. Clark said since the FCC last met there have been no changes to the LNSU budget. The general education assessment is going up 20%. The special ed assessment looks like it is going up substantially but that is because paras are now being rolled into LNSU. It is time to bring them in because now we are in the block grant system and it will allow us to better align expenses and revenues. It will be more efficient and likely have less errors.

J. Hulse said there is an increase in para numbers because of increasing student needs.

D. Clark said there has been a slight change in the alignment of the assessment. She realigned it based on the ADM numbers presented in the org charts with the data assessment. The numbers are a little lower at the high school and middle school and a little higher at the elementary schools and GMTCC.

D. Clark reviewed some FY24 general budget considerations. The yield is up, which increases tax capacity. But we are still waiting for the Common Level of Appraisal (CLA), which is needed to calculate town tax rates. We are hearing CLAs will drop, which drives tax rates up. The health insurance increase is expected to be about 12%. The employer contribution to the Vermont State Teachers' Retirement System is going up \$107 per each new teacher. For every licensed position working under federal grant funds they will be taking 25.64% as a federal government contribution. Inflation is pushing tax rates up. There is indication that universal meals will continue. That will push rates up.

D. Clark said what she said last time about the new student weighting formula effective FY25 was not entirely accurate. LNMUUSD will gain student counts. However, it is also likely that

the yield will go down when this goes into effect. There will be more taxing capacity at the MUUSD, but not what was shown before. Additional taxing capacity means we have more capacity to apply funds where they need to be.

If we want to continue ESSER-funded initiatives, expenses may need to shift to the general fund. Little impact is expected in FY24. There will be more impact in FY25. Seventy-nine percent of our ESSER funding is paying for personnel or professional services to serve students. It will be hard to cut those services. They are turning out to be very important. Several administrators talked about critical ESSER-funded positions and professional services that are important at their schools. M. Stebbins said CES administrators have talked about running out of ESSER funds prematurely. Is that a danger at any other schools? D. Clark said not in FY24. And it will not be a large issue in Cambridge either for FY24.

D. Clark said property insurance costs are expected to go up, primarily due to Hurricane Ian. The Carson vs. Makin decision regarding funding for private religious schools may affect the ed fund in the long term.

Cambridge is seeing an increase in transportation costs because they are hoping to fill 2 vacant driver positions. The MUUSD is seeing about a 6.99% increase due to general contract and personnel cost increases and fuel inflation.

We have 2 new FTE investments SU-wide. Rene Thibault is one. We also need a student data manager on site full time. We currently have someone who half time and remote.

We have about \$810K in uncommitted surplus coming out of FY22 at the SU level. The current budget only applies \$660K, which was the surplus applied to FY22 and not needed. We also have been accumulating some funding to help with the work to be done on the central office relocation – design, planning and other fees. Once we get our CLAs, we can apply more to the SU assessment if that makes sense.

The net general fund SU expense is a 20.27% increase over the current year. It looks like special ed costs are jumping a lot but that is because the paras are coming in. If the paras hadn't come in, the special ed assessment would have gone up 6.4%. The overall increase in the assessment without the para movement would have been 12.42%.

Transportation revenue is always 2 years behind. For FY24 we used FY22 expenses to calculate revenue. There is a significant jump in estimated transportation revenue estimated, which is driving down the net cost billed back to schools.

D. Clark reviewed the percentage of ADM by school, which determines how the assessment is allocated. D. Clark said the special ed assessment at the high school is going up quite a bit because of the movement of paras to the SU. Paras are based on the needs of students at schools. The elementary schools have more paras per pupil than the secondary level. When all the paras are brought over to the SU and the assessment is divided out based on all students (not just the number being served by paras), that impacts the high school's special ed assessment. The increase is an anomaly that will just be seen this year.

J. Hulse said every year since other special ed employees moved to the SU there has been a conversation with principals about whether to move paras to the SU. It has become a necessity now that we are in the block grant. It doesn't mean that she manages the paras. Principals still manage them. D. Clark said it will help us with maintenance of equity and effort and with state reporting. We won't have to combine 3 databases.

D. Clark said the combined change to ed spending for LNMUUSD is 9.64%. Statewide an increase of 8.52% is predicted. LNMUUSD A has an increase in ed spending of 6.15%. LNMUUSD B has an increase of 12.89%.

Because we don't know the new CLA numbers yet, D. Clark deduced 5 points from each current CLA as an estimate. Even though the general tax calculation before CLA is showing tax rates going down, when you take 5 points off each CLA it is showing a modest increase in overall taxes by town. Belvidere goes up \$15 per \$100K assessed value. They reassessed in August. Eden goes up \$41, Hyde Park goes up \$52, Johnson goes up \$38, and Waterville goes up \$54.

We always get asked what it takes to move the tax rate a penny (a dollar per \$100K appraised value.) That figure varies from \$18,500 to \$26,000, depending on whether it is the elementary or secondary level.

There is a forecast decrease in equalized pupils statewide of 1.08%. The forecast growth in equalized per pupil spending is 9.7%. The forecast average tax rate is 1.31. Our forecast tax rate pre-CLA is 1.355. The state property yield now is \$15,479. That is what is bringing the rate down. That is due to surpluses in the ed fund. They are conservative estimated surpluses. They think they are estimating revenues a little low so there may be a little more surplus. They are required by law not to have more than 5% surplus. The excess spending threshold would be \$22,200 if they were applying it but it is suspended through FY29. MUUSD B is not near the threshold but MUUSD A is always bumping up against it. Right now without exclusions per pupil spending for MUUSD A is \$23,688. After excludable expenses (debt being one), the amount is \$22,172.

The combined elementary budget is about \$14,400,000. Elementary ed spending is \$13,800,000. Per pupil spending is \$23,688, a 13.78% increase. The combined secondary budget is about \$16,800,000. Ed spending is about \$15,700,000. Per pupil spending is \$18,380, a 13% increase. The legislature is considering changing the required article language for the warning where we have to publish that increase. Combined ed spending is \$29,516,000, an increase of \$2,600,000 or 9.64%. That is 1.12% higher than the state expected average increase.

D. Clark reviewed elementary general fund budget drivers by object. General expenses are up 2.63%. Salaries at the elementary level are about the same in FY24 as what was budgeted in FY23, but the \$6.1 million budgeted is actually a 7.8% increase over current year salaries.

M. Stebbins said it might be helpful to show more detail about where the increased special ed assessment to the elementary schools has corresponding decreases to salaries and benefits.

D. Clark reviewed the different revenues for elementary and secondary levels. There are decreases for FY24.

She reviewed middle and high school budget drivers by object. Salaries are up 15.6%. A lot of that looks like instruction and guidance. There is a 12.5% increase for benefits.

B. Pirie said the middle school and high school share a chorus teacher and band teacher. Each can only be assigned 3 different classes (meaning 3 different instructional preps.) They are running out of options to meet the needs of kids and classes are getting bigger. Either they will have to cut options, for instance not offer band or chorus to middle school kids so they can offer general music at the middle school, or they will need to budget to hire someone else. The idea is that the chorus teacher would work full-time at the high school and the middle school would hire a full-time general music teacher and they would continue to split band.

D. Maurice said it was a struggle to find a health teacher last year at the middle school. Having a general music teacher will allow them to have enough applied academics teachers to meet the contract requirements for prep time and make it possible to spread kids out so there are not too many in applied academics classes.

D. Reilly said this year in Hyde Park they are level funded and she kept it that way next year, but in the next two years she is going to need to add a classroom teacher and interventionists.

B. Pirie said classes at the high school are growing. This year there are kids waitlisted to get into art. Ninth and tenth grade classes are huge. Her hope is to have the family and consumer science teacher full time to keep those classes available for kids.

K. Orost said for her it would be helpful to see a breakdown of what positions are adding up to the increase. B. Bezio said it would also be helpful to be able to say to the taxpayers what issues we would have if we did not add the positions. D. Clark said she could build some talking points into the presentation.

It was mentioned that at the community forum a community member was asking for definitions of terms like “interventionist” so we might want to provide those definitions. D. Clark said at the community forum everyone talked about making sure we are competitive with wages. There is support out there. She thinks there is need for more education that is beyond her ability to provide. K. Orost said transparency in the budget was another thing many people wanted to see.

D. Clark noted that the current year is over the budget at the secondary level. A committee member said she thinks it is helpful to show actuals as well as budget.

D. Laflam said he thinks the board should strongly consider putting some surplus in capital reserve as a safety net. He recommends getting into the mindset of adding some every year.

B. Pena brought up the phone upgrade that is needed, which will cost at least \$120K.

D. Laflam said the facility budget at every school is inadequate. We are deferring maintenance every year. B. Bezio said deferred maintenance can end up costing more in the long run. Others agreed.

D. Clark reviewed the amounts in the different reserve funds. She noted that we have not had to use any of the HRA/HSA reserves. We will watch that for a couple of years and then the board may consider asking the voters to unreserve some of it.

M. Stebbins asked, when people at the public forum talked about being competitive, was that also in the context of the school system being competitive academically? D. Clark said no, it was in the context of recruitment and retention.

4. Adjourn

The meeting was adjourned at 6:13.

Minutes submitted by Donna Griffiths

UNAPPROVED