



SCHOOL COMMITTEE

OPEN SESSION and PUBLIC HEARING MINUTES January 30, 2018

Meeting:	School Committee
Date:	January 30, 2018
Location:	Essex Elementary Cafeteria
Attendees:	Pamela Beaudoin, Superintendent Avi Urbas, Director of Finance Ann Cameron, Chairman Julie Riordan, Co-Chairman Shannon Erdmann Caroline Weld Sarah Wolf Rachel Fitzgibbon Ken Warnock
Absent:	
Guests:	Annie Martin, Student MERSD Leadership Team Members of Finance Committees and BOS for Essex and Manchester Public
Recorded by:	Gail Hunter

A. Call to Order

Ms. Cameron called the School Committee Business Meeting to order at 6:00 p.m. and moved into Executive Session in the teacher's resource room Essex Elementary.

B. Business Meeting Open Session commenced at 6:35 p.m.

C. Business Meeting Open Session

- 1) Public Comment:** There was no public comment.

2) Chairman's Report

Ms. Cameron reported on the School Committee's participation at the Regional School Forum held at Triton High School in Byfield, MA. Regional School Districts' School Committees and Superintendents were present to discuss with State Senator Tarr and State Representatives for the Districts issues of concern for Regional School Districts.

The agenda for the meeting included a review of regional agreements and the Commonwealth's commitment to assist in funding regional schools. Discussions focused on transportation, health insurance and Special Education needs including Special Education Transportation. The Regional School Districts will meet again in March to discuss Capital Expenses.

3) Consent Agenda:

- Minutes: 1/23/18

Ms. Riordan moved to approve the Minutes, Ms. Fitzgibbon seconded the motion. The motion passed unanimously.

4) Sub-Committee Reports:

Elementary Facilities (Ms. Weld and Ms. Cameron)

Meetings are scheduled for tomorrow, January 31, 2018 in the morning from 9:00 a.m. to 10:30 a.m. and in the evening from 7:00 p.m. to 8:30 p.m. Committee members will present a report and update on preferred schematic designs for the new Memorial School. Community members will be able to review the designs and comment.

Finance Committee (Ann Cameron and Shannon Erdmann)

Finance Committee Members, Superintendent Beaudoin and Director of Finance, Mr. Urbas attended the Finance Committee meeting in Manchester on January 23, 2018. The budget was presented by Superintendent Beaudoin and Mr. Urbas, Manchester Finance Committee Member's questions were answered, and the Committee was informed that enrollment is trending down for Manchester which was received as good news.

Communication/Policy Committee (Rachel Fitzgibbon/Ken Warnock)

Article has been submitted to the *Cricket* entitled "Rising Health Care Costs the Persistent Problem".

Negotiation Team (Sarah Wolf/Julie Riordan)

Full day training took place on Friday, January 26, 2018 with the new negotiating team for the Teacher's Union.

5) **Superintendent's Report** – included in public hearing presentation.

6) **New Business**

Ms. Martin presented a request to the Committee on behalf of the Green Team. The Green Team Green House Proposes installing 2 green houses near the athletic fields to extend the growing season of their projects through summer and fall months. The Green Team would then have 3 seasons of production; with the green houses providing protection against pests and weather.

Part of the proposal includes community involvement from groups like active seniors from Essex and Manchester who could cover for students in the summer and avail themselves of the vegetables.

The Green Team will be formally applying for grant funds once placement of the green houses is approved by the School Committee. Ms. Erdmann suggested the Green Team apply to Spaulding Educational Trust for funding. The team also plans on applying to the Cooper Foundation. Questions were asked about maintenance for the green houses – Superintendent Beaudoin indicated there would be help available for maintenance. She cautioned that given the location of the green houses; the green houses should be strong enough to withstand being hit by a variety of different athletic balls.

Mr. Warnock moved to approve the placement of 2 green houses near the High School athletic field, Ms. Wolf seconded the motion. The motion passed unanimously.

7) **Continued Business** – covered in Superintendent's Report

PUBLIC HEARING

Manchester Essex Regional School District Budget 2018-2019

• Presentation of Proposed Budget

The Presentation started with a review of the School Committee Goals and moved into the Budget Goals. There are 4 primary objectives for the MERSD budget:

1. Develop and deliver a fiscally responsible budget that maintains educational quality, supports District goals and aligns with our multi-year budget commitment to work within the confines of Proposition 2 ½.
2. Manage Enrollment: Strive to meet School Committee class size guidelines and serve increasingly diverse student educational needs.
3. Exercise fiscal responsibility; seek internal efficiencies to offset growth needs when possible.
4. Meet local, state and federal responsibilities while controlling growth.

There are 2 parts to the budget process: December to February work to develop a budget to meet proposition 2 ½ requirements and identify gap closing measures to bring budget within Town's

ability to pay. February to March address unmet needs, identify priority staffing and program needs and determine efficiencies, further service reductions, staffing and program cuts or restructuring.

Considerations in developing the budget: **Student Needs**, Special Education, Fixed Costs and Facilities.

FY 19 Operating Budget Overview:

- Began with intent to provide Level Services – maintain same level of program currently in place.
- Assessed impact of rising costs of mandated benefits and out-of-district (OOD) special education tuitions/transportation.
- Asked principals/directors to identify efficiencies via zero-based budget.
- Level services budget is not achievable – benefits alone would exhaust available funding in level services scenario – exceeds multi-year model forecasts – conflicts with budget goal of working within the confines of proposition 2 ½.

FY 19 Operating Budget Drivers:

- Exceeds Typical Level Services Assumption – Assumed a 14% health insurance increase, following 28% in prior year. Total financial impact of \$1.4M over two years.
- Compatible with Level Services Assumptions – Initial forecasts for OOD tuition and transportation growth of \$105K and \$147K, respectively, based on current year trends.
- Remaining expenses (staffing, maintenance, etc.) initially forecasted to be in line with multi-year model/level services scenario – must be reduced further to meet spending/assessment targets.

FY 19 Operating Budget Overview:

- FY 19 Budget = \$25.2 million – a 3.18% spending increase from FY 18 – includes \$354K cut to level services staffing via attrition/retirements – relies on \$550K additional cuts in services
- FY Operating Assessment = 3.29% -- measures cost increase to Towns – in line with recent year assessment increases of 3.32% in FY 17 and 3.20% in FY 18.
- FY 19 Capital Budget = \$2.108 million – pays for MS/HS project debt service – decrease of \$48K (2.25) vs FY 18.

FY 19 Phase 1 – Gap Closing Measures include retirements, utilization of SPED stabilization reserves, retiree health offset, 50% reduction in overtime/summer work across all department, hiring cap, eliminate last buses, increase in student activity fees, solar savings, Essex Green Grant upgrade savings, full day kindergarten on Wednesday, eliminate crossing guard fund, reduce nurse substitute line and reduce custodial supply line.

Phase II – Unmet Needs – Retained enough funding to manage C&T investments and maintain planned purchasing of technology – staffing and program remains the challenge – enrollment shift of large cohort to MHS requires a shift in resources and staff.

Staffing not included in Budget – Goal prioritize and achieve through efficiency and restructuring.

Budget Highlights: Largest Expenditures – 95% of the budget is comprised of five key expenditure categories

1. Personnel 64.0%
2. Insurance & Pensions 20.2%
3. Maintenance 6.4%
4. OOD Tuitions 3.2%
5. Transportation 3.3%

Budget Highlights: Revenue 2.4% growth in non-assessment revenue is below 3.2% spending rate causing added burden to Town Assessments. Assume 1.5% growth in Chapter 70 and 4% in Regional Transportation. Assume no change in School Choice enrollment/revenue \$375K.

Additionally, a discussion on Managing Health Care Costs and the steps taken by MERSD was covered. Along with steps taken to Manage OOD Budget.

Additional information outlined MERSD Historical Budget Growth from FY 09 through FY 19 and MERSD reserves from 2007 through 2017.

Ms. Cameron opened discussion and questions first from School Committee members, Finance Committee members and Board of Selectmen from the Towns second and public next.

- Public Comment

Ms. Weld asked if the budget serves the needs of the children and staff. If that is not being achieved, are we doing the most to assure the least amount of damage.

Superintendent Beaudoin indicated this was not a situation that could be projected. It will be though creative ideas that the District will get through this fiscal year, Unfortunately, unlike in previous budget cycles where we were moving for the greater good, in this cycle we are trying to close the gap and stop the bleeding.

Ms. Erdmann asked about timing for this year's Health Ins. plans. Mr. Urbas indicated the District may know as late as July 2018, with open enrollment ending on April 15, 2018. The District increases are still above average at 16% hopefully 14% with the industry standard around an 8% to 9% increase.

Mr. Warnock asked if it was possible to use reserves for teacher's salaries. Estimating 2.2 FTE would cost approximately \$250K. Mr. Urbas indicated reserves are designed for emergencies.

Noting the Memorial School roof, boiler, sewer line replacement which cost \$350K and other facility liabilities. Mr. Urbas went on to state that reserves help to keep the District's credit rating high and we do not want to use reserves for operating expenses.

Ms. Cameron noted that in the next Fiscal Year health care hopefully will be back to a normal rate of increase. The District is relying on negotiations to help address the issue.

Ms. Weld asked if it was possible to ask the Towns to work with the District for one year, to maintain level services – specifically in the High School.

Superintendent Beaudoin stated the District was obligated to work with the Towns and had not signaled the need for additional support for FY 19. However, that was a potential option for the School Committee to consider.

Mr. Boling, Chairman of MBTS BOS, expressed concern about the District's reserves. He assumed 10% was good and the current 11.4% in reserves was a little better than good.

Mr. Boling further indicated the Town's position on District funding was up to the levy limit. The Town has no room with current water and sewer improvements to provide one-time help. That help would need to come out of the Town's reserves and he respectfully suggested the District utilize their reserves.

Ms. Dyer, Finance Committee Chairman Essex, stated that some of the choices the District is being forced to make would likely move the District years behind in planned program development. She is interested in talking more about the borrowing rate related to reserves. She went on to say Essex would work collaboratively to meet the obligations of the District and did not believe the needs should be met on the backs of the teachers. She also indicated that Proposition 2 ½ was an arbitrary number and maybe too frugal. She would like to see a different solutions to cover the shortfall rather than cutting programs to the bone.

Ms. Wolf indicated that the District's teachers are paid in the middle range for the state and the per pupil costs are the lowest on Cape Ann. Even with that the District is rated number 9 in the state for student performance. She is surprised when she hears people would not be supportive of additional help for the District.

Ms. Riordan indicated that at the Triton Regional Forum prop 2 ½ was brought up and identified as an arbitrary number. It was further discussed how Massachusetts funds schools disproportionately impacts Regional School Districts and it is critical for education to be identified as a priority by Towns served by the Districts.

Ms. Stacie Capotosto asked about interest payment on school debt. Mr. Urbas replied that the debt was restructured 1 ½ years ago – with the debt split among 3 issues. The debt is anticipated to be paid off in 2033 with significant decreases in 2022 and 2024. Current debt payment is \$2.1M.

Ms. Capotosto also asked about Out-of-District placements as related to the \$1.5M savings overall. More students are having their needs met in District and the savings is significant to the District, according to Superintendent Beaudoin.

Mr. Chareas had a few questions and implied the questions may be from “bad information” – he heard that K-6 Foreign Language Program may be ending, asked about gym classes and if children are involved in extra sports athletic programs why the school still had gym and may cut foreign language programs. One final question is the District overrun with legal expenses?

In Phase II of the budget deliberations K-6 Foreign Language maybe cut. The school is mandated to have gym as part of the curriculum. The District is not overrun with legal expenses relative to the budget, labor relations and Special Education Program the District may be spending a little under average on legal fees.

Ms. O'Donnell indicated the District needed legal counsel to guide the District through MA General Law, which is complex.

Ms. Bradford wanted to recognize the school's excellent music program and the Middle School concert specifically which was amazing. As a professional musician she was impressed with the accomplishment of the students in the program.

D. Adjournment

Mr. Warnock moved to adjourn the meeting, Ms. Weld seconded the motion. The motion passed unanimously. The meeting adjourned at 8:55 p.m.

Respectfully submitted,

Gail Hunter