

Minutes of the Policy/Program Subcommittee

October 31, 2024 / 12:00 -1:00 / MERSD Conference Room & Webex

Attendees: Theresa Whitman / Kate Koch Sundquist / Erica Spencer / Pam Beaudoin / Michelle Cresta

Call to Order

12:10

Discussion on Policy Revisions and Updates

Reserves Policy

- The subcommittee reviewed additional School Committee input received since the last meeting, which included primarily technical clarifications. Members agreed these refinements were easy to integrate.
- Discussion focused on whether the committee had reached consensus on a specific reserve range or if further deliberation was needed.
- Erica Spencer joined late but provided input via email regarding alternative structures for reserves policy - suggestions included comparisons with policies from Hamilton-Wenham and Triton, which were reviewed by the subcommittee.
- Members discussed the Triton policy model as a potential template, noting its concise structure and inclusion of clear financial targets.
- There was broad support for integrating elements of the Triton model while ensuring alignment with Manchester Essex's specific financial landscape.
- The subcommittee agreed to pause on presenting a second read of the reserves policy to allow for further refinement and public input. Instead, a report outlining progress and proposed revisions will be shared at the next full committee meeting.

Financial Considerations Related to Reserves

- The current stabilization balance, following replenishment from previous expenses, stands at approximately \$1.5 million.
- Estimated Excess & Deficiency (E&D) funds for the year are projected to be approximately \$1.4 million.
- Combined, these reserves total roughly \$2.9 million, which exceeds the theoretical 8% cap under discussion.
- The committee reviewed capital expenditure projections through FY28, totaling approximately \$1.9 million.
- Discussion also included potential funding strategies, including stabilization fund allocations and investment earnings.
- Members acknowledged the need for a structured approach to stabilization fund replenishment, similar to the Triton model, to ensure long-term financial stability.

Use and Replenishment of OPEB (Other Post-Employment Benefits) Funds

- The committee discussed the importance of clearly defining OPEB funding mechanisms within the reserves policy.
- It was noted that OPEB funding is currently derived from the operating budget in accordance with contractual agreements.
- The subcommittee highlighted the importance of maintaining OPEB commitments while ensuring flexibility in financial planning.
- A recommendation was made to consult financial advisors and auditors regarding optimal funding strategies and potential policy language updates.

Next Steps

- The subcommittee will continue refining the reserves policy with a focus on integrating feedback and best practices from other districts.
- The next full committee meeting will include a summary report on proposed changes, with specific attention to stabilization funding and long-term financial planning.
- A draft update incorporating suggested revisions will be prepared for committee review.
- Additional input from financial advisors and auditors will be sought to validate policy targets and best practices.

Adjournment

1:30pm