



SCHOOL COMMITTEE

BUSINESS MEETING OPEN SESSION MINUTES December 12, 2018

Meeting:	School Committee
Date:	December 12, 2018
Location:	MERMHS Learning Commons
Attendees:	Pamela Beaudoin, Superintendent Avi Urbas, Director of Finance Shannon Erdmann, Chairperson Rachel Fitzgibbon, Co-Chairperson Ken Warnock Ann Cameron Sarah Wolf Caroline Weld Julie Riordan
Absent:	
Guests:	Lisa O'Donnell, Essex BOS Rob Fitzgibbon, Essex Finance Committee Sue Beckmann, MBTS BOS Mory Creighton, MBTS Finance Committee Greg Federspiel, MBTS Town Administrator Mike Cronin, <i>Gloucester Times</i>
Recorded by:	Gail Hunter

Call to Order – Ms. Erdmann called the School Committee Business meeting to order at 7:00 p.m.

Public Hearing

Ms. Cameron moved to open the Public Hearing on FY 20 Tentative Budget, Ms. Weld seconded the motion. The Motion passed unanimously.

Presentation of FY 20 Tentative Budget:

Mr. Urbas presented the FY 20 Tentative Budget and indicated he would be happy to answer questions as he goes through the Power Point and to return to slides at the end of the presentation.

Superintendent Beaudoin stated that usually the budget starts with the School Committee and Budget Goals and the first objective of both is to Develop and deliver a fiscally responsible budget and to work within the confines of Proposition 2 ½.

School Committee Goals:

- Develop and deliver a fiscally responsible budget that maintains educational quality, supports District goals and recognizes the confines of Proposition 2 ½.
- Engage the member Towns in the need to pass the debt exclusion for the rebuilding of Manchester Memorial School and communicate the capital plan to maintain Essex Elementary.
- Successfully negotiate a contract with META using IBB.
- Support implementation of programming that enhances our organizations cultural proficiency and promotes respect and appreciation for individual and cultural differences.
- Target resource to support the social/emotional needs of students across the District.

Budget Goals:

- 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.
- Manage Enrollment – Strive to meet School Committee class size guidelines and Serve increasingly diverse student educational needs.
- Exercise fiscal responsibility – See internal efficiencies to offset growth needs when possible.
- Meet local, state and federal responsibilities while controlling growth.

Additional Considerations in Developing the FY 20 Budget: Superintendent Beaudoin indicated these are the areas that drive the budget.

- Student Needs
- Special Education
- Fixed Costa
- Facilities

FY 20 Operating Budget Overview:

- Initial goal is to provide Level Services at a minimum – Maintain same level of program currently in place – Due to funding constraints, essential program changes to be funded

via identification of efficiencies/restructuring opportunities – Cuts made in FY 19 have not been restored.

- Level funded most categories in FY 20 Tentative Budget, with some exceptions: Employee compensation and mandated benefits – Transportation and Utilities.
- Level services budget exceeds available funding, but target is achievable: Current projected deficit of \$350-\$400K is smaller than this time last year, as insurance picture has stabilized – Plan taking shape to bring FY 20 budget in line with available resources.

Superintendent Beaudoin mentioned the District is still battling back from the 28% increase in Health Insurance that came up after the FY 17 Budget was closed. Although \$400K seems like a lot it is small compared to the previous years. This number includes all of the previously included budget cuts.

FY 20 Operating Budget Drivers:

- Health Insurance: Assumed rate increase of 8%, in line with market trend, as MERSD's utilization has stabilized – Collaborative bargaining process on track to yield additional savings.
- Compensation: 2.5% COLA acknowledges low growth rate in recent years – Data-informed decision-making on compensation, using statewide information.
- Utilities: Recent contract renewals have increased roughly 10%, another by-product of strong economy. Mr. Fitzgibbon asked if this was in line with previous years? Mr. Urbas stated no this is one of the first years the District has realized an increase. The District is part of an energy purchasing Consortium and, in the past, has negotiated excellent rates – with the economy growing he felt it likely there may be an increase in this budget line.
- Transportation: 7% contractual increase for regular day transportation, reflecting national trend and “full employment” in economy – Many Districts statewide facing shortages and rising rates – After 4-year average annual increase for MERSD contract of 0.5%, the average growth for FY 18-FY 20 has been closer to 12%. Bid option to renew in FY 21 at 2.5%, so horizon is in sight. Ms. Cameron asked if there was wiggle room to get out of the 12% increase in the contract. Mr. Urbas stated it was the way the 4-year contract was set up.

FY 20 Budget Overview:

- FY 20 Tentative Operating Budget – \$26.07M – 3.25% (\$821K) increase from FY 19 budget – Relies on \$380K of yet-to-be-finalized spending efficiencies/reductions – By contrast FY 19 Tentative Budget gap was \$900K.
- FY 20 Operating Assessment Increase = 3.30% -- Measures cost increase to Towns after deducting “Other Revenue” (e.g., State Aid) from spending needs – In line with recent assessment increases of 3.29% (FY 19), 3.20% (FY 18) and 3.32% (FY 17).
- FY 20 Capital Budget will be impacted by Memorial School project – FY 20 MSHS debt service of \$2.054M is \$54K less than FY 19 (2.6% decline) – MERSD working with both Towns to develop borrowing schedule for \$40M district share of ne Manchester Memorial Elementary School.

Budget Highlights: Revenue:

- 2.9% growth in non-assessment revenue is closer to spending rate (3.25%) leading to narrowing gap between spending and Town Assessment growth (3.30%) – Assume 2.1% growth in Chapter 70 (\$63K) – Increased Regional Transportation 7.7% (\$10K) to reflect recent historical trend – Assume \$50K slight decline in School Choice revenue (to \$325K) to account for graduations. Superintendent Beaudoin added there may be changes in the State School Budgeting Formula but doubts the District will receive very much from that adjustment.

Mr. Fitzgibbon asked if there was revenue from renting out the MERHS auditorium? Mr. Urbas responded yes, the funds from rentals go into a separate revolving fund account for building use and capital replacements when the need arises. There is currently \$100K in the fund.

Budget Highlights: Largest Expenditures:

- Personnel (65.4% of total) – 2.5% recognizes MERSD compensation has not kept pace with other Districts in State – MERSD teacher salaries below statewide average and peer Districts – Staff collaborated with District to share burden of rising health insurance costs, include OPEB – With step increases, total personnel expenditures up 4.1% -- No FTE increase – prior year FTE cuts retained.
- Insurance & Pension with OPEB (19.8%) – 8% estimated growth in line with market; new plans expected to yield additional, unbudgeted savings – Mandated retiree insured headcount now = active employees insured – On track for \$2.3M in total contributions to OPEB Trust through FY 20. The District is one of the few Regional School Districts who puts aside money to fund retirement.
- Maintenance (6.3%) – Budget reflects rising utility rates, despite recent energy efficiency grants/investments at EES and MSHS – Facilities capital remains cut to \$60K, below recommended level to address needs of retained buildings. Mr. Urbas stated this line item should be closer to \$100K.
- Out-of-District (OOD) Tuitions (2.9%) – FY 20 student needs and cost in line with FY 19, but Tentative FY 20 increase of \$129K reflects reduced prepayments.
- Transportation (3.1%) – Stable OOD picture leads to forecasted decline in special ed transportation, despite rising rates, which will offset 7% increase (\$40K) in bid rate for regular transportation.

Closing Remaining Budget Gap:

- Options to close remaining budget gap include: **Health Insurance** – \$175K – new plans identified in discussion with META – **Out-of-District** – \$80K – Increase prepayments to prior year levels – **Staffing** – \$125K Attrition and declining enrollment allow for savings without impact to program – Additional efficiencies /restructuring to be dedicated to restoration of prior year cuts. Superintendent Beaudoin stated the red flag on this page is staffing – recently the District has been able to move the staff around to cover the enrollment bubble. If enrollment starts to increase in the Elementary Schools especially

when the new Elementary School opens, we will see the need to add staff. Superintendent believes the District is good for the next couple of years.

Staffing Not Included in the Tentative Budget:

Superintendent Beaudoin stated this area is not included in the Tentative budget, however there are changes anticipated in FY 20. A Task Force review concluded the Assistant Principal/Athletic Director model was not working well for the District. The Assistant Principal position will be focused on Academics and Behavior and the Athletic Director will focus on Directing Programs and teaching Health.

Additionally, reviewing the need for an SRO is ongoing – it will be necessary to identify a funding path for this position working with both Towns.

Public Comment

Ms. Beckmann asked where the District was in negotiating a new contract? Ms. Erdmann indicated the District and Teachers were on a path to approve a new three-year contract in April 2019 – after agreeing to a one-year extension in spring 2018.

Mr. Creighton asked what number in enrollment would trigger the need to hire a new teacher? Was it 3 or 10? Superintendent Beaudoin replied, yes. Three students in the wrong place could require a new teacher and 10 students in the right area could be accommodated. She went on to say she believes the District is in a stable position to accommodate new students.

Mr. Creighton asked if there were any students heading to VOC? Superintendent Beaudoin stated there are usually 8-9 students applying and for some students it is an excellent fit. The District is not currently aware of students applying in 2019.

Ms. Beckmann asked about the District's stabilization fund in relation to funds available for maintenance. Mr. Urbas stated the reserves are currently 11% of the District's budget and funds are used for surprises. There are no known large areas requiring improvement. Ms. Erdmann stated the District had received an extra 1.93 points for building maintenance (which is as high as any District receives) from MSBA indicating the District does an excellent job of maintaining facilities.

Ms. Cameron requested an overview of Reserves. Mr. Urbas stated we are currently at 11% with \$1.6M in the School Choice fund and \$1.1M in fund balance. Ms. Cameron asked, did the District use any money from Reserves last year? Mr. Urbas replied, the District spent the School Choice funds received the reserves did not increase.

Mr. Warnock concluded we will see an increase in reserves from the Foot Bridge insurance settlement and the addition of School Choice funds from this year.

Ms. Cameron asked about the Apportionment for the Towns – Mr. Urbas indicated at this point in the budget process the Apportionment Formula is not calculated that happens in January.

Ms. Cameron moved to close the Public Hearing on FY 20 Tentative Budget, Ms. Weld seconded the motion. The Motion passed unanimously.

1) Consent Agenda –

- Vouchers
- Transfer
- Minutes (there were no Minutes)

Ms. Cameron moved to approve Vouchers and Transfers without Warrant #1029, Ms. Wolf seconded the motion. The motion passed unanimously.

Ms. Weld moved to approve Warrant #1029, Mr. Warnock seconded the motion, Ms. Cameron abstained. The motion passed unanimously.

2) Chairman’s Report – Ms. Erdmann indicated things had been pretty quiet and there was nothing specific to report.

3) Sub-Committee Reports

- Elementary Facilities/MSBC (Ms. Weld and Ms. Cameron)

Ms. Weld reported the School Building Committee met on December 11th and will not meet again until January 8, 2019. The subcommittees are meeting and doing a lot of the work. The Design Sub-Committee met with teachers about classroom design and set up. Ms. Weld indicated she would forward “studies” to Committee members which show how the building is evolving from design to reality.

- Finance Committee (Ms. Cameron and Ms. Erdmann)

The Finance Committee met last Friday. Reviewed the budget, discussed the Master Plan and Regionalization. Funding for the School Building Project has started – there are additional discussions planned with bankers. Building project – lay down areas have been nearly agreed to – the skate park and tennis courts which were Rich’s original ask. Mr. Warnock asked if there had been discussion about laying down near “the well”? The Conservation Commission is fully engaged in the School Building Project, a master list of all permits is being developed.

- Policy Committee (Mr. Warnock and Ms. Fitzgibbon)

Met on December 11, 2018 with Elementary School Principals and Principal Puglisi reviewed overnight field trips and transportation policies. The Committee will be voting on those updated policies on January 15, 2019.

The Policy Committee is forming a 5th Grade Trip Task Force with parents and staff. The Task Force will be facilitated by Principal Puglisi. Superintendent Beaudoin identified a mission statement and guiding questions for the Task Force on the 5th Grade trip. According to Ms.

Fitzgibbon the Task Force will start in January 2019 with recommendations made in May 2019. Phase One of the Task Force will look at the history of the Trip, goals how they fit into program and curriculum. Phase Two will define the Trip along the guidelines of programming and curriculum.

Ms. Erdmann asked is the Merrowvista Trip would take place this year. It will.

The Policy sub-committee also reviewed the Athletic Director and Academic Dean job descriptions.

➤ Negotiation Team (Ms. Wolf and Ms. Riordan)

Ms. Riordan met with a break out group on stipends. There are 2 meetings next week one on Monday, 12/17 this is a workload meeting and another meeting on Wednesday, 12/19 on stipends. META continues to be on track to wrap up in April. Additionally, META has agreed to let Principals come into the meetings on stipends – which will help.

4) Superintendent's Report –

- ✓ There was a small fire at Essex Elementary School. The Fire Department was on the scene – contained and put out the “fire.” Apparently, an old fan over heated – there was some discussion if there were flames or just smoke. The evacuation plan was in place with buses notified but classes resumed shortly after the fire was contained.
- ✓ There was a drill at MERMSHS for the students to shelter in place.
- ✓ Teacher have asked for a few more drills. Ms. Wolf heard that there would be a drill, but it would not be planned. Superintendent Beaudoin indicated that had been asked for.

5) Adjourn

Ms. Cameron moved to adjourn the School Committee Business meeting, Ms. Wolf seconded the motion. The motion passed unanimously.

School Committee Next Meeting – January 15, 2019