

## **School Committee Finance Subcommittee**

**Monday, March 7, 2016**

8:30 AM – 10:00 AM

5<sup>th</sup> Floor Conference Room, Town Hall

Finance Subcommittee members present: Ms. Stram (Chairman), Mr. Chang, Ms. Charlupski, and Mr. Pollak.

Other School Committee members present: Ms. Ditkoff, Ms. Scotto, and Ms. Stone.

Staff present: Dr. Connelly, Ms. Dunn, Mr. D’Onofrio, and Ms. Coyne.

Others present: Advisory Committee member Michael Sandman.

### **1) Approve Minutes of the February 12, 2016 Finance Subcommittee Meeting**

On a motion of Mr. Pollak and seconded by Mr. Chang, the Finance Subcommittee voted (Ms. Charlupski abstained because she was not at the February 12, 2016 meeting) to approve the minutes of the February 12, 2016 Finance Subcommittee meeting.

### **2) FY 2017 Budget Review**

Ms. Dunn provided an update on the FY 2017 budget. On February 25, 2016 the School Committee received a preview of the FY 2017 operating budget. At that time, the Administration was looking to manage a \$1,169,149 deficit. Since that date, the Superintendent, with the assistance of senior staff, principals, curriculum coordinators, and department heads, was able to close the gap to create a balanced budget. The work to verify and validate all calculations, expenses, and staffing detail is ongoing. Ms. Dunn explained the changes to the budget projection, which are detailed in Attachment A. The largest changes result from new health insurance rates and the closing of Harvard to new subscribers (\$408,120 reduction); an increase in the deduction to reflect the current number of known retirements and resignations (\$198,376 reduction), and the suspension of filling positions (\$270,000 reduction). The positions will be maintained in the budget, without funding, so that they can be filled if additional funding materializes. The salaries for two new technology positions were reduced to \$50,000 per position. The administration received tremendous cooperation from principals and coordinators. They all feel comfortable with the proposed reductions.

Ms. Dunn requested that revenue generation and collection be included on a future Subcommittee agenda. Mr. Gillis has been reviewing transportation expenses. We need to address how transportation expenses are allocated across the budget. Upper Devotion busing costs were not budgeted. In the past, funds were included in the project costs. This will be an added expense for three years. We plan to use Circuit Breaker funds to cover this cost in FY 2017.

#### Questions/Comments:

If we reduce technology position salaries, will we get the skills we need? (*Mr. Stokes provided this figure.*)

Will schools be able to comply with policies requiring written notices to parents/guardians within a certain timeframe? (*Each school will have a small budget that*

*will enable them to mail some letters without going through the central Town Hall operation.)*

What are the programmatic implications of eliminating one Upper Devotion late bus? Will one group of students be more impacted?

We are making reductions and using reserves to cover a cost that in the past had been included in project costs.

We understand that we are budgeting at a granular level, but there are always unexpected expenses. Will we have any reserves to cover unforeseen circumstances?

It feels like this is impacting the educational side of the budget.

It might be preferable to phase in the change to reserves over a couple of years.

To what extent is the issue our policies on the use of reserves vs actually having reserves?

Having to scour the budget to find funds for 9<sup>th</sup> school concept studies was an inefficient use of management time. There is an opportunity cost when you budget too tightly.

*(Budgeting at a more precise level provides a creative tension that can increase efficiency and require more inquiry before making additions. Part of this is empowering the budget managers to utilize the resources they have in a creative and structured way.*

*We shouldn't need to go to the reserve fund unless there is a major implosion of a program. It would be good to have \$500,000 or so as a reserve. This may happen if there are additional retirements. We could include reserves in the budget without funding at this time (include narrative that explains how and when the reserves might be funded).*

School Committee members requested greater specificity on where we have safety nets, particularly for special education and enrollment growth, what they total, and how they compare to prior years. Later in the spring we should schedule a review of policies that cover reserves. Can we maintain reserves but change the message on structure and accountability? The town also budgets conservatively. Making this change all at once on the school side presents a significant risk. The Advisory Committee would like the town/schools to budget more specifically. There is a mindset that we will always be able to find money. Intensive messaging needs to accompany this change.

School Committee members should send specific questions on the recommended budget to Ms. Stram. Ms. Dunn will include information on reserves, out-of-district tuitions, and projected enrollments in the recommended budget. Dr. Connelly and Ms. Dunn will present the Superintendent's FY 2017 Budget Message on March 10, 2016. The Budget Message should focus on how the proposed budget will further our strategic priorities and should address enrollment growth, Enrichment Challenge Support, how technology is being rolled out, and the achievement gap.

The meeting adjourned at 10:00 AM.