

ALG Minutes, Jan. 21, 2020, 7:30 AM, Room 204 Town Hall

Present: Bart Wendell, facilitator; Jon Benson, BoS; Christi Andersen, FC; Amy Krishnamurthy, SC; John Mangiaratti, Peter Light, Steve Barrett and Marie Altieri, staff. Absent: Joan Gardner, BoS; Roland Bourdon, FC and Diane Baum, SC.

Audience: David Martin, BoS; Mark Hald, Asst. Town Manager; Dave Verdolino, school finance director; Brian McMullin, Asst assessor & finance director, and Adam Nolde.

Additional information/documents: Agenda, Minutes from Dec. 13 and Town of Acton Multi-year financial model (ALG plan)

I. Regular business

1. Minutes were accepted with corrections.

II. Special Business

2. FY 20 Update

Peter: I want to thank all for your support of the building project; it seems like it was so long ago. I don't see the same gains in turn backs as before; our E&D is healthy; we've scaled back on the budget. The second quart results are not yet in that will be available for the next meeting.

John: We set the tax rate at \$19.24 which is down slightly from last year but valuations have gone up so will tax bills. Revenues are on track We have only 1/6th of our snow and ice budget left and its only January. We get a lot of snow in Feb---it's not looking too good. Tax bills go out Feb. 3 and we are looking closely at budgets for turn backs. We are aggressively pursuing grants which I'll be able to tell you more about them at the next meeting.

3. **FY 21 Revenue Projections**

Steve: tax levy is nearly the same; state and local aid are level funded; we are still evaluating local receipts (expect a modest 1% increase); will have fuller report at next meeting.

Marie: The governor's budget will come out next week and we expect he will fund the SOA (Student Opportunity Act). There is a seven-year implementation plans and we don't expect it to have much impact on us now. There may be some increases in transportation but otherwise we will not get any additional funding for several years. We will expect to get the \$20-\$30/per student for the next few years until we will see some increases in SOA.

4. **Review of Minuteman FY 21 Budget Assessment**

John: the current plan has a 20% increase. They have factored in the costs for the new high school but these are still preliminary estimates. There is going to be a breakfast next week for all the town managers in the district. We expect the superintendent to update us on the financial data. Right now, Acton's share will increase by 16.7%. We

have asked Pam Nourse for the reasons for the increase. In part it's due to Belmont pulling out of the district and we also have a higher enrollment.

Jon: how does this budget work. Once the school committee votes does each community get its proportional share. Do we get any say in how the money is spent?

John: I'll have the opportunity next week to challenge the numbers. When the budget increases by 16% the other managers will want to discuss it.

Peter: once the budget is set and the school committee votes, we are responsible for our share.

Jon: is there no political construct that is a check on the superintendent or the school committee?

Marie: the assessment is based on our enrollment over time. When one community pulled out [late] and three communities before that, the actual budget went up and so did our assessment.

Jon: when did Belmont leave?

Marie: in the middle of the year.

Christi: Minuteman is now filled and has a waiting list.

5. Review of Model

Steve: We've put in the tax rate and the budget numbers. We are using \$1.3M in reserves; the town budget has increased by 3% and the schools by 3.26%

Peter: the drivers for change are out-of-district school costs in the range of \$200K which is a 6% swing; SPED transportation increase of 16%. To reduce the impact, we have a level service budget with no new growth. There have been specific position changes. We've added .4 positions changing certified to non-certified; also, staff support; FTEs are level; its fixed costs driving the change. The circuit breaker is in reserve or out-of-district placements; E&D is at \$1M; we have the budget binder but need comments from the school committee first. We have a goal to eliminate costs for all-day kindergarten but have not found the time to research that decision and think it will take more time before we can afford to implement the program.

Marie: The model shows a \$390K deficit now; where do we go from here?

John: we need to have preliminary ideas for the next meeting. There are likely changes to come from the governor's budget.

Christi: we are in a perfect storm with the new school building costs and the increase in AB enrollment at Minuteman. How much can we do unless we make cuts in general?

John: every month projects get tighter. Last year we used \$1.7M in reserves, this year we are using \$1.3.

Bart: do you have an answer?

Marie: timing is getting tight; district needs to vote on budget on Feb. 14; there may be some small relief from the governor's budget. The board is floating between \$1.7 and \$1.3M in reserves but by next meeting we have to have a solution.

Jon: Last year we used \$1.3M in reserves and \$985K from E&D. E&D now has \$4M and \$1M in stabilization; you guys take 2/3 of the revenues and you are now in a

better position to cover the shortfall or at least equal the \$400K from the town? Why can't the money come from E&D?

Christi: I agree that the schools take the larger percentage of the budget. We were building up E&D for bonding purposes. Is that still necessary?

Peter: we are bonding this spring and have a meeting with the bond people next week. I don't think Dave's numbers will affect the bond rating. Our numbers have gotten better; we should not consider that [use of E&D] reason to do anything we need to do here.

Jon: we have our AAA rating and the fin com agreement to the reserve use; the \$400K more should come from the school side.

Peter: Minuteman is a huge driver; hopefully there will be some give. In terms of what we can do we can reduce the budget or use more reserves. I'm concerned about use of more reserves in case of an economic downturn.

There was a discussion on when budgets had to be prepared and finalized. The town budget needs to be sent to the FinCom 60 days before the start of the town meeting and the schools need to vote on Feb. 14th. The selectmen are meeting Jan. 27; Feb 3 and Feb 24.

Jon suggested that they know how the shortfall is to be bridged before the budgets are passed. It was agreed that would be an ideal position but the ALG is the place where these things are suggested and the individual boards then agree. Marie: said that people needed to look at the percentages and well as the actual dollar figure and not just look at reserve use. The schools have returned \$450K.

Jon: I just think it needs to be a message of equity.

Christi noted that the taxpayers were seeing a big increase for the new building and that they should not see increases in budgets.

Amy: I cannot make such a decision here and now but must take this suggestion back to the committee for a vote.

Bart: Historically (for 35+ years) this is the time of year that the dismay at the budgets is on display. We could have open warfare and betrayal and set limits and try to use force. But the ALG is a process where, when the shoe drops as it now has, you go back to your committees and do diligence and come out with a solution agreeable to all. You have gotten this far; you need to go just a little further.

6. Meeting schedule

It was agreed to meet again on February 5th at 6:30 PM and February 27th at 7:30 AM. Christi asked if another member of the FinCom could attend because Roland was homebound and perhaps would not be able.

Although the ground rules, as Bart pointed out say the members must be the same and no substitutes, it was agreed that another member of the FinCom could take Roland's place but that member would have to be there for the ALG process to the end. If Roland cannot attend on Feb. 5th there was a desire that the meeting be changed to 7:30 AM. Committee members will be sent an email if there is a time change.

Bart cannot attend on the 5th. John will get a substitute for him.

7. There was no public comment

8. Adjourned at 8:30

Ann Chang

Additional information/documents: Agenda, Minutes from Dec. 13 and Town of Acton Multi-year financial model (ALG plan)