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ALG Minutes Jan. 31, 2013

Present: Bart Wendell, Facilitator; Pam Harting-Barrat & Janet Adachi, BoS; Xuan Kong & Kim McOsker, SC; Mary Ann Ashton, FC; Steve Ledoux, Steve Mills, Steve Barrett, & Don Aicardi, Staff. Absent: Doug Tindal, FC.

Audience: Brian McMullen, Board of Assessors; Pat Clifford, FC, Katie Green, Charlie Kadlec, Bob Ingram & Allan Nitschelm.

1. Minutes of Jan 10, 2013 accepted
2. Update of FY 13 revenues & expenses

Steve M: In trying to finalize the FY 14 budget I have been keeping an eye on FY 13 expenses. We are expecting a \$120k agreement with NStar where we hope to cut our utility bills by \$100k---it will pay for itself in less than a year

Steve L: The BoS voted on the Town Manager's budget of \$30,172, 180---it is the same as on the ALG spreadsheets.

Bart: any questions?

Pam: you should know that the budget vote was unanimous.

3. ALG Spreadsheet (extra info---spreadsheet)

Don: with the changes, we come out with a FY14 surplus. Changes: CASE Collaborative came in with their numbers for tuition (\$66k) & transportation (\$14k); with the Minuteman assessment, we picked up \$74k.

The FY 13 recap shows changes in the new growth

Now that we have the governor's budget we are starting to put in the cherry sheet numbers---it looks as if we will be getting \$302k more. We started with a \$600k in the hole & now have a \$108k surplus

SB: there has been an increase in new growth in both FY 13 & 14—it was \$425k & is now \$616---we have put the new number on the spread sheet—this will affect the levy by \$200k.

Steve B noted that at first they were skeptical of the numbers & then found out there had not been the necessary administrative follow up—as the

permits were completed there was not an increase in the assessed value<sup>4</sup> of the houses.

Steve L: the building commissioner has looked at the permits and they support the \$525k figure---it is greater than the three-year average.

Bart: any more on new growth?

Don: the next big thing is state aid & what will happen with Ch. 70. There has been an addition to the governor's budget: Annual formula local aid"---this is supposed to restore money to the local municipalities.

Steve L: it may be used an "incentive" to enforce Ch 69

Don: I've been asking if it is tied to an increase in the income taxes The Ch. 70 estimates have become more conservative; the governor is planning a formula change. There is an out-of-district increase for SPED (which has been underfunded; a foundation increase; and a \$10/student increase.

My colleagues think that if the tax increases do not go through, we will be held harmless at the \$5.5m which is @\$25/student. I am not going to assume a cut because of the hold harmless clause –there might be a slight increase in Ch. 70---but I am wondering what the Annual Formula for local aid means.

If AB falls short, we can supplement that the money from E&D.

Steve L: just to be clear—the \$320K is the 2%? Ans: yes

Pam: how many out of district students? Ans. 54

Bart: do we agree on the spreadsheet?

Mary Ann: if agree on the new growth figures and accept the governor's budget.

Bart: do we accept the new growth?

Xuan: In the past the building permits have fallen short—do you have confidence in this number?

[There seemed to be silent agreement]

Bart: Gov's budget?

Pam: it's a moving target—sales tax increases; income tax increases---who knows what the legislature will do?—it's too early to tell.

Mary Ann: let's leave the governor's budget numbers.

Steve L: hypothetically it's level funded from FY 13---\$160k additional?

SB: The proposal is 2% less than last year & \$320 is level

[There was some confusion as to the exact amount. \$160k or \$320 k. One certainty was that the House W&M would not have their budgets out before Acton's Town Meeting]

It was suggested that Don, Steve Barrett & Brian McMullen get together and come up with a suggested number. Those on the municipal side felt that they had taken their cuts and the rest was the responsibility of the schools. This was not a sentiment that was agreed to by the schools.

#### 4. Use of reserves

Xuan: the schools had done their budget Saturday but there would be formal presentations to the two committees the next two Thursdays. He noted that "there is an educational need (for the money) and since they were not given the school's recommended amount of reserves...the schools did see a need for \$2M. The AB budget might be less than what was now represented on the spreadsheet---but we do have a reasonable budget. The SC recognizes the need for the use of \$2M in reserves---right now the town budget increased by 3.6%; APS & AB are also at 3.6% & they will go down

Janet: the BoS built their budget on the \$2M base but have done some cuts and dropped \$600k---it has been very hard to make these reductions

Steve L: last (BoS) meeting we looked at the deficit and took [our] proportional hit.

Mary Ann: The FC continues to believe that \$1.5M in reserve use is the proper amount. Looking at this after using \$600k to solve the deficit and reducing the use of reserves. The Town budget took a hit last time --\$630k. Steve did a memo of what could and could not be done with 1.5 M & 1.7M in reserves. I'd like to see a similar exercise from the schools---showing the different levels and what be changed.

Xuan: the school committee appreciates the FC's guidance—our budget represents what we need not what we can pay for. We need to bring this before the committees.

[There was a general discussion of who would meet when & what could be accomplished with a meeting on Feb. 14<sup>th</sup>]

Mary Ann cautioned that time was running out & that the warrant had to be ready for the third week of March.

Bart: We should discuss the next meeting at the end of this..

Mary Ann: this sounds like no one wants to make a decision. The proposal is that we accept the numbers where they are which is now using \$1.8M in reserves plus another \$100k in state revenues---that's \$1.9M --but the FC is adamant that the level be no more than \$1.5M.

So we can solve this if everyone agrees that the reserve use be \$1.7M---and the schools get their budgets down to where they can fit those revenues.

Bart: does everyone follow that? (MA's proposal)

Xuan: right now we have \$1.9M

Don: that is a scale back from the \$2M---if I'm interpreting this correctly--- it's up to the schools to close this gap..

MA: the budgets need to make sense

Don: so did the FC opine that the reserve use could be \$1.7M rather than the \$1.5M?

SB: the town did make material cuts in the very start of the ALG process--- and we are not at the 35% split level.

Steve L: I'm comfortable with my budget of \$32,172,800

Xuan: when we get here to exchange opinions we are not here to pass judgment on how well each entity is doing. AB appreciates the difficulty that the town has in bearing the AB assessment increases.

Our difficulty is that we see these costs as educational necessities—they are investments in the future. I do not know the number right now but it will be lower.

Bart: based on past experience we are closer to the needed decision for March 12<sup>th</sup>—

## 5. Regionalization

Xuan: the committee has recommended to the school committee that we do not go forward with the regionalization project. There was concern on both sides about the loss of control; fair assessment; community feed- back led us to believe that it would not pass the two town meetings. In the process there was shift in assessment when the enrollment changes---Boxboro has a lower assessment than in FY 13---this is an issue the school committees need to investigate.

## 6. Long Range forecast

Mary Ann: the FC subcommittee will meet and then meet with Don, Steve & Brian and by next ALG we should have a discussion on the assumptions.

7. Public comment---none

8. Meeting times

Next meeting is Feb 14<sup>th</sup>—5 PM followed by Feb 28<sup>th</sup> 5 PM

Adjourned 6:10

Ann Chang