

ALG Minutes December 16, 2009

Present: Bart Wendell, facilitator; Paulina Knibbe, Peter Berry (BoS); Sharon McManus, Xuan Kong (SC); Herman Kabakoff, Mary Ann Ashton (FC); Steve Ledoux, John Murray, Steve Mills, Staff. Dore Hunter, Minuteman Absent: Marie Altieri.

Audience: Tess Summers, school finance Dept; Steve Barrett, town finance dept; Becky Davis, Beacon, Dick Callendrella, Clint Seward, Paul Hoff, Bob Ingram, Charlie Kadlec.

6. Other. Herman asked for time to present the FC's POV, Dore asked for time to present info on Minuteman budget.

1. Minutes were passed as corrected
2. FY 10 Town School revenue update

Steve Ledoux will present his budget to the BoS on the 21st. He will incorporate the worse case scenarios.

Extra Info: budget reductions for the schools

S. Mills went through the history of the cuts on the school; side starting with the FY 10 reductions adding in possible 9 c cuts to come. The reductions have come from freezes in central office & supplies; *Lamplighter* on line; reductions in custodial service, bus monitors and some utility savings. He is working with other superintendents on changing some of the CASE assumptions another area where he hopes to realize savings. The cumulative mid-year reductions for AB range around \$312k to a system-wide \$806k with an FTE reduction of 2.4.

Things get more difficult for FY11 along with the need to keep to "Herman's table. There is still a \$1.5M problem that will result in the lay offs of classroom staff. The numbers now are 37 FTEs. This will result in larger class sizes

S. Ledoux: The State reports that the tax receipts have been higher the levels will be clear after the holidays.

Xuan asked if the town had a general philosophy for the cuts in FY 11. The cuts for the schools will be dramatic and affect students' education given the already large class size.

He also asked if there was an estimate of how much Free cash has been generated from non settled Town union contracts.

S Ledoux to provide next meeting

J. Murray: the school budgets are more dependent on personnel, than the Town but the Town's budget has maintenance costs that will have to be deferred---that may result in greater costs later.

Both budgets will have service cuts.

3. Spreadsheet (in the absence of Marie Altieri, Steve Barrett walked the members through the changes)

Extra info: ALG Spreadsheet

On the 3% increase page, the AB assessment went up to reflect what was voted at Annual Town Meeting [but was lowered in the fall to avoid a Special Town Meeting]

Herman commented that the net position for the deficit was \$2.7M

Sharon commented that the schools are really feeling the change and do not want to be in a position of starting their assessment cuts from the fall number but would like to use the spring one.

Bart asked if there was agreement

Mary Ann agreed saying the spring number was more equitable but that everyone needed to solve the \$2.7M shortfall---no one is off the hook & there is the possibility that the state cuts in local aid will exceed the 10% number being used as the spreadsheet assumption.

Xuan wanted to know how the debt/COPs costs would be handled in the future, noting that the funds were being taken from the operating budget---an expense he said burdened the schools and if these were some sort of transition position that could be taken for this year.

Paulina said that three years ago, at the insistence of the FC, the debt for certain types of capital costs was to be covered by the relevant operating budgets. In FY 10, the schools did not cover this expense in their operating budget and the town stepped in to cover it. "This is not sustainable—we could go for debt exclusion—can't do it this year but we need to determine the philosophy of the town."

J. Murray: schools incurred the debt but the payment schedule did not start until the following FY—they could use the funds but now they have to use reserves (\$309K) to cover the payment. This debt does not include COPs

The schools need to decide if they feel that the COPs program is valuable enough to pay for it in the current economic climate. If not, they should cut their share of the program.

Paulina agreed that transitions years were difficult but noted that the FC was keeping a limit of reserve use to \$1.9M

Herman: reserves drop regardless of whether we keep to the 0% or 3% budget increases. We have to keep the reserves in place for possible 9c cuts

Paulina said that the reserves do not help with the 9c cuts. Reserves are important because they help with the outlying years of the recession. But the level of reserves is irrelevant when 9c cuts occur because those cuts must be covered by the approved budgets.

Bart: so the proposal is to use \$379k or \$309k from the reserves?

Xuan: "I understand the difficulty of a transition year. Things will get better next year but the impact (the loss of 30-34 FTEs) on the students is severe and that year of educational experience for the students will never come back.

Mary Ann Where is the money this year?

J. Murray: The schools were reduced to \$25, 745M we didn't pick it up---we ate it

Sharon: The debt was deducted from APS in the spring of FY 08, we never got it back in J. Murray we have three options: 1. Use reserves, 2. For both schools and town 3. Change the split. We need a universal solution.

Herman coming from the FC point of view, I'm uncomfortable about any commitment [to use more reserves] to sign on. I need to take it back to the FC—this will affect our POV

Personally—if nothing was done wrong for the budget this year—we would not be talking about this—it’s unfortunate [for the schools] we should do now what we should have done---take the money from the schools.

***Bart: agreement about the \$375 going forward for FY 11?

[No]

Paulina: The schools need to develop a strategy for covering this expense for FY 11. The town has already covered it for FY 10. Xuan: on the school side with the level budget, the loss number of FTE’s...along with the debt service---we need to soften the blow with the use of reserves.

*****It was agreed to take the problem back to the boards & put it on the agenda for the Jan 16 meeting**

4. Budget process

Steve Ledoux will present his budget to the BoS on December 21. The budget meeting with the FC and department heads is scheduled for Saturday, Jan. 9

5. Local meals tax

Peter B—this is a process question---should the BoS make the decision or should the Town Meeting? I think the BoS will recommend that the Town Meeting pass a tax ---it is .75% The DOR is saying the revenues will be around \$156K

It’s also a policy question to raise the tax locally & then “beg” for it back from the state--all of this will be discussed at a town meeting. The money would help but we do not know how solid the numbers are.

We think the state took the number of restaurants...

S. Ledoux—the state’s estimates of the motel/hotel taxes have been pretty accurate in the past

Paulina: perhaps we should ask the FC to do an investigation and come up with some solid numbers

Herman I can tell you the FC position---it will be an additional tax on our citizens. It is a de facto tax increase.

(There was discussion as to whether users of Acton restaurants are primarily Acton residents)

Paulina—of course it’s a tax increase but the question is do we allow the voters to choose; do we put it on the warrant?

Bart: from your statements it is implied that the BoS can make the decision without the voters.

Paulina: no, the BoS cannot impose this tax. The BoS can decide to put it on the warrant (or not) so that Town Meeting can decide.

Mary Ann we need to develop a timetable on this decision. We cannot consider it as part of the budget

The warrant will be opened & closed on the 21st

TASKS: Steve Ledoux will present a warrant-printing timetable and deadlines for articles to be included

The Finance committee will investigate the revenues from a meals tax

6. FinCom point of view

Extra: the document with the FC's POV

Everyone appreciated the work that has been done preparing the document..

Minuteman Tech

Extra info: first pass at the budget & building talking points

Dore reported that there has been an 8.03% decrease, loss of 15 FTEs along with "substantial money" from E&D

Acton's assessment is down by 11% to \$630k; the middle school program is approx. \$5k

The big danger is the loss of regional transportation aid---down 63%

Dore said that parents will not be willing to drive students to school & if regional transportation is cut so severely, it may in fact mean the collapse of voc. Techs

There is some discussion on a renegotiation of the regional agreement---a huge task

Task: S. Mills will develop a paper on how Minuteman fits into the overall education plans for Acton. If the local schools will be cut, what sorts of cuts should happen at the voc. Tech level.

Cost Savings Committee

The committee has taking 40 suggestions and dividing them into four groups—those things that are already being done; category that are the purview of the BoS; things that deal with the Town Manager; superintendent & school committee will be taken up during the budget process.

The committee will concentrate on those areas where they have determined there are genuine savings and develop business plans to enhance revenues.

Tasks: the committee will meet & continue their work

Public

Mr. Kadlec is still waiting for the actuals for FY 09

Adjourned: 8:47

Next meeting Jan 13th