

JOINT FINANCE COMMITTEE AND BOARD OF SELECTMEN MEETING
10/28/09

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Meeting Date: October 28, 2009

Called to Order: 6:01 PM

Montague Finance Committee Members Present: John Hanold, Lynn Reynolds, Michael Naughton, Marge Levenson and Rob Allen

Montague Selectmen Present: Patricia Pruitt, Mark Fairbrother, and Patricia Allen

Gill Finance Committee Members Present: Veronica LaChance, Claire Chang, Leland Stevens and Timmie Smith

Gill Selectmen Present: Nancy Griswold and John Ward

GMRSD Committee Members Present: Michael Langknecht, Jeff Singleton, Joyce Philips, Sorrel Hatch, and Emily Monosson. This is not a posted meeting. Violation noted.

Others Present: Frank Abbondanzio (Town Administrator), Carolyn Olsen (Town Accountant, Carl Ladd (GMRSD Superintendent), Tracy Rogers (Gill Administrative Assistant), Lynn Bassett (GMRSD Director of Business), and David Detmold (Montague Reporter)

The following documents are contained in the minutes file:

- Montague budget timeline from John Hanold.
- Montague Revenue history and forecast from John Hanold.
- 10/27/09 e-mail from Michael Langknecht containing the GMRSD approved budget process.
- 10/7/09 letter from the Montague Finance Committee to the GMRSD School Committee.
- 10/22/09 letter from the Montague Finance Committee and Board of Selectmen to DESE.
- 10/27/09 e-mail from Jeff Singleton containing his letter to the Montague Finance Committee and Board of Selectmen.
- Pat Allen's response to Jeff Singleton's letter.
- Letter from Pat Allen regarding Charter Schools.

Several of the documents noted above were discussed.

- Pat Allen noted that the Montague ATM is supposed to be 1st Saturday in May and if this is to be changed permanently it requires formal action.
- John Hanold noted that affordability judgment has come up in recent years and reviewed the revenue history in recent years.
- Montague is expecting municipal state aid to be 10% lower than FY10 without considering possible FY10 mid-year reductions.
- Frank Abbondanzio would prefer showing revenue net of debt exclusion, but noted that tax payers will be paying that additional amount.

- Jeff Singleton said using last year's effort to create an affordable assessment, Montague's tax increase is about 400,000. If state aid goes down by \$140,000, the net revenue increase for the affordable assessment concept provides \$260,000 for increases in both the town budget and the GMRSD assessment.
- The affordable assessment concept would therefore lead to an increase of \$130,000 for the GMRSD assessment (from the current appropriation, not the current School Committee request) but this would be further adjusted depending on use of reserves.
- Tracy Rogers said that the picture in Gill looks similar. They too are waiting for 9C cuts (expected late October 29th), and their budget process usually starts in January.
- Jeff Singleton has a question for Gill – do they have an explainable methodology for determining an affordable GMRSD assessment?
- Claire Chang said that Gill selectmen have discussed zero based budgets and other methods for dealing with the numbers. Ms. Chang feels that a strategy may not matter because of the changing disparity in numbers. Ms. Chang thinks it's more important to figure out how you decide what we can afford to do, and noted it's going to get even harder over the next five years.
- Jeff Singleton's conception of affordability concepts moves you away from the number issue and allows you to just adjust the calculation as the numbers change.
- John Hanold noted that neither side wants to establish a position from which they cannot retreat, or to raise expectations beyond what can be delivered.
- Carl Ladd reviewed the final version of the GMRSD budget process and timeline. The emphasis is on building the budget from bottom up rather than rolling over the previous year's budget. At the same time the School Committee is meeting with legislators, finance committees and selectboards to come up with a discussion of affordability and sustainability and how that will affect the creation of the budget. What they're trying to come up with is a process with as much buy-in as possible from all parties, so when the budget is presented at town meetings it will be a budget that people can support rather than create the divisions of the past. The School Committee will be starting on their process next week with a meeting to discuss historical trends, cost-effectiveness of programs and initiatives, and discussing needs versus wants with administrators.
- Mike Langknecht noted an emphasis on getting information and rationale from towns so that can impact the building based budget process as early in the process as possible.
- Jeff Singleton wanted to discuss his personal view that the process is also about long term planning for fiscal responsibility. The School Committee also voted on this as one of their goals. Mr. Singleton then read part of the handout.
- Lynn Reynolds thinks it is important to address state mandates or unmet promises from state. We can work together on these things, especially with the state being involved, but we need to find a way to get the state to focus on their responsibilities.

- Claire Chang said that Senator Rosenberg and Representative Donelan were at a Gill Selectmen's meeting and were very non-committal about all issues, including state mandates. They were unwilling to speak on behalf of DESE or other educational agencies, so she is not sure what benefit there is from speaking to representatives at this point. Ms. Chang is not as hopeful in terms of the state coming in and dealing with the dollars and cents. Regarding each school building doing its own budget, she noted that last year Gill requested budgets that were both level funded and with 10% cuts. This gives departments a framework for discussing potential cuts. At some point the school district needs to show they can actually make substantial cuts in their budget. When the School Committee speaks of building budgets, it usually means adding to and when they say they don't want to talk about cuts, they need to talk about it.
- Mike Langknecht noted that the enormity of task is partly because we are starting a rolling process and the groundwork is not yet done. It will become easier as it becomes practice. Mr. Langknecht wants different sets of information up front to understand everyone's needs.
- Pat Allen reviewed her handout on charter schools and the fact that the state and federal governments are looking at creating more charter schools. Ms. Allen noted that we should look at the financial impact of current charter schools on towns and school districts. It may be that part of what happened to Franklin County was unique, in which case it would be good to figure out what not to do as well as what to do to avoid future negative impacts. Towns and districts county wide should get together and study these before any more charter schools are established.
- Frank Abbondanzio shared information from the MMA website. The MMA position is that \$25 million would be taken away from public education if all new charter schools were established. There is a real potential impact and the town might want to take a position on this.
- Marje Levenson said that this issue was raised at the October 7th meeting and it was decided that the Finance Committee should not take a lead on this issue, but that it should go to a town forum. Ms. Levenson doesn't want the Montague committees to have this as an agenda item tonight.
- Patricia Pruitt noted that the common ground seems to be the concept of affordability. Ms. Pruitt is up to here with casting everything in such lengthy and deep dark terms. This is not useful to her. Secondly, she noted that we are very comfortable being suspicious of the other side of the table. That kind of thing has to go out the window. If affordability is what's going to get us through this, we need a new basis to work together, which is a way for the school district to do their job and the towns being able to afford it.
- Nancy Griswold responded to what Ms. Chang said earlier about going through same process and the state not helping out. We keep hearing that the state is always going to say the school district comes first. We need to get that idea off the table.

FY10 Budget

- John Hanold asked Carl Ladd where the district stands with FY10. Mr. Ladd said that Mr. Wulfson's comment is that DESE is disappointed that we haven't resolved the issue. GMRSD is continuing to have conversations and DESE is preparing for the likelihood of setting a FY10 budget for GM, but is waiting for the Governor to make 9C cuts tomorrow.
- It was noted that cuts to Chapter 70 and lottery aid would require legislative approval, but that approval is not required for other things like PILOT money, some SPED money and regional transportation.
- Claire Chang asked if town assessments would increase if the state cuts Chapter 70 and the current 1/12th budget is the final budget. The answer is yes, because the GMRSD has already used all of its Excess and Deficiency funds.
- Frank Abbondanzio noted that last year the DESE set the actual town assessments as well as the budget.
- Claire Chang feels that the lack of response from DESE to the town's letter of almost six weeks ago is discouraging.
- Marje Levenson wants people to realize that we can't keep telling the school to use more Excess and Deficiency funds because they'll have nothing left in three years and the situation will just be worse.
- All of the groups are waiting for the actual Governor's 9C cuts before looking at making any changes in current budgets.
- There is no plan for another district meeting at this time. Carl Ladd's sense is that state aid cuts for FY10 will require re-adjusting the budget and that the final DESE FY10 budget will incorporate any of these cuts.

State Involvement

- Lynn Reynolds wants to know how to get the state to the table. The towns and school need an agenda item to develop a strategy that the state might respond to that might get us results.
- Pat Allen suggested setting up a subcommittee to brainstorm. John Hanold asked Lynn Reynolds to lead this effort. This group will meet and report back.

Affordable Assessment

- Mike Naughton is very encouraged by the GMRSD budget process document and thanked them for taking the effort. Mr. Naughton is looking forward to trying to make it work. Part of that process is the School Committee's early understanding of what the towns can afford, and thinks one place to start is to say that given the figures we've seen and following past practice, Montague will have an extra \$130,000 if we commit the same amount of reserves as for FY10, the FY11 affordable assessment for Montague would be about \$50,000 below the School Committee calculation in the FY10 1/12th budget. This is not a bad place to start. Mr. Naughton is also going to guess that Ch 70 will not go up next year and that tells him that if towns are looking for a FY10 assessment that is lower than the

current 1/12th budget, then the FY11 budget may be also be less than current. For the FY11 affordable assessment to increase over the level in the current FY10 1/12th budget, the towns would have to either shift more revenue to the school district or use more reserves.

- Jeff Singleton spoke about the 5 Year Plan and affordable assessment. Mr. Singleton noted that the 5 Year Plan assumed that the FY08 budget was in structural balance and this was not the case. To get rid of that structural imbalance, we need to reduce the use of reserves by all parties. The problem we have is that the affordable assessment calculation for FY10 both added new revenue and started reducing use of reserves. If the 1/12th budget sticks and is funded by Montague's Education Stabilization fund, we're just adding to the problem created by the use of reserves. Mr. Singleton's goal when dealing with structural deficit, is to reduce the use of reserves over a two year period without traumatizing the school district and while still achieving our educational goals. He simply doesn't see, based on the 5 Year Plan, on how do deal with this without collaboration with the state.
- Mike Naughton thinks it's important to note that collaboration with the state does not mean that the state is likely to come up with more money.
- Tracy Rogers would like to encourage the political action group to meet with other districts in same situation.
- Nancy Griswold remarked that one thing Senator Rosenberg and Representative Donelan said about money and cuts was that maybe they could meet with DESE and discuss mandates and try to get relief from some of them.
- Mike Naughton, to continue that thought, encourages the district while going through programs to look at them with an eye to why they are doing them, whether it is because the programs are a good thing to do or that they are done because of mandates, and if they are mandated what is the cost.
- John Ward followed up by saying educators, the Superintendent and the School Committee should be very cognizant of what Senator Rosenberg and Representative Donelan said when programs are mandated but towns have no money. Their response was that mandates can be relaxed. So don't be afraid to analyze every program and feel free to push the envelope on those.
- John Hanold thanked Carl Ladd and the School Committee for bringing in their budget process. Mr. Hanold found it to be ambitious, pragmatic and user friendly, and he regards this as a real contribution.

Adjourned 7:51 PM

Respectfully submitted:
Carolyn Olsen