

FINANCE COMMITTEE
Minutes

Date: November 3, 2010

Time: 7:00 p.m.

Present: O'Connor, Kupcinkas, Gauthier, Girard, Hebert

Absent: Bartosiewicz

Meeting called to order at 7:00 p.m.

Members of the Board of Selectmen, School Committee, School Superintendent, Business Manager and the Town Manager were present for this meeting.

Michael O'Connor: I would like to thank everyone for coming to this meeting. It is a good time for this information to be discussed. The Finance Committee has known for a number of years that, even before Proposition 2-1/2, that there would be some problems. There has been a uniform relationship of numbers for a few years. The structure of the Town hasn't changed in many years. Services are divided up in a similar fashion. The Finance Committee, in the past two years, has not been a part of the relationship between the School and the Town. I, on behalf of the finance Committee, compiled numbers from the last 5 years, according to Town Meeting vote. I included base articles that were also voted on by Town Meeting. This information allows us to look at trends. From a budgeting standpoint, it allows us to see the pressures of the budget. We are not expecting anyone to defend this information. We are structurally the same. (The Free Cash, Local Receipts, Property Taxes) Schedule 1 shows the structure of the town over the last 5 years. The Sewer Debt was taken out because it does not affect the real estate taxes. Schedule 2 has the State Aid removed. It shows that everything is still uniform. Schedule 2A shows the State Aid figures. Both sides show reductions. Schedule 3 charts the three major components. Free Cash peaked in 2009. This past year it was at its lowest in the 5-year period. Local receipts trended up, reflecting a more actual number. Schedule 4 shows the growth rate, which averaged at 3.64%. Schedule 5 shows the yearly split between the School and Town over the past five years. Two years ago it took 60 days to decide on where to take \$33,000, which reflected 1/10 of 1% of the total Town Budget. This past year it was \$82,000, which reflected ¼ of 1% of the budget. We know 60 days before the Town Meeting, how big the pile is, including the Governor's number. Senator Moore usually lets us know the Senate numbers. Why does it take so long to agree on the split arrangement between the Town and the School? We should be working on this now. We would like to understand the needs of the budgets. There is no financial reason why an agreement cannot be determined early on in the budget season. There are no demands or requests this evening. We have an expectation. We expect the School Committee and the Board of Selectmen to discuss this and go back to their respective managers and come to an agreement. Schedule 6 shows the 5-year trend for the municipal budget items. Schedule 7 shows the Health Insurance trend for the Town and the School. Schedule 7A, which is a major problem, shows the retirement system. This is a major pressure in the budget. It shows a 5.82%

increase. Schedule 8 charts the Millbury School Department. Instruction is not on this schedule. Most of the budget has trended equally. The Tuitions with other Districts is up considerably. Other Services is up considerably too. This is a big pressure on the school budget. Schedule 9 shows the School Instruction cost. This is starting to trend down. Schedule 10 shows the student population. We should all be on the same page with the budget. The expectation is still there to have an agreement on the split.

Susan Hitchcock: What is in the School Debt?

Michael O'Connor: that would be the school renovations and the roof repairs. The roof repairs should be coming off soon.

Leslie Vigneau: the Tuition and Programs with other Districts may be going up 30% next year. That is a number that we don't know yet.

Susan Hitchcock: We have five new students needing an out of district placement, just this year. Prepaying tuitions is very important.

Arthur Corey: Do you know what the split was in FY05 and FY06?

Michael O'Connor: The first year the municipal side went up 8% and the second year the school went up 15%.

Business Manager: Is there anything we can do about the Worcester County Retirement?

Bob Spain: Word came down to expect a 50% increase, which could be up to \$500,000 for next year. Part of this is the pressure of early retirement. Hopefully we can stretch it out.

Susan Hitchcock: What is the anticipation of the Health Insurance increase?

Bob Spain: We don't have that at this time. We are working on this.

Leslie Vigneau: There was an increase in cost to the teachers when they had to change to the single plan option.

The joint meeting ended at 8:00 p.m.

Motioned by Gauthier, seconded by Girard to accept the minutes of October 25, 2010. Unanimous.

Motioned by Kupcinkas, seconded by Girard to adjourn at 8:05 p.m. Unanimous.