

## Finance Committee Meeting

April 6, 2011 7:30 PM  
Veterans Memorial Building, Room 229  
900 Main Street  
Millis, MA 02054

### In Attendance:

Chris Smith, Chairman  
Craig Schultze, Vice Chairman  
Jennifer Soule, Clerk  
John Burns  
Rick Manburg  
Richard Molloy  
Jim Smith  
Susan Vecchi  
Charles Aspinwall, Town Administrator  
Charles Vecchi, Board of Selectmen  
James McKay, Department of Public Works  
Nancy Gustafson, School Superintendent  
School Committee Members  
Kathy LaPlant, Town Accountant

Chris Smith called the meeting to order at 7:30 PM

### Meeting Ground Rules:

Chris Smith:

- \*Meeting etiquette will be followed.
- \*All questions or comments will be made at the podium, over the microphone and addressed to the Chairman.
- \*Everyone will have a chance to speak, but only at certain times during the meeting. The Chairman will solicit information from the audience when the time is appropriate.
- \*Interrupting someone speaking at the podium or otherwise making comments to interrupt the meeting will not be tolerated and are a violation of open meeting rules.
- \*We will be respectful of everyone.
- \*This meeting is not a brainstorming session. We will be reviewing the deficit, reviewing the split between Municipal and School Department, reviewing the actual costs and the Finance Committee will be discussing and making a recommendation on the override.

## Perspective

Chris Smith:

- \*The Town will face a \$535,000.00 deficit for FY12.
- \*The Town may face a \$790,000.00 deficit for FY12 if the Governor's budget is reduced by 5%.
- \*A General Override for \$1,125,583 will be on the May 2nd Ballot:
  - This will fix the current operational budget deficit and future deficits for 5 years.
  - This will build a strategic plan for fixed recurring costs.
  - This allow for \$50,000.00 in Senior Citizen Tax Relief.
  - This will not be used for the School Fields Initiative.
  - This will not be used on the Library Project.
  - This will not be used to add staff to departments.
- \*If the override does not pass, \$535,183.00 will be cut from the budget
  - Municipal Budgets cut by \$76,037.00
  - School Budgets cut by \$459,149.00

## Why do we have a deficit?:

Chris Smith:

- \*Looking back to FY07, the funding formula for Chapter 70 (Education) Aid was adjusted to address problems in total aid contributions to Millis. It resulted in increased Chapter 70 Aid and decreased Unrestricted Local Aid. This was going to be a multi-year plan to get us to where we should have been.
- \*FY10, three years into our multi-year plan (which was working), as a result of economic recession, the Commonwealth level funded Chapter 70 Aid to Millis. This cut was offset by a supplement of Federal Stimulus funds to be used exclusively for education. This was non-recurring revenue inserted into the School's operational budget.
- \*In FY11, Chapter 70 Aid increased, but only partially made up for the difference of the prior year's stimulus.
- \*As a result, Millis had an operational budget deficit for FY11 and it did result in cuts:
  - Schools cut a total of \$540,000.00 (\$468,000.00 in salary; \$72,000.00 in expense); partially offset by stimulus
  - Municipal cut a total of \$168,000.00 (\$125000.00 in salary; \$43,000.00 in expense)
- \*During each of these years, we also received decreased Unrestricted Local Aid.
- \*Aid, in general, accounts for nearly 25% of the Town's revenue stream. This is a large percentage. When aid is cut and other sources of revenue cannot make up the difference, our budgets will have problems.
- \*For FY12, we are realizing the problems of FY10 and FY11. Aid has not been restored to the level it should be according to the multi-year plan. Our other revenue streams, while improving, cannot make up this difference and we are yet again in deficit.
- \*This deficit is not caused by fiscal mismanagement, waste, or budget greed. It is a direct cause of one of our largest revenues sources to be underfunded.
- \*The cuts last year were painful, but absorbed. The cuts this year will be painful and will result in noticeably decreased services. If we realize a 5% reduction in Local Aid from the Governor's budget, the cuts will be crippling.

## The Recent History of Local Aid:

Although there has been an increase in Chapter 70 funds, the decrease in Federal Stimulus and Unrestricted Aid has outweighed any increase.

Override Plan:

Revenues:	\$22,908,158.00
Expenses:	\$ 779,016.00
Fixed Costs:	\$ 188,100.00
Available for FY12 Budget:	<u>\$21,941,042.00</u>

Municipal Budget:	\$ 5,511,335.00
School Budget:	\$12,614,554.00
Shared Budget:	\$ 3,689,365.00
Debt:	<u>\$ 660,971.00</u>
Total:	<u>\$22,476,225.00</u>

Strategic Plan:	\$ 332,500.00
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Structural Deficit:	(\$ 535,183.00)
Total Deficit:	(\$ 927,683.00)

General Override:	\$ 1,125,583.00
Increase Per \$1,000.00 valuation:	\$ 1.13
Cost to Average Single Family Home:	\$ 383.00

This will create a surplus upfront. Starting in FY14 a deficit will creep in; the deficit will be paid by the surplus. Any surplus set aside will only be used for operational budgets and the capital plan.

Due to the refinancing of the debt and the elimination of the High School bond a savings of \$140.00 per household will be seen through FY21 and a onetime saving of \$67.00 per household will be seen in FY12.

Override Breakdown:

FY12 Structural Deficit:	\$535,185.00	48%
Surplus for Future Deficits:	\$258,000.00	23%
Strategic Plan:		
Roads:	\$100,000.00	9%
School Curriculum:	\$ 50,000.00	4%
Town Vehicles:	\$ 30,000.00	3%
School Vehicles:	\$ 30,000.00	3%
Town Buildings:	\$ 25,000.00	2%
School Building:	\$ 25,000.00	2%
Ten Year Revaluation:	\$ 15,000.00	1%
OPEB Audit:	\$ 7,500.00	1%
Senior Citizen Tax Relief:	\$ 50,000.00	4%

Override Plan with a 5% Reduction in Aid:

Revenues:	\$22,636,034.00
Expenses:	\$ 761,537.00
Fixed Costs:	<u>\$ 188,100.00</u>
Available for FY12 Budget:	<u>\$21,686,397.00</u>

Municipal Budget:	\$ 5,511,335.00
School Budget:	\$12,614,554.00
Shared Budget:	\$ 3,689,365.00
Debt:	<u>\$ 660,971.00</u>
Total:	<u>\$22,476,225.00</u>

Revised Strategic Plan:	\$ 63,594.00
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Structural Deficit:	(\$ 789,828.00)
Total Deficit:	(\$ 853,422.00)

General Override:	\$ 1,125,583.00
Increase Per \$1,000.00 valuation:	\$ 1.13
Cost to Average Single Family Home:	\$ 383.00

FY12 Structural Deficit:	\$ 789,828.00 70%
Surplus for Future Deficits:	\$ 272,261.00 24%
Strategic Plan:	\$ 63,594.00 6%

The Strategic Plan funds would be split evenly between the School Department and the Municipal Departments or used towards the Senior Citizen Tax Relief.

Cuts - Override Fails:

Revenues:	\$22,908,158.00
Expenses:	\$ 779,016.00
Fixed Costs:	<u>\$ 188,100.00</u>
Available for FY12 Budget:	<u>\$21,941,042.00</u>

Municipal Budget:	\$ 5,511,335.00
School Budget:	\$12,614,554.00
Shared Budget:	\$ 3,689,365.00
Debt:	<u>\$ 660,971.00</u>
Total:	<u>\$22,476,225.00</u>

Structural Deficit:	(\$ 535,183.00)
Total Cuts:	(\$ 535,183.00)

Adjusted Budget:	\$21,941,042.00
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Cuts - Override Fails and 5% Decrease in Local Aid:

Revenues: \$22,636,034.00  
Expenses: \$ 761,537.00  
Fixed Costs: \$ 188,100.00  
Available for FY12 Budget: \$21,686,397.00

Municipal Budget: \$ 5,511,335.00  
School Budget: \$12,614,554.00  
Shared Budget: \$ 3,689,365.00  
Debt: \$ 660,971.00  
Total: \$22,476,225.00

Structural Deficit: (\$ 789,828.00)  
Total Cuts: (\$ 789,828.00)

Adjusted Budget: \$21,686,397.00

Deficit Split Worksheet for \$535,183.00 in Cuts:

	<u>FY11</u>	<u>FY12</u>	<u>Change</u>
Revenues:	\$21,845,910.00	\$22,129,142.00	\$282,232.00
Total Expenses:	\$ 5,268,805.00	\$4 ,962,498.00	(\$334,307.00)
Net New Funds Available:			\$617,539.00

	<u>FY11</u> <u>(Voted)</u>	<u>FY12</u> <u>TA Recommended</u>	<u>Change</u>
Total Budget Growth:	\$16,549,105.00	\$17,701,827.00	\$1,152,722.00
Unfunded Growth:			\$ 535,183.00
	Municipal Share:	14%	\$ 76,034.00
	School Share:	86%	\$ 459,149.00

Municipal Departments Cuts \$76,037.00:

Selectmen/Town Administrator: \$18,336.00  
Eliminate one part time position  
Town Clerk: \$ 9,600.00  
Reduce hours for one position  
Assessor: \$20,611.00  
Reduce hours for one position  
Treasurer: \$13,850.00  
Eliminate one position  
Recreation: \$13,000.00

Make the Recreation Department responsible for costs of field maintenance and watering, thereby reducing the DPW budget. This will result in increased user fees.

Public Safety – Police Department: \$ 1,000.00

Eliminate dues for Municipal Police Institute (training). An arrangement has been made with State Police for this service.

Public Safety – Fire Department:     \$ 5,000.00  
     Reduce budget for fire equipment.  
    \$ 3,160.00  
     Reduce defibrillator training.  
    \$ 4,000.00  
     Reduce gas and diesel budget.  
 Addition to Fire Department Budget: \$14,320.00  
     Fire Department stipend calculations needed to be adjusted.  
 Town Buildings:                         \$ 1,800.00  
     Reduce Town Hall maintenance hours.

Total Salary Reduction:                 \$27,690.00  
 Total Expense Reduction:                \$48,077.00

School Department Cuts Total \$459,149.00:

Teachers:                                     \$165,551.00  
     2.9 FTE (Full time employees) spread across seven teachers.  
 Tutors/Paraprofessional:                \$ 57,000.00  
     3.5 FTE spread across four employees.  
 Freshmen Sports:                         \$ 16,379.00  
     Eliminate coaches for Freshmen Sports Programs.  
 Student Activities:                        \$ 10,000.00  
     Eliminate stipends for Student Activities.  
 Team Leaders:                             \$ 2,700.00  
 Professional Development/  
 Training Curriculum:                     \$20,000.00  
     Reduce the budget for teacher development, training and curriculum.  
 Technology:                                \$15,000.00  
     Reduce the technology budget.  
 Supplies/Instructional Materials:       \$15,000.00  
     Reduce the budget for supplies and instructional materials.  
 Operation:                                 \$15,000.00  
     Reduce the operations budget.  
 Retirements:                               \$80,000.00  
     Three retirements can be hired at lower levels.  
 School Choice:                             \$62,519.00  
     Utilize school choice funds for salaries

Next Steps:

- \*Override Recommendation  
     The Finance Committee will make a recommendation to the voters on the override tonight
- \*House Weighs and Means Budget.  
     Due out next week. We will be much more confident about the deficit once it is released. If 5% is cut, we will need to revisit this entire process.
- \*Base Budget  
     Next week, the Finance Committee will review and discuss recommendation of a base budget to Town Meeting that does not include the override.

\*Finance Committee Report

By April 25th, we will have completed the Finance Committee Report for inclusion in the Warrant Mailing.

\*Election

May 2<sup>nd</sup> Override and Open Seats.

\*Pre-Town Meeting

May 4<sup>th</sup> Review of Finance Committee Recommendations for Town Meeting.

\*Town Meeting

May 9<sup>th</sup> 7:30 PM in the High School/ Middle School Auditorium.

Discussion – Deficit Split Municipal/School Department:

Charles Aspinwall: At the Board of Selectmen meeting Monday, the Board voted to endorse the deficit split. The consensus of the board is to support the eighty six/fourteen percent split.

Nancy Gustafson: The consensus of the School Committee is to support the eighty six/fourteen percent split. They recognize the municipal budgets have not grown as fast as the School Department's budget in recent years.

Rick Manburg made a motion to endorse the eighty six/fourteen percent split; Craig Schultze seconded. Vote: 8/0, motion carries.

Discussion – Deficit Cuts Municipal/School Department:

Charles Aspinwall:

Both the union and non union municipal employees did not have a cost of living increase in FY11. The DPW and Fire Department have both lost one position in FY11. The focus of the reductions I am recommending is to preserve the public safety and public works functions; particularly because they have already been reduced over the last several years. These departments are at their core level. There are minor changes to Fire expenses but reducing fire staff any further would eliminate the provision of full time EMS coverage. Eliminating police positions would cause the loss of the detective position and the traffic officer position. The detective position is not only needed but provides the opportunity to bring revenue back to the town through participation in regional drug task forces. Likewise - the traffic officer position. The public works department has seen the steepest loss of staff over the years. Formerly at 24 staff we are now at 10, with just three positions covering roads, drainage, park maintenance, and cemetery operations. The reduction of staff in the financial and administrative offices comes at the end of a ten year process the town underwent to revamp its financial structure. The reorganization came after several unsatisfactory audits with major findings of reportable conditions. The Department of Revenue was brought in to review our finance offices and made several recommendations. It took over a decade worth of work to address every major DOR finding. Our audits improved, financial procedures and safeguards were put in place, and our bond rating improved. I am concerned that these cuts, necessitated by a lack of revenue will in the long term put the town on the path we came from and will eventually affect our financial operations and eventually negatively our bond rating. The cuts will impact the time offices are open to the public and the certification of Free Cash for Town Meeting. If there are further cuts, the Town will be forced to forego grant applications; there will be no staff to administer the grant.

Kathy LaPlant:  
Timely reporting will be impacted with cuts.

James McKay:  
Core services will be impacted. The Town has accepted fifteen roads in the last ten years which need additional plowing and sanding. We have to hire contractors to help with snow removal. Some of the water and sewer employees are cutting grass; there are only three highway employees and one is assigned to the cemetery. Roads need repair and the town park maintenance line item has been eliminated in our budget. If the override passes, \$100,000.00 will be available for road repair. Chapter 90 funds are not sufficient to repair all the roads.

Nancy Gustafson:

#### Millis School District Budget Reductions for FY 2011 & 2012

##### FY 2011- Salaries:

Teachers: 3.3 FTEs- spread over 5 people:	\$138,601.00
Paraprofessionals- 1.8 FTEs + reduced hours- over 9 people:	\$ 35,326.00
Hiring Savings (retirements and maternity):	\$ 98,091.00
Salary Concessions- 0% cost of living for teachers:	\$ 57,868.00
Athletics- cut 3 coaches salaries:	\$ 8,943.00
Move salaries into grant and school choice:	\$129,402.00

##### FY 2011- Expenses:

Technology/LibraryMedia:	\$ 18,371.00
Special Education Tuition Savings:	\$ 10,000.00
Professional Development:	\$ 11,216.00
Central Office Supplies:	\$ 2,000.00
Operations/Utilities:	\$ 31,000.00

FY 2011 Total: \$530,818.00

##### FY 2012- Salaries:

Teachers- 2.9 FTEs- spread over 7 people:	\$165,551.00
Paraprofessionals/Reading Support- 4 people:	\$ 57,000.00
Freshmen Sports- coaches salaries:	\$ 16,379.00
Student activities and clubs:	\$ 10,000.00
Team Leader Consolidation:	\$ 2,700.00
Hiring Savings (retirements and maternity):	\$ 80,000.00
Additional Salary from School Choice:	\$ 62,519.00

##### FY 2011- Expenses:

Profess. Development/Training/ Curric. Work:	\$ 20,000.00
Instructional materials and Supplies:	\$ 15,000.00
Operations:	\$ 15,000.00

FY 2012 Total \$459,149.00

## Impacts of FY 2012 School District Budget Cuts

\*Class size increase at elementary level: Gr. 3 will be at 24-25, Immersion classes at 28, Middle School Unified Arts 28-30.

\*Currently ¼ of HS classes oversubscribed with 18 sections above 25 and 4 sections 30-33. Next year that percent would double and the majority would be over 25.

\*Fewer electives for HS students. Cannot meet current demands in Science, Social Studies and Spanish where we have only 3 teachers for 4 grade levels.

\*Kindergarten classes will have paraprofessional assistance for only half day, reducing the time teachers spend individually with students, eroding the strong foundation we now provide.

\*Less Reading support for CFB students- struggling students may fall further behind.

\*Reduction in Unified Arts staff at all three schools which degrades a well-rounded program.

\*Elimination of Freshmen Sports- Gr. 7 & 8 students will play at MS level- reduces quality of program and eliminates some Gr. 9 students from sports.

\*Technology supplies reduced drastically- need to reduce printing ink by 75%

\*Reduction in Professional Development, training and conferences for teachers and elimination of summer curriculum work to align to the new Massachusetts and national Core Curriculum.

\*Reduction of instructional supplies and materials- increase in requests for basic supplies from parents.

\*Deferred maintenance on facilities and further reduction of expense categories that were reduced last year

\*Special Education transportation vans are unreliable and high mileage, some with up to 250K miles, many over 150K

\*Student activities and clubs reduced or eliminated

Ideal class size at the elementary school level is 20 students in kindergarten and 20 - 22 in grades one through four. Cuts will bring us back to the FY09 staff level. The FY06 override brought back some staff and skills programs. Cuts will erode the strides the School Department has made in the last five years. There is a correlation between the staff to student ratio and MCAS results. If there is a reduction in State Aid they will have to eliminate five teachers and that is not factoring in unemployment costs. They would prefer to not raise sport fees which are currently \$220.00 per sport with a family maximum of \$880.00.

### Recommendation: Override:

The override resolves issues for the next five years while addressing building maintenance, road repair and vehicle replacement. Proposition 2 ½ does not meet the increasing expense in healthcare, etc.

Craig Schultze made a motion to recommend the endorsement of an override; Susan Vecchi seconded. Vote: 8/0, motion carries.

### Recommendations: Warrant Articles: Postponed

### Old Business/New Business:

Reserve Fund Transfer is needed in the Veteran's Benefits budget of \$1,720.00 due to an increase in monthly benefits.

Richard Molloy made a motion to make a Reserve Fund Transfer of \$1,720.00; Craig Schultze seconded. Vote: 8/0, motion carries.

Approval of check to the Millis Postmaster of \$686.00 for the Town Meeting Warrant mailing:

Susan Vecchi made a motion to approval payment to the Millis Postmaster in the amount of \$686.00; John Burns seconded. Vote: 8/0, motion carries.

Upcoming Meeting Schedule

April 13, 2011 7:30 PM  
Veterans Memorial Building, Room 229

April 20, 2011 7:30 PM  
Veterans Memorial Building, Room 229

April 27, 2011 7:30 PM  
Veterans Memorial Building, Room 229

May 4, 2011 7:30 PM – Public Hearing  
Veterans Memorial Building, Room 229

May 9, 2011 6:30 PM – Pre-Town Meeting  
Millis High School Teacher's Cafeteria

May 9, 2011 7:30 PM – Town Meeting  
Millis High School Auditorium

Minutes Approval:

Jennifer Soule made a motion to accept the March 30, 2011 meeting minutes as written; Susan Vecchi seconded. Vote: 8/0 motion carries.

Adjourn:

Susan Vecchi made a motion to adjourn the meeting at 9:24 PM; Jim Smith seconded, Vote 8/0.

Respectfully submitted,  
Deirdre Gilmore