



APPROPRIATIONS COMMITTEE

MEETING MINUTES

Saturday, February 27, 2016

Selectmen's Meeting Room

Present: Chairman, Elaine Kelly
Janice Hight
Rick Nieber
Tony Poteete
Bob D'Amico

Also present: John Coderre, Town Administrator
Christine Johnson, Superintendent of Schools
Greg Martineau, Assistant Superintendent of Schools
Cheryl Levesque, Business Manager
Marie Alan, Dir. of Special Education/Student Support Services
Rhoda Webb, District ELL Lead
Tom Mead, Principal, Algonquin Regional High School
Lynn Winters, Regional School Committee
Jack Kane, Chair, K-8 School Committee
Patricia Kress, K-8 School Committee and Regional School Committee
Jennifer Drohan, K-8 School Committee
Joan Frank, K-8 School Committee
Susan Lawrence, K-8 School Committee

The meeting was called to order at 9:05 a.m.

Approval of Meeting Minutes

Mr. Nieber moved approval of the February 4, 2016 minutes, Ms. Hight seconded. Motion approved unanimously.

FY 2017 Budget Update

Mr. Coderre made a presentation to the Committee on the preliminary FY2017 Budget. He reviewed the goals and objectives of the Financial Trend Monitoring System, the budget assumptions, key budget increases and outstanding budgetary items for the FY2017 Budget.

The proposed budget for the key departments is estimated to increase as follows:

- Northborough K-8 Schools increases \$768,304 to \$22,719,843 (3.5%)
- General Government (Town) increases \$680,971 to \$20,137,277 (3.5%)
- Assabet Valley Vocational HS Operating Assessment decreases by \$178,962, or 20.61% to \$689,469 as enrollment declines by 12 students
 - Debt service associated with the recently completed renovation project will increase from \$15,006 to \$192,135

- Net effect of the combined Operating Assessment and new debt service is an overall decrease of \$1,833
- The Algonquin Regional High School (ARHS) budget increases at 3.8%
 - The ARHS Operating Assessment increases \$656,800, or 6.97% to \$10,078,475 due to increased Northborough enrollment and changes to the State's minimum contribution formula
 - The debt for ARHS increases by \$4,713, or 0.72% to \$661,206
 - Final ARHS budget and Assessments were voted by the School Committee, on February 24th

State Aid and New Growth Update

Current budget model assumes State Aid will increase 1.5% over the \$4.99 million received during FY2016. The estimate is based upon the Governor's FY2017 Budget which was released on January 27th. Despite State revenue projections expected to grow between 3.8% and 4% next fiscal year, the State's FY2017 budget is anticipating up to a \$1 billion structural budget gap due to growing expenditures and the use of significant one-time revenues in the FY2016 Budget according to an analysis by the Mass Taxpayers Foundation. Given the State's financial issues, it appears unlikely that State Aid will increase much beyond the Governor's estimate. Over the coming months the House and Senate will release their respective budget proposals and work out the differences through a joint committee. Historically, the Town does not receive its final State Aid figures until well after April Town Meeting, so using the Governor's figures appears to be a reasonable approach at this time.

New Growth is estimated at \$30 million based upon an analysis of building permits and ongoing construction projects, which will result in approximately \$515,000 in new FY2017 tax revenues. Strong development activity was Northborough's primary source of new revenue during the recent recessionary period, hitting a peak of over \$92 million in new growth during FY2013; however, it has steadily declined to \$31.7 million in FY2016. As discussed at the FY2016 Tax Classification Hearing held in November 2015, new growth is forecast to remain at these levels, barring any significant economic development coming to Town.

Mr. Coderre reported that at this phase of our budgeting process, we have defined most of the factors that will impact the key budgets above. One major factor that remains outstanding is the Health Insurance Budget as the Town is in negotiations with all the bargaining units for plan design changes to mitigate an anticipated 7-8% premium increase. With regard to the General Government budget, the maximum allowable increase under the budget model is clear. However, in terms of the final details concerning departmental budgets within the General Government budget, we are still waiting on the remaining debt figures and health insurance renewals to come in, but should be wrapping up the departmental budgets soon.

K-8 Northborough Public Schools

The Superintendent distributed an information packet to the Committee and proceeded to review a power point presentation, which was distributed to the Committee in paper form. The presentation represents the operational budget subcommittee's recommendation from their February 24th meeting. This final version must still be formally approved by the K-8 School Committee but it is anticipated that the budget will be supported.

Ms. Johnson outlined the K-8 School Committee FY2017 Budget goals:

- Maintain and support high quality staff and instructional programs and support student/teacher ratios in accordance with the Class Size Policy I-240.
- Meet the needs of all learners with a classroom model of differentiated instruction and standards-based education.
- Provide programs and staffing to meet the social and emotional health of all children.
- Maintain the District’s capital assets with a special emphasis on safety and up-to-date energy efficiencies.
- Ensure all students an educational program consistent with the Massachusetts Curriculum Frameworks and prepare all students for success in district-based and state assessments.
- Meet State Benchmarks for educational technology & the Technology Plan funding goals.

The preliminary Northborough K-8 Recommended Budget was as follows:

Appropriated FY16 Budget	\$21,951,539
Preliminary FY2016 Budget	22,948,452
Preliminary increase	<u>\$996,913</u>
Percentage increase	4.54%

However, on February 23rd the K-8 Subcommittee met to review the recommended budget in the context of the current revenue projections. The Superintendent recommended the following reductions, which the subcommittee agreed with, resulting in the following revised recommended budget:

FY16 Appropriated Budget	\$ 21,951,539
FY17 Recommended Budget	\$ 22,719,843
FY17 Recommended Budget	<u>\$768,304</u>
Percentage Increase	3.5%

The Superintendent’s recommended budget is within the overall budget guidelines for the Town’s revenue sharing formula. The Committee discussed various lines in the budget including Special Education Costs. The Committee observed that SPED costs continue to outpace regular educational services. Regular educational instruction will increase at 0.63% but SPED increases over 10%. Of the total FY2017 K-8 budget increase of \$768,304 SPED accounts for \$669,629 of it. The Committee discussed the Town’s legislative priorities and in particular the SPED Circuit Breaker which remains one of the top priorities.

K-8 Budget discussion concluded at 11:15 a.m.

11:45 a.m. - FY2017 ARHS Budget

Superintendent Johnson distributed and reviewed a power point presentation regarding the FY2017 ARHS Budget dated 2/24/2016. Tom Mead, ARHS Principal joined the Superintendent in making the presentation. Ms. Johnson reviewed the School Committee’s mission statement, goals and budget process. Ms. Johnson introduced the budget discussion by stating that the ARHS budget being presented is “educationally sound and fiscally responsible.”

The preliminary ARHS budget called for a 5.72% increase. Following additional review the Northborough School Committee Budget was reduced by \$393,565 as follows:

FY16 Operational Budget	\$ 20,697,360
FY17 Preliminary Budget	\$ 21,881,490
Recommended Reduction	\$ (393,565)
FY17 Recommended Budget	21,487,925
Percentage Increase	3.82%

The FY2017 ARHS assessments are based upon the regional agreement using 10/1/2015 enrollments and reflect an overall enrollment of 1,458 with 58.84% of students from Northborough and 41.16% from Southborough. Based upon projected state aid and minimum local contributions, Northborough's FY2017 ARHS assessment is projected to be \$10,739,680, or an increase of 6.97% due primarily to increased enrollment. By comparison Southborough's assessment will increase by .41%. Northborough enrollment is up 17 more students and Southborough enrollment is down by 15 students.

The Committee members expressed their appreciation with the high level of collaboration between the Town and Schools and thanked the Superintendent for bringing in a fiscally and educationally sound FY2017 budget proposed.

Next Meeting Date and Committee Meeting Schedule

The Committee meets next on Thursday, March 3, 2016 at 7:00 p.m.

Any other business to come before the Committee

None

Adjournment

Mr. Poteete moved to adjourn; Ms. Hight seconded; motion was unanimous.
1:00 pm – adjourned.

Respectfully submitted,

John W. Coderre

John W. Coderre, Town Administrator

Documents used during meeting:

1. February 27, 2016 Meeting Agenda
2. February 4 Meeting Minutes
3. FY2017 Budget Update
4. 2016 Legislative Priorities Letter
5. Draft Town Meeting Warrant
6. Northborough Public School District Budget dated 2/26/2016
7. K-8 School Presentation dated 2/26/16
8. ARHS School Presentation dated 2/26/2016
9. Northborough Public School District Budget dated 2/27/2016
10. K-8 School Presentation dated 2/27/16
11. ARHS School Presentation dated 2/27/2016
12. 2016-2017 Draft Appropriations Meeting Schedule