

Finance Committee Remote Meeting Minutes
Wednesday, August 12, 2020 @ 6:00 PM – ORHS Library

Attendees: Al Howland, Brian Cisneros, Michael Williams, James Morse, Sue Caswell
Visitors: None

Al Howland began the meeting by stating that the last School Board meeting went well, that it was very civil, and expressed his own personal nervousness for the upcoming school year. He then moved on to the first item on the agenda, the budget process and turned the meeting over to Michael Williams.

Michael Williams stated that the calendar in the packet will also dovetail to Agenda item V. Budget Goal Process. What do we need to provide the full School Board and when do we need to do that? The September 16th school Board meeting date has the FY22 Budget Goal listed. Is the September date reasonable? We have this week and the September 2 meeting to arrive at a recommendation.

Jim stated that traditionally we start in September and we are always waiting for information, and this time we will be waiting for retirement and health insurance information. His question to the Finance committee is that we can start working on formulating a working goal here, but might want to wait until these milestones are in as it will influence what the three of you want to present to the Board. If you want hard data to work from you will want to wait until October. Traditionally when done in September Sue & I only have $\frac{3}{4}$ of the information needed to make an informed decision. If we want to guide the Board with hard data, we should wait until October. We've never had a Finance Committee before, and I think this will be super helpful when you need to make your recommendation to them.

Al Howland confirmed that the unknowns will be health insurance and retirement incentive.

Sue Caswell also stated that adequacy will not be known until November.

Al Howland stated that expenditures we should know, but what is the process that we are coming up with for a budget goal that the Board will say yes that is our budget goal. We need to lay down three scenarios and have a lot of information ready, but at this point we don't know what the health insurance or retirement incentive will be. We can at least lay the foundation down and show what a 1.5% - 3.5% increase would look like and then come back in October with the unknowns. Al shared an example of what the Town of Durham had done for budget preparation.

Jim clarified some additional information on last year's budget language. A brief discussion ensued.

Brian asked what contracts are up this year. Jim answered Bus Drivers and Para-Educators. Brian also stated that these are not as impacted as the teachers. Jim replied about \$120K. Approximately \$60K each. Brian confirmed that this would be a warrant article and when we do the budget, we figure those amounts in. Jim stated that would depend on how you do the budget goal. With these three scenarios you want them embedded in, then we do it. If you want to know what it is outside, then we do that. The last 3 budgets you wanted us to include the impact in the total gross. He referred to Sue's spreadsheet that she does for the Board.

Brian asked if this information would be provided in time.

Jim responded that Al was asking about this summer and Jim stated that there just hasn't been time to do it.

Al suggested that the first Board meeting in September have a non-public for full Board for contracts.

Jim stated that we encourage this meeting coming up and invite the bus driver and para-educators union to the table. He also explained that the Bus Drivers are affiliated with the National Union and that have a new representative so we don't know their negotiating style. The para-educators leadership is awesome to work with and it will probably be a non-traditional form of negotiating where they share concerns, in the past this has been a healthy productive process for negotiations.

Al, stating sooner rather than later and asked Michael if there was room on the next agenda.

Jim stated that the other way would be to set up an organizational meeting, set the ground rules, understand where they are coming from for negotiations, and then get direction from the Board. We could have the discussion at the 2nd meeting of the month. He finds that expressing concerns and issues in an informal situation allows their membership to hear and problem solve outside the of the contract.

Michael Williams clarified that we are talking about a non-public session of the full Board to provide guidance to the negotiation committee.

Al expressed his concern that wordsmithing the goal during a Board meeting takes too much time and wanted to suggest that at the Finance Committee meeting we structure the goal with the best language to provide the framework to the full Board to have as proposed goal.

Brian stated that he would prefer that method and provide the Finance Committee suggested wording as a proposed draft to the full Board, he felt that it would be more efficient.

Michael questioned the scenarios for a multiple percentage range, and the subsequent process being turned around and almost not setting a goal.

Brian stated that this is going to be a tough budget to begin with and with unexpected costs due to the pandemic not only this year but next year as well, the Board is going to need to keep an open mind as this is an odd and unique budget with unknown situations that can occur quickly.

Michael agreed that we can provide a range with a few options that provide us with some flexibility, and then when October comes, we can go back to the full Board.

Brian also reminded the committee of the changes coming forward from the retirement system.

Al agreed that presenting 3 scenarios at the September 16th Board meeting is a possibility, but he again is concerned about the actual language and the areas that it covers; negotiated contracts, could we use off setting revenues. We stumble over the language every year. Suggested that we have a framework of what is included.

Jim explained the different factors that are looked at when presenting a suggested budget, identifying revenues, town impact, the upcoming retirement increase the District is facing. We need a full arsenal at our disposal to service the community best.

Al stated that impact was the key word. What does it mean, it is the stumbling block? We need to clarify impact.

Michael asked if we wanted that to be the basis of the goal this year, go with the bottom-line number and the percentages of that.

Jim referred to the information that Sue presented at the last meeting between expenses and revenues and that we are at \$1.1M, with the 400K obligated to the towns we still have \$700K left, and recommend placing it in the emergency account making that approximately \$1.9M. Jim continued this discussion and spoke about COVID affecting not only this budget, but the next one. We should strategically make use of monies from the emergency fund. He spoke on tuition revenues from Barrington and the choices parents have for high school and presented an example.

Sue reminded everyone that there is a cap on the emergency fund of around \$930K.

There was a brief discussion surrounding the emergency fund, its usage and different scenarios were presented, including a 2-year budget cycle discussion. The suggestion was made to keep the revenue the same for each scenario presented.

Jim reviewed the past year Barrington Tuition revenue against this year.

Brian clarified that the only additional Barrington revenue would be an increase in the tuition.

Michael asked Al to repeat his suggestion again.

Al stated that Jim and Sue would need to come up with all of the expenses, what the departments need, and the unknowns would be the health insurance and retirement incentive, but in that case the budget goal of 1.5% - 3.5% using the revenue from Barrington and the emergency fund, but the expenses will change and the revenue would stay the same for each separate scenario.

There was a lengthy discussion surrounding the different tax impacts to the towns, possible town assistance to aid the school district, and a suggestion of another meeting after November with the town representatives to discuss a collaborative effort that can be taken by both.

Michael clarified with the Finance Committee his original question of what we need to deliver to the Administration and School Board and when. He is hearing that a recommendation to the Board is to ask administration to produce 2 -3 different scenarios for presentation to the Board at the 2nd meeting in September. Al asked that we define "impact" when presenting the scenarios to the Board. Michael asked Jim how complex creating these scenarios would be. Jim stated they could do this.

Jim noted that this will change the dynamics of the Budget workshop in October, how the administration supports the strategic plan, and allows the Board more time to focus in on the goal.

Michael asked if the information for the budget workshop could be provided earlier. Sue stated that it is schedule to be ready by September 26th.

There was a brief discussion of the expectations, concerns of the budget workshop.

Al moved the meeting to Cash Flow Update MS Project

Sue updated the committee on the status of the new middle school expenses, she is a little concerned that they are ahead of schedule and if needed we could go out for a BAN.

Brain asked if we need to have a warrant article to expend any interest we earn. Sue replied yes.

There was discussion surrounding current interest rates and yield, cash flow.

Al moved the meeting to Unfilled Positions.

Jim referred everyone to the information provided in the back up. He explained the process that he is using with the Administrator's asking if the position is needed to be filled at this time. Savings right now is around \$300K now and is a moving number. This is a short-term gain that will feed into our fund balance. I believe that this process is working.

Bond Savings v. PPE Purchases.

Jim began by explaining that we touched on this at the last Board meeting, and that we received no Federal funds to support the costs associated with purchasing PPE, and that it is coming through the approved budget prior to COVID times. Reviewed the procedure that was followed for requested wants through Jim Rozycki, which eventually was reverted to what is needed. He outlined the savings that this provided. He explained the purchases made to keep staff and students safe, and the protective equipment for the district nurses. He stated that we want to be careful with people bringing stuff from home to the schools.

Al questioned masks for the students, particularly elementary students who would possibly need 3 masks, almost like a school supply that is needed. Can we direct to a vendor that specializes in children's masks? Jim stated that as a school district we have an obligation to provide to the families. Additional discussion surrounding the possibility of a fund raiser to benefit the schools. Also, a reminder that the masks, social distancing and hand washing are key.

Brian questioned the purchasing of tents and what happens in the winter. Jim explained that outside classroom spaces are key and that we also have parents asking for this type of classroom space.

Michael asked with the middle and high schools being remote that the monthly costs should be about a third of the norm. Jim agreed but noted that transportation is going to take a big hit as the buses will be running all day long.

Al asked about lunches for the middle and high school. Jim explained that we are still under obligation by Federal law to offer the food program with parents deciding if that want to participate. It doesn't mean that they have to eat at school. Al clarified that we would not be delivering the meals. Jim stated that we would not be able to afford that. Some additional clarifying questions were asked and answered.

Al moved to the last agenda item of Begin Budget Goal Process.

Al asked if the budget goal numbers of 1.5%, 2.5%, 3.5% are agreeable to everyone.

Michael stated that he cannot see 1.5% as a viable number to go with and suggested we use 2.5%, 3.0%, and 3.5%. Al agreed that this makes them realistic. Michael stated that if we take this approach, we are taking the bottom-line expense number inclusive of the two contracts, and anticipated bond expenses. Jim stated yes.

Jim brought the Finance committee up to date on the process that he has done so far to prepare for creating a staffing pattern for the opening of school and will bring the School Board up to date next week.

Brian asked if teachers would be teaching remote from their classrooms.

Jim explained that we want to keep our teachers remote, if it is a targeted group for a lab, then bring the teacher in for that day. If the staff member has a reason to come in, they need to clear it with their principal.

Michael asked that before the finance committee meets again, we will be past the deadline for the retirement incentive correct.

Jim gave the committee a quick breakdown of the current retirement incentive at a savings of approximately \$500K, there were less people, but looking at the upcoming school year and staffing needs we are in pretty good shape.

Michael asked about students that are unenrolled, compared to choosing the district remote and the adequacy amount. Jim clarified the District receives \$3,700 per student.

Discussion ensued surrounding homeschooling and the advantages of using the District's remote model. Questions about the use of VLACS. Jim shared a couple of different scenarios that parents in the District are preparing to do for the upcoming school year.

Michael questioned the mechanics of the State adequacy aid and where does that show up, and its effect on the fund balance.

Brian asked if the Architect is presenting at one of our Finance Committee meetings.

Jim explained that we are going to have Revision for the Solar come in at the next Finance meeting on September 9th.

There was no additional questions or comments.

Meeting ended at 7:45 PM. Next meeting: September 9, 2020 with Revisions.

Respectfully submitted,
Wendy L. DiFruscio