

From: SimsburyCT Postings April 13, 2010 3:51:28 PM
Subject: Board of Finance Minutes 04/06/2010-PUBLIC HEARING
To: SimsburyCT_FinanceMin
Cc:

BOARD OF FINANCE
APRIL 6, 2010
PUBLIC HEARING

1. CALL TO ORDER

The Board of Finance Public Hearing on the 2010/11 Operating Budgets was called to order at 7:30 PM in the Simsbury High School auditorium. The following members were present: Chairman/Moderator Paul Henault, Peter Askham, Candace Fitzpatrick, Nicholas Mason, Kevin North and Anita Mielert. Also present were First Selectman Mary Glassman, Superintendent of Schools, Diane Ullman, Board of Education Chairman Jack Sennott, Board of Education Business Manager David Holden, Finance Director/Treasurer Kevin Kane, and other interested parties.

2. OVERVIEW

Mr. Henault introduced himself, the members of the Board of Finance and all others who would be presenting the budgets and answering subsequent questions. He reviewed the Public Hearing agenda, the budget process, the role of the Board of Finance and the purpose of Public Hearings, which are required by Town Charter.

Mr. Henault reviewed the various factors that the Board of Finance considers in arriving at the budget in the current challenging economic environment and stated that it is a multi-year problem: State aid (ECS) projections which are significantly lower, a significantly lower investment income outlook, the lack of grand list growth, the impact of the court-mandated settlement in Sheff v. O'Neill to the Town's budget, pension and wages obligations, and overall economic factors, such as unemployment and COLA increases in Social Security, etc. He noted that this year all three boards focused particularly on expenditures, revenues, resulting taxes and their impact on all the constituencies of Simsbury.

Mr. Henault stated that the Board of Finance asked both boards to come in with a budget increase amount that was between 0% and 1.33%. Mr. Henault

stated that the Board of Selectmen and the Board of Education have submitted operating budget requests reflecting an increase of \$967,186, or an overall increase of 1.13%, for a budget totaling \$86,238,311. The resulting tax increase would be 1.3-1.5 mills. He indicated that both the Board of Education and Board of Selectmen budgets reflect staff reductions and eliminated services.

The Board of Selectmen's proposed 2010/11 budget reflects a 0.27% increase (\$48,013) over last year's budget (which was 3% less than the prior year's budget) and the Board of Education proposed budget reflects a 1.6% increase (\$973,895). The debt retirement budget will decrease by 1% (\$61,419) and the Non-Public School budget will increase by 1.31% (\$6,697).

Mr. Henault showed a pie chart detailing the percentage of the four components of the 2010/11 budget: Board of Education-71%; Board of Selectmen-21%; Debt Retirement-7% and Non-Public Schools-1%.

Mr. Henault also showed a pie chart detailing the percentage of the major sources of revenue for the 2010/11 budget: Property taxes-92%; inter-governmental revenues (such as State aid) -7%; and the remainder from investment income and other local fees.

Mr. Henault showed charts comparing key indicators over the past ten years for Board of Selectmen and Board of Education operating budget variances and school enrollment and tax increase percentages, noting that the 5-year and 10-year average tax increase has been consistently lower than that of the neighboring towns.

Mr. Henault concluded that the new tax rate (excluding the Fire District) would increase from 30.1 mills to 30.5 mills if the proposed budget is adopted.

3. PRESENTATION OF 2010/11 OPERATING BUDGETS

Board of Selectmen

Ms. Glassman introduced members of the Board of Selectmen who were present (John Hampton, Lisa Heavner, Bob Hensley and Moira Wertheimer). She thanked Town staff for working collaboratively with the Board of Selectmen and introducing regional collaborations that have resulted in cost savings and improved services.

Ms. Glassman noted that the Board of Selectmen budget being presented represents a spending increase of \$48,013, or a 0.27% increase from last year's budget. She said that the Board of Selectmen took the Board of

Finance's guideline of 1.33% seriously and worked hard to find ways in order to not only meet that budget guideline, but do even better.

Ms. Glassman stated that the budget process first entailed department heads submitting budgets, which initially reflected an increase of \$945,375 (a 5.32% increase). She then adjusted these requests to put forth a 0% increase budget, which was presented to the Board of Selectmen. After numerous meetings and workshops, the Board of Selectmen voted to make a final adjustment in the budget to increase the recommendation of the First Selectman by \$48,013 for a final budget reflecting a 0.27% increase.

Ms. Glassman identified the major areas impacting a budget increase: the required pension contribution increased by 30% due to investment losses, unnegotiated salaries, a 9% increase in health insurance benefits and an increase in unemployment compensation due to lay-offs that were implemented. She then identified the four major areas that were decreased in order to offset these increased expenditures: four positions were eliminated, capital outlay was reduced, the subsidy to Simsbury Farms was eliminated and positions formerly allocated to the General Fund were moved to the Simsbury Farms Fund.

Ms. Glassman stated that the Board of Selectmen's budget is smaller than the Board of Education's budget, and, when taken in context, it represents 20.7% of the overall Town budget. The bulk of taxes go towards the Board of Education budget, with the remainder towards the Debt Retirement and Non-Public Schools budgets. The components of the Board of Selectmen's budget are:

- 76% - Personnel
- 11% - Outside Services
- 8% - Supplies
- 3% - Capital
- 2% - Other

Three Special Revenue Funds budgets would increase by 1.33% (Sewer Use, Residential Rental and Simsbury Farms) and the Animal Control Fund would increase by 0.16%

Finally, Ms. Glassman addressed the Capital & Nonrecurring Fund budget of \$365,000. Proposed projects would include: resurfacing of the Town Hall parking lot, building design for Simsbury Farms, Greenway design for a connection to Tariffville, a study regarding the possible expansion of Eno Memorial Hall, minor improvements at Simsbury Farms (tennis court resurfacing), golf course improvements and equipment for the Simsbury Farms golf course. She noted that the bulk of the debt in the Debt Retirement budget represents school improvements with 36.6% going towards general

improvements.

Ms. Glassman noted that 91% of the Town's revenue comes from local property taxpayers, primarily residential. This burden has been increasing over the years as there is not a broad base of commercial development support. There are ongoing efforts to try and increase Educational Cost Sharing formulas so as to provide relief to communities such as Simsbury whose revenue is primarily based on residential property taxes.

Ms. Glassman noted that the current Town budget reflected a 3.04% reduction from the prior year's budget and that the Board of Selectmen has consistently presented budgets that reflect ways of doing business that involve doing more with less. They have consistently brought down the costs of Simsbury's operating budgets over the last several years.

Board of Education

Mr. Sennott introduced members of the Board of Education in attendance (Lydia Tedone, Tara Willerup, Susan Salina, and Chris Kelly).

Mr. Sennott stated that the Board of Education's budget process started with reviewing its vision and core beliefs. Strategic priorities for the Board within the current difficult economic conditions included:

- Maintaining current class size within guidelines
- Maintaining programs that further 21st century skills
- Maintaining the investment in classroom technology
- Maintaining the social and emotional support systems
- Maintaining professional development for teachers.

He noted that the economic times have made the budget process increasingly difficult and cited various efforts to control costs via economies of scale and cooperative efforts, such as ARRA funding for two years, the District Management Council Opportunities Review, a cooperative/competitive bid for heating and vehicle fuels and a three-year fixed price for electrical service.

Sources of increases in the Board of Education budget included a 2.6% increase in negotiated contracts (\$1.6 million), a 0.3% increase in pensions (\$170,000), a 1.3% increase in insurance costs (\$790,000) and a 0.1% increase in transportation costs (\$50,000), resulting in a total increase of 4.3%, or \$2,610,000. Offsetting decreases included a 0.6% reduction due to retirements (\$350,000), a 1.7% decrease in staffing costs after the bargaining units refused to provide concessions (\$1,028,875), a 0.1% decline in employee insurance (\$70,000), and a 0.3% reduction in other items (\$187,230), resulting in a final net increase of \$973,895, or 1.6%.

According to Mr. Sennott, a net reduction of two administrators resulted in a savings of \$188,000 and net administrators costs that will be \$94,000 less than the prior year. The SEA had negotiated wage increases that would have totaled \$1,339,000. By eliminating 12.9 certified positions (including teacher retirements) decreased that amount by \$1,141,800. Mr. Sennott provided analyses of average teacher compensations for comparable towns.

Mr. Sennott noted that the percentage of budget increases have declined over the last three years. He noted that the Board of Finance had given them a guideline to put forth a budget that did not exceed a 1.33% increase. The Board of Education originally requested a budget with a 2% increase, but after consideration, the Board of Finance held them to a 1.6% increase. The proposed budget will continue to adhere to the class size guidelines, the majority of accounts show no increase and 27 accounts have increases, the negotiated contracts will be funded, there will be a reduction of 19.96 certified and non-certified staff (including 2 administrators), and assumes that ECS grant revenues will remain stable. There is a projected decrease of 71 students in the upcoming year, dropping the student population from 4,838 to 4,767.

Mr. Sennott reviewed Simsbury's per pupil cost (\$12,181) relative to State and regional averages as well as enrollment/staff ratios over the past ten years, noting that the staffing level is the lowest it has been in ten years. He explained that the Non-Public Schools budget is for busing, nursing and school psychologist services that the Town is required to provide to three private schools that have more than 50% of their students residing in the Town.

3. PUBLIC AUDIENCE

Mr. Henault acknowledged the receipt of many letters and e-mails from residents during the budget process.

Linda Bove, 14 Watson Drive, stated that she is a teacher who felt that the Board has lost sight of its most precious commodity, namely its children, by reducing the Board of Education budget from 2% to 1.6% as it would require too many cuts and asked them to reconsider.

Joan Coe, 26 Whitcomb Drive, felt that the Board of Selectmen's budget should consider additional cost-cutting options, such as reducing salaries and benefits for existing and future employees, the use of electronic payments and eliminating subsidies to the Simsbury Farms Fund.

April Smith, 44 Climax Road, asked if the unions could not sacrifice like everyone else in order to make the current budget work so that programs did not have to be cut.

[Mr. Sennott reiterated that the Board of Education did ask the major bargaining groups to concede and were not able to reach an agreement relative to any changes in the contracts.]

Mike Rinaldi, 32 Pinnacle Mountain Road, commended the Board of Selectmen and, in particular, Ms. Glassman for a fantastic job over the past two years in presenting two budgets with a collective 2.73% reduction in spending. He felt that using a percentage increase in budget is the wrong perspective in which to evaluate budget trends over the years and that the scare tactics used by the Board of Education in presenting their budget are totally unnecessary. He noted that the per pupil costs do not correlate to education quality and asked why per pupil costs have increased by 45% in the last 7 years when the average inflation rate has been less than 3%.

Doug Casey, 2 Flintlock Ridge, stated that his family relocated from the Boston area and chose Simsbury due to its excellent school system. He stated that he works for the Capital Region Education Council and was concerned that making cuts year after year will ultimately impact the quality of education in the classroom and urged the boards to maximize investment in education as it is the greatest asset that the Town has to offer.

Jonathan Coe, 26 Canaan Way, stated that he was disappointed that the Board of Finance has reduced the Board of Education's budget increase from 2% to 1.6%. His wife is a Special Education teacher in Town and they have two children in the school system. They did not want to see an increase in class size or a reduction in support services.

Julie Meyer, 3 Eastview Drive, expressed support for the teacher's union in standing by their contracts. She felt that some reserves could be used towards the operating budgets or the tax collection rate could be adjusted to mitigate the tax increase.

[Mr. Henault responded that the Board is reluctant to tap into reserves because it is important to maintain a higher level of reserves in order to retain a better bond rating. Reserves are also used to fund emergency issues that may arise and, if they are used to plug budget holes, you end up building an automatic tax increase in the subsequent year. Further, State funding is still unsettled and, if the budget is passed and State aid is suddenly reduced by \$500,000, then the options are to either cut expenditures mid-year or use the reserves at that time. Ms. Fitzpatrick added that ECS funding is not the only unknown and there may be other

revenue shortfalls or funding requirements that the Board must make sure can be covered.]

Peter O'Sullivan, 244 Firetown Road, stated that he was concerned about the elimination of 19 Board of Education positions and the impact on the classroom. He stated that he is a teacher, but also felt that a \$400 tax increase was a fair investment that he would be willing to pay in order to maintain or improve existing positions and services within the district.

Tom Salina, 33 Alder Road, supported the 2% Board of Education budget increase and was concerned about the low ranking Simsbury has in comparative new hire teacher compensation.

Lucia Onofrio, 7 Newbury Court, commended the Board of Education for its efforts and expressed support for a 2% increase in the Board of Education budget as it is important to invest in the children who are the future of this town.

Tim Bush, 10 Massaco Street, stated that he was torn because he cared very much about the school system, but at the same time felt there is a perception that municipal, Board of Education employees, and teachers have very rich benefit programs and asked if there is any sense of what the Board of Education contracts will encompass when the new ones are negotiated next year.

[Mr. Sennott commented that they obviously will focus on insurance co-pays or other benefits as part of the negotiated contracts as has been done in the past, but noted that it is a collective bargain and, as such, he can not make any assurances. He also noted that the retirement benefit for the teachers is a State benefit which is different from the administrators or the employees on the Town side.]

Peter Korten, 1450 Hopmeadow Street, felt that there are two major issues at hand: 1) can the taxpayers now afford the budget that has been proposed and 2) is there a sustainable business model? He noted that the taxpayers are often not concerned about what they have to pay now, but how it will compound in future years. He also felt it was important to pay as you go and to not accumulate debt, such as been done with a teachers' pension fund that is currently is only 61% funded and will eventually have to be paid for. He felt that it was important to be fiscally responsible, which means, if you can't afford it, you can't have it.

Barbara Davis, 1 Fairfield Lane, stated that she moved to Simsbury for the quality education and has been a Simsbury teacher for 20 years. She praised the Board, parents and community for their support and supported a 2% increase in the Board of Education budget.

Mary Nordstrom, 2 Butternut Lane, noted that a large portion of the education budget still deals with the rising costs of special needs students and Simsbury does not get a lot of State funding. Instead, money for the school system comes from the tax base. She felt that regionalism was needed in order to pool together resources, that there were too many consultants and supported the proposed budget.

Debbie Driscoll, 10 Kings Road, was concerned over the bare bones budget cuts to the Board of Education budget and had supported Dr. Ullman's original proposed budget that had a 3.65% increase. She asked the Board of Finance to return the Board of Education budget increase to 2%.

Laura Schless, 63 Munnisunk Drive, asked the Board to review points that were made in a letter that was sent to them by her brother-in-law, Stephen Lombardi.

[Mr. Henault acknowledged receipt of the letter.]

Noelle Alix, 43 Minister Brook Drive, asked the Board of Finance to "tread water" and keep what we have rather than making budget cuts so as to avoid making it any worse in the school system.

Eileen Murphy, 15 Brook Ridge, stated that she supported the original 3.65% budget and asked the Board to pass the 1.6% budget. She was concerned that continual "shoe string" budgets will result in future erosion in the quality of the school system.

Wendy Richard, 3 Newbury Court, stated that we need to make an investment in the future through the children, who are the future leaders of this country. She said it was sad to see an increase in class sizes and cuts in programs. She asked those who have previously enjoyed the benefits of the school system in the past to support the current budget.

Joan Coe had the additional comment that she is concerned with the continual increases in the Board of Education budgets in light of a continuing decline in student enrollment. She asked if some administrative positions could be regionalized or eliminated. She added that, if how much money is spent on education is the only parameter for an excellent school system, then Hartford should have the best school system in the area.

4. ADJOURNMENT

Mr. Henault reminded the attendees that there will be Town Meeting on Tuesday, May 4th and then a referendum at Henry James School on Tuesday, May 18th.

Mr. Henault brought the Public Hearing to a close at 9:30 PM.

Paul Henault, Chairman & Moderator

Debra L. Sweeney, Clerk