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To: SimsburyCT_FinanceMin
Cc:

BOARD OF FINANCE
MARCH 9, 2010
REGULAR MEETING

1. CALL TO ORDER

The Regular Meeting of the Board of Finance was called to order at 6:00 P.M. in at Simsbury High School, 34 Farms Village Road, Simsbury, Connecticut. The following members were present: Paul Henault, Peter Askham, Candace Fitzpatrick, Nicholas Mason, and Kevin North. Also present were Director of Finance Kevin Kane, Board of Education Business Manager David Holden, Superintendent of Schools Diane Ullman, Board of Education Member Michael Goman, BOE Director of Human Resources Matt Curtis and other interested parties.

2. MINUTES

Mr. Askham made a motion to approve the minutes of the February 23, 2010 Regular Meeting. Mr. Mason seconded the motion and it passed 5-0.

3. BOARD OF EDUCATION 2010/11 BUDGET PRESENTATION (PURSUANT TO SECTION 906 OF THE TOWN CHARTER)

Mr. Henault noted that the Board of Finance had set a guideline for the Board of Education's budget to not exceed a 1.33% increase and the Board of Education has adopted a budget with a 2% increase.

Mr. Goman stated that 48 accounts were unchanged and 27 accounts changed. The greatest increases were in Instruction and Insurance/Pension as labor costs are the single biggest expense of the Board of Education. All other accounts either had decreases or relatively modest increases.

Mr. Holden stated that there were 15 certified staff retirements, 2 administrative retirements and the elimination of a non-certified Assistant Supervisor of Buildings and Grounds and some Health Aid positions factored into the budget. The major drivers of the 2% increase are pension and

insurance costs. Pension and OPEB funding obligations will increase by 25% and medical insurance expenses will increase by 9%.

Mr. Goman indicated that the budget process was started by asking the administration to compile a maintenance budget (as has been done in the past few years) in which programs are maintained as is and involves a minimal amount of acquisitions. The maintenance budget for this year began at 3.65%. Dr. Ullman and her team subsequently began a series of proposed cuts dropping the increase to 2%, 1.33% and 0% levels with the intent of not harming the school system. It was determined that cutting below the 2% level would result in a dismantlement of some highly valued parts of the school system. The Board of Education unanimously felt that the changes involved would result in a dramatically negative outcome.

Mr. Goman stated that the information gathering portion of the budget process begins in October and discussions begin in December. In February and March there is a gap of several months until the new fiscal year begins on July 1st. He noted that usually some of the suggested changes in budget projections may not have to be made should actual figures differ from the projections. This year, however, the potential changes that could happen between February and July are all bad.

Mr. Goman noted that, in his nine years on the Board of Education, he has always voted for a budget that was in compliance with the guideline, but this year he no longer felt that he could support a 1.33% increase after years of repeated cuts since it would result in the system going backwards. He stated that there is an increasing gap in compensation levels compared with similar districts and they cannot afford to let that gap continue as they want to be able to retain the best teachers and attract and retain the best leaders. The various bargaining units have indicated to him that this gap has become material enough that they can expect to start losing people from the district.

Mr. Henault asked the Board of Finance members for their questions or comments. Mr. Askham asked, given that tight finances appear to be a long-term situation, what factors have to happen in order to achieve 1.25% increases. Mr. Goman acknowledged that they are currently in the midst of an unpopular teachers' contract, which he felt was a fair contract in the State at the time it was negotiated, noting that it focused less on GWI and step increases and more on the benefits packages as there was fear at the time of a significant escalation of those costs. Therefore, more time was spent working with the bargaining units towards increased employee contributions.

The Boards discussed the terms of the current contract as compared with the terms of contracts in other districts that are currently being re-negotiated. Mr. Goman stated that most have ranges from 0% to 4% with at

least one of the three years at 0%. Mr. Holden distributed a hand-out analyzing a settlement history of Connecticut teacher/administrator negotiations from 2006/07 through 2013/14, noting that there is a declining average across the State.

Dr. Ullman added that, from a program perspective, the cuts will result in a significant narrowing of program offerings and the community will need to be engaged in a discussion about how the schools will be different based on economics. Over the last five years, they have been refocusing elective offerings and have eliminated some in the process.

Mr. North asked for a clarification relative to current settlements going forward, namely, if 70% of costs are personnel-related and if budgets keep coming in with 1% increases in the future, why would program loss ensue. He noted that, as the State comes to grips with its fiscal difficulties, State aid will be severely impacted and this impact will have to trickle down to future settlements. Mr. Goman stated that, if settlements are less than 1%, then programs would stay.

Mr. Mason asked if there was any way in which to get the teachers to take less this year as a trade-off for terms negotiated in next year's contract. Mr. Goman replied that the response last year had been "no" when the bargaining units were asked for give-backs and this year, after they were specifically asked to re-open the contracts and freeze at 0%, the response was, once again, "no". Bargaining unit representatives argued that their families are experiencing the same financial stress that everyone else is, plus they negotiated in good faith for a contract and asked, if times were good, would they be offered more money? Finally, Mr. Goman stated that the current compensation levels are less than competitive with other top-performing districts.

Mr. Askham asked about the negotiating process. Mr. Holden stated that, once terms are agreed upon by the parties, the agreement is voted on by the Board of Education and then goes on to the Board of Selectmen, who have the ability to reject it. Ms. Fitzpatrick asked if this had ever happened. Mr. Holden said that it has not happened in the last fifteen years, noting that the contracts are always extremely competitive within the State average.

Mr. North asked if there had been any informal suggestions, other than the outright offer of 0% that was made public record, that both parties might benefit in a re-opener. He added that, in today's climate, 4.75% looks very generous as not everyone is dealing with that and there would be a lot

less anxiety all around if some form of compromise could be reached. He also noted that there is a broader constituency in this town beyond the users of the school system in that census data indicates that only about 30% of homes have school-aged children. Mr. Goman replied that there had been productive conversations with the bargaining units, but ultimately that were not successful in getting the contracts re-opened.

Mr. Mason stated that he was confused about some of the variances in accounts such as legal expenses. Mr. Henault noted that many are the result of transfers that do not have to come before the Board of Finance. Ms. Fitzpatrick indicated that she had similar questions. Mr. Holden stated that he would be happy to review any line items with them, noting that many of the variances are due to mid-year allocation adjustments that can happen due to fluctuations associated with such things as excess Special Ed compensation, bad winters, etc.

Ms. Fitzpatrick extended her thanks to the administrators for giving up their raises and conferences. Mr. North asked about \$194,000 in the budget that is allocated for Unnegotiated Salaries. Mr. Holden stated that it is in consideration for two collective bargaining units and unaffiliated employees who took no wage increase last year. The Board felt that is would be prudent for an amount to be reserved.

Mr. Henault noted that about 12 staff reductions (including one administrator) resulted from reducing from a 3.65% increase to a 2% increase. Mr. Curtis stated that there would be 373 certified (including 21.2 administrators) and 271 non-certified staff under a 1.33% increase budget. Ms. Fitzpatrick stated that she had received input from concerned citizens regarding what appears to be an internal district-wide requirement for extensive teacher documentation of individual students' progress from year to year. Dr. Ullman stated that, under SRBI, it is State mandated that every single intervention be documented prior to a student entering into a Special Education program. Mr. Goman added that this is yet another example of an unfunded State mandate that the Board of Education, together with the Board of Selectmen and the Board of Finance, need to prevail on the State legislature to roll back and stop issuing.

Mr. Askham asked about the projected downturn in enrollment. Mr. Curtis stated that the budget is based on 4,767 students, a reduction of 71 from last year and that an average annual reduction of 80 students is anticipated over the next five years, the majority being at the elementary level with numbers increasing at the high school level.

Mr. Askham asked if the employers' market that currently exists is taken into account in evaluating competitiveness in hiring teachers. Mr. Curtis stated that, although there is an excess of elementary teachers, shortages

in the fields of math and science continue to exist.

Ms. Fitzpatrick wondered what the consequences are for communities who are noncompliant with unfunded mandates. Dr. Ullman stated that it results in loss of funding, sanctions and outside oversight. Ms. Fitzpatrick stated that she would be eager to get the community's input regarding the desired breadth of electives in conjunction with the economic cost associated with certain offerings.

Mr. Henault noted that there were several actions available to the Board this evening: 1) to accept the proposed budget at the 2% increase level and move it on to Public Hearing; 2) to not accept the budget at 2% and move it on with a 1.33% increase; or 3) to defer the decision until next Tuesday's meeting. He asked for a motion to accept the budget at a 2% increase and move the budget on to Public Hearing at a 2% increase.

Mr. Goman reiterated that the current Board has listened to the Board of Finance as well as the community relative to current economic conditions and that the 1.33% guideline was not disregarded, but it was unanimously felt that the 1.33% level was not attainable and that it was important to get this 2% budget out to Public Hearing as well as referendum. Ms. Fitzpatrick stated that she would like to hear discussion on the Board of Selectmen's budget as well as proposed capital projects prior to voting. Mr. Henault noted that the Board of Finance can still make final changes at the Public Hearing. Mr. Mason made a motion to move the 2% budget to Public Hearing, but there was no second.

Ms. Fitzpatrick made a motion to defer a decision on the Board of Education's proposed budget until the Board's meeting next Tuesday. Mr. North seconded the motion. The motion passed 3-2 (Mr. Mason and Mr. Askham voted "no").

4. OTHER BUSINESS

None.

5. ADJOURNMENT

Ms. Fitzpatrick made a motion to adjourn the meeting at 7:30 P.M. Mr. Mason seconded the motion and it passed 5-0.

Paul Henault, Chairman

Debra L. Sweeney, Clerk