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To: SimsburyCT\_FinanceMin  
Cc:

BOARD OF FINANCE  
MARCH 12, 2009  
REGULAR MEETING

1. CALL TO ORDER

The Regular Meeting of the Board of Finance was called to order at 6:00 P.M. in the Auditorium at Simsbury High School, 34 Farms Village Road, Simsbury, CT. The following members were present: Paul Henault, Peter Askham, Nicholas Mason, Anita Mielert and Kevin North. Also present were Board of Education Business Manager David Holden, Superintendent of Schools, Diane Ullman, Board of Education member Chris Kelly and other interested parties.

2. BOARD OF EDUCATION 2009/10 BUDGET PRESENTATION (PURSUANT TO SECTION 906 OF THE TOWN CHARTER)

Dr. Ullman stated that the Board of Education budget being presented meets the 1.25% guideline set by the Board of Finance and involved the challenge of dealing with the local economy in conjunction with their responsibility to the students. Since the Board adopted the budget, she has met with faculty and PTO's and will be going to the senior citizens with Jack Sennott to deliver the message that it is a very responsible, but tight budget, which they believe protects the core of the school system.

Mr. Kelly stated that the challenge faced in preparing the budget was how to deliver good service in a cost effective manner. He indicated that the budget being proposed totals \$60,868,000, which is \$753,869 greater than last year's budget, when the OPEB obligation is not factored in. If the OPEB obligation were to be factored into the operating budget, the result would be a 1.55% increase.

Mr. Kelly indicated that this is the lowest budget increase since the 1980's and is less than a "typical maintenance budget". The budget reflects a \$500,000 reduction in teachers and paraprofessionals, a \$400,000 decrease in classroom technology, a \$150,000 reduction in textbook funding, and the loss of five support positions. Mr. Kelly stated that the majority

of any negative feedback that they have received from the public pertains to reductions in special education programs and, in particular, reductions in paraprofessionals.

Mr. Kelly stated that the student population was 4,917 in 2008, 4,908 in 2009 and that there was a projected decrease of 50 students for 2010 (4,858). Dr. Ullman added that there could be additional students from private schools that may negate that projected decrease, similar to what happened in this fiscal year.

Mr. Askham asked Dr. Ullman if she foresaw any relief relative to state mandates. Dr. Ullman said that there had been some discussions around in-school suspensions, but that would have minimal impact on Simsbury as there were few suspensions.

In connection with the Scheff decision, Mr. Kelly indicated that a few charter schools were going start charging tuition and that the District must fund the gap between the actual cost and the portion that is funded by the State. Dr. Ullman indicated that the unfunded mandate with the largest budget impact was for tuition for Simsbury students to attend magnet schools. Although there was actually a cost benefit to funding the gap after a state grant vs. the actual \$11,500 cost of educating a student, a much larger gap existed for incoming Open Choice students as the Town only receives \$2,500 in funding per student. Mr. Kelly stated that it has been suggested to the State that there be an offset integrated into the ECS funding formula. Dr. Ullman added that the District would be more than happy to honor Open Choice mandates if the funding followed the student.

Relative to revenue projections, Mr. Kelly stated that they had estimated the same ECS funding as last year per the current Governor's budget, which is an open end issue at this point. Mr. Henault stated that, although this has been the past practice, the issue this year is if the funding will remain the same. Mr. Mason added that timing is also an issue should the State budget be unduly delayed.

Mr. Kelly gave an overview of the per pupil expenditure relative to previous years as well as overall ranking within the State. Mr. North noted that, although the Town of Simsbury's ranking is 103 statewide (which includes high cost urban districts), it actually is in the median ranking of the 27 schools that are much more geographically proximate. Mr. Kelly indicated that the Non-School Budget would increase by \$6,332, or 1.25%, and is to provide child find and health services and transportation to non-public schools. Mr. Holden stated that there will need to be a change in the model relative to nursing support in light of the collective bargaining agreements in conjunction with the budget restrictions, such as one nurse covering multiple schools or changing the hours of coverage. Mr. Mason

noted that the Town of Granby has engaged the Farmington Valley Visiting Nurse Association for nursing services to their schools.

Mr. North noted that embedded in this budget are some significant (under current economic circumstances) wage increases for the collective bargaining units. Given that the Board of Selectmen has already reported that they have had a conversation with their respective bargaining units and received agreements for 0% increases, Mr. North asked if there had been any formal request made to the Board of Education bargaining units or a formal response given on that topic. He noted that many of the programmatic and qualitative changes that are being proposed in the 1.25% budget might not have to take place if there was an affirmative answer to such a formal request.

Mr. Kelly indicated that discussions were started with each bargaining unit relative to identifying the impact as well as alternative approaches that the bargaining units might come back with. He stated that there are no definitive answers at this point, but that talks are continuing. Mr. Kelly indicated that the central office staff and senior administration volunteered to freeze their wages. Mr. North extended his thanks to them. Mr. Mason asked how many employees were involved. Mr. Holden stated that four were involved. Mr. Mason asked if the remainder of non-union staff were asked for wage concessions and Mr. Holden responded that they had not been at this time.

Mr. Mason noted that perception is very important in this area. Mr. Askham wondered what would happen with the budget if certain concessions were received (and expenses thereby reduced) in the near future. Dr. Ullman replied that any savings would be set aside to address the volatility in enrollment and the uncertainty of State funding and that some cuts would be undone.

Mr. Askham noted that historically there were 4,888 students enrolled in the 2000/01 fiscal year with 596 certified and uncertified positions and that there are 4,858 students projected for 2009/10 and there are now 643 positions and inquired as to why 47 more positions are needed now to service the same number of students as existed almost 10 years ago. Dr. Ullman replied that the additional positions reflect the smaller class size initiatives in grades K-12 as well as the additional social, emotional and tutoring support services that have been added. Mr. Holden also noted that the physical sizes of the schools have increased requiring additional custodial staff, the current climate that requires additional security guards, and one-on-one support that is required for special education students. Dr. Ullman noted a doubling in the population of students with

autism.

Dr. Ullman stated that the only Stimulus funds being received are in relation to IDEA (special education) and come with restrictions as to their use. Mr. North asked if it was then wise to accept such funds if they would result in long-term financial obligations to continue the programs, noting that we should not be creating programs that can not be financially sustained in the future by the Town alone.

Mr. Askham asked about the CNR schedule. Mr. Holden stated that the total amounted to \$543,000 and was less than the amount that was being paid back. The CNR schedule included three new school buses, a maintenance vehicle and various equipment and building improvements. Mr. Holden indicated that the Board is currently in conversations with each of their major vendors in addition to the bargaining units.

Mr. Askham asked what was being done about containing the cost of health insurance. Mr. Holden stated that there has been an increase in employee contributions, a migration to self-insurance for both the HMO and PPO plans with increased deductibles and co-pays and there has been a shift to the lower cost HMO plan and expanded wellness offerings.

The Board discussed how to handle the additional \$179,000 OPEB obligation, which was increased from \$36,000 to \$215,000. Mr. Henault stated that the Board could move the budget on to Public Hearing as is (with the OPEB obligation included in the budget) or take action to allow the Board to raise the budget by the amount of the OPEB, or defer the decision until after the Public Hearing. Mr. Askham asked how a reduction in the major budget categories would be handled administratively. Mr. Holden stated that it would go back to the Board of Education.

Mr. Mason asked what was causing the dramatic increase in the OPEB amount. Mr. Holden stated that there had been an increase in staff, the addition of the cafeteria employees (who were not included in the original valuation), changes in actuarial assumptions, benefit changes to two groups and some teaching staff moved out of the GASB requirements. Mr. Henault stated that he would like to see the Board of Education start including 100% of their OPEB obligation in their operating budgets.

Mr. Askham stated that he preferred to wait and get the actuaries in to provide an explanation for the large shift and, if the increase is due to actions taken by the Board of Education, then it is a cost that should be absorbed by them.

Mr. North stated that, although each budget is discussed on a standalone basis, there is an overall budget and tax increase that is the ultimate

goal. He felt that, even with the favorable outcome on the Board of Selectmen side and a conservative increase on the Board of Education side, there is no way that the Board can arrive at its 0% tax increase objective without a fairly sizeable transfer from reserves. Therefore, if the Board of Education is pre-supposing that the 0% tax increase objective is attained, then they are, in effect, asking the Board of Finance to contribute another \$200,000 more from reserves in order to do so. As a result, the Board of Finance is being asked to consider approximately \$1,250,000 from reserves in a situation which remains very fluid. Mr. North said that he had little confidence that the ECS funding will remain intact and, therefore, did not feel that the Board can afford a transfer of reserves of this magnitude. Therefore, he said, as painful as it may be, he was not inclined to make accommodation for the OPEB funding.

Mr. Henault summarized that the consensus appeared to be that the Board did not wish to address the OPEB issue at this time.

Ms. Mielert made a motion to accept the Board of Education's operating budget and move it on to a Public Hearing on April 7, 2009. Mr. Askham seconded the motion and it passed 5-0.

Mr. Henault noted that the combined net budgets of all four boards, from an appropriations standpoint, represented a net increase of \$56,543 and commended all the boards for their efforts. He added that the main issue that will now need to be addressed will be sources of revenue.

### 3. OTHER BUSINESS

Mr. Henault noted that there had been questions at the last meeting relative to the minutes of the February 24, 2009 Regular Meeting.

Mr. Mason made a motion to table approval of the minutes of the February 24, 2009 Regular Meeting until after the Public Hearing this evening. Mr. North seconded the motion and it passed 5-0.

### 4. ADJOURNMENT

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

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Paul Henault, Chairman  
Clerk

Debra L. Sweeney,