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Cc:

BOARD OF FINANCE
APRIL 7, 2009
PUBLIC HEARING

1. CALL TO ORDER

The Board of Finance Public Hearing on the 2009/10 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, Nicholas Mason, Kevin North and Anita Mielert. Also present were First Selectman Mary Glassman, Superintendent of Schools, Diane Ullman, Board of Education Secretary Chris Kelly, 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 stated that the Board of Selectmen and the Board of Education have submitted operating budget requests reflecting in an increase of \$59,070 in expenditures, or an overall increase of .07%, for a budget totaling \$85,271,125.

Mr. Henault stated that the Board of Finance asked both boards to come in with a budget increase amount that was less than 1.25% and that both boards had either met or exceeded this goal. He noted that the Board of Selectmen budget reflects a 3.04% decrease and the Board of Education budget reflects a 1.25% increase. The debt retirement budget will decrease by 2.31% and the Non-Public School budget will increase by 1.25%.

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 that will have to be dealt with: 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 obligations for next year and subsequent years, and overall economic factors, such as unemployment and increases in Social Security, etc.

Mr. Henault showed a pie chart detailing the percentage of the four components of the 2009/10 budget: Board of Education-71%; Board of Selectmen-21%; Debt Retirement-7% and Non-Public Schools-1%.

Mr. Henault showed charts comparing key indicators over the past ten years for Board of Selectmen and Board of Education operating budget variances, 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 also showed a pie chart detailing the percentage of the major sources of revenue for the 2009/10 budget: Property taxes-92% (77.81% of which is residential, 11.53% is commercial, 6.35% is motor vehicles and 4.31% is personal property); inter-governmental revenues (such as State aid) -7%; and the remainder from investment income and other local fees.

Finally, Mr. Henault reviewed the effects of the budget on the projected mill rate. If the budgets were to be accepted as is, the old mill rate of 29.6 would increase to 30.10, or a 1.69% increase (.5 mil). He noted that the Board of Finance has been having discussions around various ways to get the tax increase to be 0%.

3. PRESENTATION OF 2009/10 OPERATING BUDGETS

Board of Selectmen

Ms. Glassman thanked the Board of Finance and the Board of Selectmen members for their efforts and dedication in bringing forward a budget that is responsible to the taxpayers.

Ms. Glassman stated that projected funding from the State is uncertain at this time. Currently, the Town receives approximately \$5.3 million in ECS funds from the State.

Ms. Glassman noted that the Board of Selectmen budget being presented represents a decrease of \$556,870, or a 3.04% budget reduction from last year's budget. Working with the Board of Finance's guideline of 0%-1.25%,

the Board of Selectmen worked with the departments to arrive at a 5.19% decrease (\$951,729) over the initial requests that were received. Ms. Glassman stated that the bulk of these savings were the result of all 149 Town employees working with the Town to understand and recognize that this is a very difficult budget year for our community and giving back wage concessions totaling \$426,551. As there were a number of Town employees in attendance, she asked them all to stand so that they could be recognized for their contribution. She noted that it is very significant that Simsbury is one of the first towns in Connecticut in which all of the Town employees voluntarily came to the table.

Ms. Glassman stated that additional savings were realized by non-affiliated employees taking a wage freeze and one furlough day and making additional contributions towards health insurance (\$83,111) as well as the elimination of four full-time positions. Certain purchases (such as a highway plow truck) were deferred and there was a decrease in the required contribution for Other Post Employment Benefits.

Ms. Glassman highlighted the major areas causing an increase in the budget:

- Salt and sand budgets
- Increase in the Paving Management Program as a result of State aid being cut
- Continued improvements to Eno Hall
- An increase in the required annual contribution to the pension fund

Ms. Glassman noted that the Town of Simsbury's budget represents a small portion (20.8%) of the overall budget and that most tax dollars go towards the Board of Education budget. Coupled with the fact that 74% of this 20.8% amount are personnel-related costs, there are not a lot of cuts that can be made in other areas that would have a significant impact on the overall budget. She also showed a graph representation illustrating where any new tax dollars would be used; in essence, the Town side represented negative new tax dollars. Ms. Glassman stated that the four Special Revenue Funds budgets also reflected significant reductions: Sewer Treatment Plant - (21.59%); Residential Rental Properties - (62.72%); Dog Fund - (3.64%); Simsbury Farms / Special Programs - (.76%).

Finally, Ms. Glassman addressed the Capital & Nonrecurring Fund budget of \$365,000. Additionally, there are \$161,341 designated for the Paving Management Program, which hopefully will be reimbursed by State grants. The proposed CNR projects for 2009/10 are:

- Connect the Highway Garage to sanitary sewers - \$105,000

- Curtiss Field improvements - \$75,000
- Bikeway improvements - \$72,500
- Town Hall office improvements (ice melting equipment, carpet, lights, etc.) - \$46,000
- Simsbury Farms repairs - \$40,000
- Golf utility vehicle - \$26,500

Ms. Glassman stated that 64.6% of the Debt Retirement Budget goes toward retiring school debt and 36.4% goes toward retiring Town debt. Given the anticipated reductions in revenues from licenses and permits, investment income and State aid and the fact that more than 90% of the Town's revenues come from property taxpayers, the Board of Selectmen was very aware that any budget increases would fall directly on to the taxpayers.

Board of Education

Mr. Kelly introduced members of the Board of Education in attendance (Mike Goman, Susan Salina and Tara Donahue) as well Superintendent of Schools, Diane Ullman, and Business Manager, Dave Holden.

Mr. Kelly stated that the core mission of the Board of Education is academic excellence and achievement of potential for all students. He noted that Simsbury students have placed first in its DRG (Demographic Reference Group) in all areas tested in the CAPT exam. The challenge faced by the Board of Education was to create these results at a less than average cost, according to Mr. Kelly. He indicated that the budget being presented represents a \$753,689 increase over the prior year budget and meets the 1.25% threshold as requested by the Board of Finance. He noted that it is an historically low budget increase for the Board of Education.

Although the information is very "fluid" at this time as various communities struggle with their education budgets, Mr. Kelly stated that the most recent weekly survey done by the Connecticut Association of Public School Administrators shows that, of 81 districts polled, budget proposals being submitted range from a .5% decrease to a 6.11% increase and only 18 towns are currently submitting budgets lower than Simsbury and that 62 towns are submitting budgets higher than Simsbury.

Mr. Kelly stated that the Board of Education's budget process started with reviewing its mission and having discussions with other towns and boards (primarily the Board of Finance regarding the Town's fiscal position). Input was then sought from faculty, administration and parents.

Strategic priorities for the Board included:

- Maintaining current class size within guidelines
- Maintaining the current investment in classroom technology
- Maintaining the social and emotional support system currently in place
- Maintaining the current base of funding in textbooks and professional development.

Mr. Kelly stated that the initial budget presented to them by Dr. Ullman represented an increase in excess of 4% in order to maintain current services. The 1.25% budget as presented funds the negotiated contracts, results in a reduction in 26.6 certified and non-certified staff positions and assumes that ECS funding will remain stable for this year into next year and that the number of students enrolled in Project Choice will remain stable. Should ECS funding change down the road or there be other state mandates imposed (such as mandating that the Town take an additional 24 Project Choice students), the budget would be subject to further adjustment.

Mr. Kelly highlighted key areas that are putting pressure on the Board of Education to increase their budget:

- Funding contractual settlements
- Increased costs of medical insurance
- Increases in fuel and electricity costs
- The increased size of Tariffville School

Mr. Kelly stated that there will be decreased funding of the technology initiatives and increases in Pay for Play fees.

Mr. Kelly addressed areas of concern for which they have gotten input from the community:

- Class size guidelines will be met.
- Enrollment projections anticipate a small to moderate drop, which should assist in the class size goals.
- The projected ratio of certified teachers to students will be 1 to 12.6.
- Overall staffing will be reduced.
- There will be a projected .8 FTE reduction in administration and a projected 3.1 FTE reduction in supervisory staff.

- The Superintendent and senior administration have volunteered no pay increases.
- The Administrative group has offered one furlough day and no advanced study or professional development benefits for two years. All other units are in discussion and decisions regarding other unaffiliated positions are pending.
- The per pupil expenditure for 2007/08 was \$11,739. The average expenditure for DRG B was \$12,149. The average per pupil expenditure statewide was \$12,565 and Simsbury ranked 103 out of 169.

3. PUBLIC AUDIENCE

Lawrence Pollack, 46 Simsbury Manor Drive, felt that the proposed reductions in the special education programs were disproportionately greater than for other areas of the budget. He stated that there are 600 students in need of these services and felt that other districts are reducing their special education programs more in proportion to corresponding cuts being made in other areas.

[Mr. Kelly responded that the special needs budget will continue to provide excellent services to those students. Paraprofessional schedules will be re-arranged. Mr. Kelly stated that the Special Ed budget represents 18% of the budget and that is fairly consistent with prior years.]

Robert Kalechman commended the municipal employees for their sacrifice. He felt that the Board of Finance has been remiss in its oversight of frivolous expenses and that the Board of Education budget was unacceptable.

Joan Coe, 26 Whitcomb Drive, criticized a Board of Education budget that includes 3.5%-4.75% salary increases. She stated that they have the highest paid administrative staff and the highest number of administrators in the Valley. She could not support the Board of Education budget and commended the Town employees for their concessions. She questioned the Board of Selectmen's support of a \$550,000 capital expenditure project when Town employees are being asked to take reductions in pay.

[Mr. Kelly responded that the 1.25% increase was a good faith response to the Board of Finance's request and represented a serious response to the economic crisis. He stated that staff salary and ratios are researched by the Board of Education and that Simsbury was within the mid-range.]

Mary Nordstrom, 2 Butternut, said that the time has come for more

regionalization of services for special needs and gifted and talented students and for Federal funding of schools.

Lynn Pollack, 46 Simsbury Manor Drive, stated that she was concerned about the lack of transparency in the detail involved in the Board of Education budget that was being presented. She said that information regarding Simsbury's Board of Education expenditures can be better found on other towns' websites (such as West Hartford), where they are presented for comparison purposes, but that the information is not easily obtained in our own town, nor is adequate feedback provided to public forums and blogs. Further, comparative information on these sites show Simsbury statistics as being not quite so in line when compared with peer towns (such as Glastonbury, West Hartford, Farmington and Avon) in areas such as number of administrators per student or teachers to administrators. She said that she could not support a budget that contains place markers resulting in sending the taxpayers to a referendum to approve a pile of money with little details.

[Mr. Kelly responded that, rather than look at a sub-set of the DRG, the Board of Education looks at the entire DRG as well as the full set of towns when gathering their comparative statistical data.]

Peter Korten, 12 Grant Estate Drive and 1450 Hopmeadow Street, said that, while he appreciates the excellence of the Town's educational system, he is also a businessman and that his abilities to pay taxes are going to be severely reduced as federal, state and local property taxes increase and his investment income and business cycles decline. The fiscal reality is that there must be a change in how things are done. He stated that, in order to influence the amount of money that you have to spend, you have to consider your largest expenditure. Since 57% of what tax money is spent on relates to personnel, that is the only area that will have the largest impact on controlling tax increases. He applauded the Town employees for taking a pay freeze and asked what the Town would save if the school unions were to take a pay freeze. He also was concerned about how the State planned to refund the teachers' pension fund, which is woefully underfunded and essentially bankrupt.

[Mr. Kelly responded that the savings would be \$1.3 million if all the school employee wages were frozen. Also, at this time, it is uncertain as to how the State will resolve the problem with the teachers' pension fund.]

Lisa Heavner, 21 Aspenwood, was in favor of the Board of Education budget and commended Dr. Ullman for coming to the schools to provide all parents an opportunity to ask detailed questions. She felt that alternate ways of raising revenue should be explored and that the burden of property tax increases should be borne more by the families and less by seniors.

[Mr. Henault noted that there are currently programs in place for elderly and senior tax relief and that the application filing deadline for them is May 15th.]

Kurt Henderson, 4 Carver Circle, stated that he was in favor of the Board of Education budget and felt that the teachers will be making sacrifices as they will have less help in the classroom due to the cuts in paraprofessional and special ed support staff.

Dave Balboni, 13 Fox Den Road, asked when discussions with the teachers' unions would be concluded and what was going on relative to the administrators. He felt that there should be an effort made to phase out the defined benefit pension plans in favor of cash balance plans as is being done in the business world such that they are closed to any new employees. He also wanted to know what the backup plan would be if ECS funding is not received.

[Mike Goman, Chairman of the Personnel Negotiation Committee for the Board of Education, stated that they are in the middle of an existing contract that was negotiated in good faith in 2007. He said that the union representatives have been advised of the magnitude of what most likely is a multi-year issue and do understand, but that there are no concessions at this point. He anticipates ongoing conversations with the unions.]

Mr. Balboni wanted to know if the teachers' unions had been formerly asked for concessions and, if so, what the response had been. Mr. Goman said that they had and that the response had been "not at this time". Mr. Goman stated that they do have an existing contract that was negotiated in good faith. Mr. Balboni countered that the Town employees did as well and that the teachers' negative response should be publicized.

[Mr. Kelly stated, if ECS funding is not received, there are specific budget contingency plans involving deeper cuts in place.]

Joann Perry, 59 Munnisunk, thanked Dr. Ullman for her efforts in communicating with the Town and the parents and thanked the administrators and the Town employees unions that have made concessions in this tough economic time. She asked about the deficit that could be potentially created if 24 extra Project Choice students were to be mandated on the Town by the State (cost of educating vs. how much is reimbursed by the State or the students' towns).

[Mr. Kelly stated that the per pupil cost is \$12,000 and that the Town receives \$2,500 per Project Choice student. If the Town were forced to accept 24 students, the projected cost would be \$240,000.]

Anthony Napolitano, Old Farms Road, noted that prior comparisons made by the Board of Education had been made with DRG A and that this evening's comparisons that were presented were made using DRG B. He noted that most cuts should be aimed at the administration, rather than at the paraprofessionals and nurses, as the bigger salaries are at the top and the most impact to the students would come from cutting paraprofessionals and teachers. He felt that it was unfair and, if the trend continued, he would be voting against the budget.

[Dr. Ullman stated that the Town was first in the DRG A for writing, third in reading and within the top 6 or 7 in other areas.]

5. ADJOURNMENT

Mr. Henault reminded the attendees that the Board of Finance would be having a meeting next Tuesday to vote on moving the operating budgets on to Town Meeting on May 5th and then on to referendum on May 19th.

Mr. Henault brought the Public Hearing to a close at 9:45 PM.

Paul Henault, Chairman & Moderator

Debra L. Sweeney, Clerk