

**Town of Sudbury ~ Finance Committee
Minutes of Meeting
Monday – January 9, 2006
Lower Town Hall – 7:30pm**

Present: Co-Chairs Bob Jacobson & Marty Ragonas, Tracy Billig, Michael Grosberg, Bill Kneeland, Larry Rowe, Sheila Stewart, Ralph Verni, and Debbie Zurka.
Also present: Suzanne Petersen, Finance Director, and Robin Porcella, Recording Secretary.

Item 1: Opening Remarks:

Bob Jacobson opened the meeting at 7:40pm. He welcomed the members in the audience and the viewers on channel 8. He reminded everyone that the next scheduled budget hearing is Thursday, January 12th, and the entire budget schedule is available on the Town's website. He discussed the responsibility of the Finance Committee and how the budget process works. He discussed the FY06 override and the cost implications for FY07 of Pensions & Insurance, utilities and gasoline. He explained that this year the Committee will ask each cost center to describe what alternative ideas they have implemented or explored to reduce costs or increase revenues. He reminded everyone that the Annual Town Meeting is scheduled to start on Monday, April 3, 2006.

Item 2: Budget Hearing – Lincoln-Sudbury Regional High School:

Bill Kneeland and Marty Ragonas were introduced as the liaisons for the LSRHS. Marty Ragonas introduced Dr. John Ritchie, Superintendent, Pauline Paste, Business Director, and Jack Ryan, School committee chairman.

Dr. Ritchie began the presentation for LSRHS, and encouraged the Committee to ask questions. He thanked the committee for the time to present their FY07 budget.

Dr. Ritchie explained that LS used the override funds in FY06 to avoid staff reductions and added 8.3FTE teachers to reduce class sizes towards what they were in FY04 and a .8FTE Security position.

Dr. Ritchie reviewed several charts showing the percentage of classes with 26 or more students and explained that this measurement was used to show the impact of various budget scenarios. He told the Committee that LS is committed to limiting class size because they have identified it as essential to continuing to deliver a high quality of education to their students. Stating that in LS experience it is unusual for the school to have such large class sizes, the school year 2004-05 (FY05) had the most dramatic increase in class sizes.

	2004-05	2005-06	2006-07 (projected at Level Staff)
English	32.26%	26.47	34.8
Math	32.84%	26.76	31.1
Science	44.93%	21.92	26.3
Language	19.60%	21.54	29.9
History	43.55%	21.88	39.2

Dr. Ritchie listed the following as cost savings that LS has implemented recently:

Use of Chapter 70 Foundation Reserve Grant – This grant is awarded to schools with rapid growth in enrollment. The school received \$226,000 in 2006. These funds will be used to reduce next year's budget by purchasing textbooks and supplies for FY07 in June, and will be used to fill a .5 clerical position to assist in a SPED audit that is being conducted by the Department of Education.

Teacher Emeritus – This is a program that hires back a retired teacher who is receiving a pension, paying the teacher the difference between their pension and the salary an active employee in that position would earn. Currently the school has two teachers working in this manner.

iPASS Software / Clerical Reductions

Collaborative Purchasing of Utilities and other collaborative efforts

Enhancing in-house SPED programs & controlling out-of-district SPED costs

In-house repairs and maintenance – LS currently has a licensed plumber and electrician who performs many of the repairs that otherwise would be contracted out to a private vendor.

The primary FY07 budget drivers included, but are not limited to:

Enrollment (has seen a 75% increase since FY95 - 42 new students are expected in 2006/2007),

Utility Costs (The school works with a consultant and puts out a bid for utilities, paying roughly \$36 to \$50 thousand a month currently in utility costs)

SPED (SPED costs are offset by circuit breaker funds. The state reimburses 75% of anything over \$31,616.)

Pension & Insurance

Debt Service.

Co-chair Bob Jacobson and Committee member Larry Rowe asked Dr. Ritchie why 4 additional students in the out-of-district program account for a budget almost double that of last year. Dr. Ritchie stated that due to the nature of the disability of one of the students in particular coming from Sudbury the cost is higher. In addition, other costs for continuing students such as transportation are increasing. It was also explained that the format between FY06 and FY07 was not consistent. FY07 showed the offsets as separate line items while FY06 netted them within the budget line item, therefore making the budget line excluding offsets look like it had a greater increase than it did. The increase was closer to \$400,000 rather than \$1,000,000.

Pauline Paste discussed Pension & Insurance. Ms. Paste explained to the Committee that the school holds open enrollment for health insurance on June 1, 2006. They have used estimated figures allowing for additional enrollments and increased rates. LS is a member of the Minuteman Nashoba Health Group for bidding health insurance and also bids Workers' Compensation and liability insurance collaboratively. This keeps their costs down. For the past two years LS has used surplus funds in their health trust to offset increased premiums. However, they do not believe they are in a position to do that for FY07.

Ms. Paste also discussed Debt Service. The original estimate for interest costs for the new school was \$37.7 million over the twenty year life of the loan. The current estimate is \$11.5 million, saving \$26.2 million over the life of the loans. Due to funding changes by the SBA, LS will receive state reimbursement in two lump sums, one of which has been received already in the amount of \$35,000,000. The remaining +/- \$11,000,000 should be received in FY07 following the audit conducted by the state.

Dr. Ritchie discussed the FY07 Operating Budget stating that the Finance Committee had requested a guideline 3% budget (the Finance Committee actually requested a 3.5% budget). A Level Staff budget for LS would require a 4.9% budget increase over last year but would result in an increase in the percentage of large classes that in some cases would be higher than that of 2004/2005, their worst year. Progress made in FY06 toward returning to FY04 levels would be reversed. A Level Class Size budget with the increased enrollment would require a budget increase of 6.09%, and the target budget showed an increase of 8.04%. A 3% budget would require cutting \$330,000 from the Level Staff budget. This means LS might have to reduce the staff by one teacher in each academic department, reduce one teacher in the counseling, SPED, FATA, & Wellness areas, reduce the athletic/activity offerings, reduce text & supply budget, and reduce the administrative and support staff. Responding to a question from Co-chair Ragonas, Dr. Ritchie affirmed that each scenario included an allowance for salary increases for pending contract negotiations.

Committee member Ralph Verni asked Dr. Ritchie what factors lead to such a variance from year to year as to which areas of study showed large increases in the percentage of classes with more than 26 students. Dr. Ritchie told the Committee he would get the answer to that question as soon as he has had some time to analyze the data.

Co-chair Ragonas asked Dr. Ritchie to give an overview on current fees at LS. Dr. Ritchie explained that the school instituted parking fees about 3 years, and the current rate is \$200 per student. The activity fee is currently at \$35 for students participating in clubs and other activities. The athletic fee was established about 10 to 12 years ago and the rate is currently \$175 per sport per student. There is aid for students who are unable to afford these fees.

Pauline Paste discussed the changes in FY07 to the assessment for each town. The assessment for Lincoln has been reduced from 14.33% to 14.19%. Sudbury's percentage will increase from 85.67% to 85.81%. This is based on the average enrollment for the most recent three years.

There being no further business, the committee adjourned at 9:00pm