

Town of Sudbury ~ Finance Committee
Minutes of Meeting
Monday – February 14, 2011
Lower Town Hall – 7:00pm

Present: Joan Carlton, Tammie Dufault, Bob Jacobson (arrived 7:20pm), Bill Kneeland, Jamie Gossels, Marty Ragonas, Jim Rao, Robert Stein, and Chuck Woodard

Opening Comments

The meeting was opened at 7:04pm. Jim Rao reviewed the order that the cost centers would present and what the process for the hearing will be.

Budget Hearing: Town of Sudbury

Maureen Valente, Town Manager, made the presentation for the town. She started her presentation by thanking the committee for the opportunity to discuss the non-override budget proposal. She introduced the four department heads who were not in attendance at the Feb. 10th meeting: Maryanne Bilodeau, Bob Leupold, Nancy McShea, and Jody Kablack

The committee members were provided with a copy of the town's slide show presentation titled "FY12 No override Budget Request". They were also provided with a detailed print-out of the town department's budgets.

In regards to Slide #15, Chuck Woodard stated he does not believe the term "Status Quo" is the right characterization. 4.5% is what the FinCom had suggested, when the status quo for the past few years was closer to 6%. The wages only include the colas.

Maureen Valente explained that the contracts are front-loaded, meaning the majority of the raises are provided in the first year of the contract. Tammie Dufault asked what the average step increase comes out to. Maureen Valente explained that it depends on the union. Police & Fire have 5-steps, and the average is 2.92%. Non-Union employees and Supervisory Union have 7-steps, and the average is 3.92%. About half of the employees are at the top step.

Joan Carlton questioned if the town belongs to a health group. Maureen Valente explained that we are on our own. They do look into it every year.

Chuck Woodard questioned if there was an Excel spreadsheet that contains all of the budget information for easy analysis. Maureen Valente explained that there is.

Jim Rao asked if there are answers to the questions that Chuck Woodard asked at the last meeting, specifically regarding the discrepancy with the benefits figures. Maureen Valente responded that Maryanne Bilodeau had contacted Chuck directly. Maureen Valente explained that part of the problem was that SPS and the town were using different calculations. Maryanne Bilodeau stated a couple of different things were found. The school department had a reduction in their workforce, so money was taken from the health benefits line and put into the unemployment line. She explained the different equations that the town and school department used. The school department also has more employees paying 30% of their premiums.

Chuck Woodard questioned if it is known roughly the percentage of employees on the town health plans. Maryanne Bilodeau stated she did not know the number of SPS employees vs. town employees who have health coverage through the town. She stated she could get the information and forward it to Jim Rao.

Robert Stein stated that the last two months the LS school committee has gone into executive session and he is sure they are trying to convince the union to take a pay freeze. He noticed that this is not happening with the Board of Selectmen. He is wondering if she plans on approaching the town unions to consider taking pay freezes. Maureen Valente stated they are not planning to at this time. They feel they can honor the contracts at this point.

Tammie Dufault stated she realizes the Maureen Valente has forgone salary increases, but asked if there were any other changes to the contract. Maureen Valente stated that there were no changes. She made the offer to the Board of Selectmen chairman. The FY11 was completed in the fall, and FY12 the past three weeks or so.

Jim Rao asked for any comments from the audience, but there were none.

Budget Hearing: Sudbury Public Schools

John Brackett, Superintendent, presented the Sudbury Public Schools (SPS) non-override budget. Jim Rao reminded the committee that this will be Dr. Brackett's last budget hearing with the town.

The committee members were provided with a copy of the SPS slide show presentation titled "FY12 Non Override Budget Presentation to Sudbury Finance Committee".

Robert Stein questioned if they have thought about moving the nine half-day kindergarten students to another school. John Brackett responded that they were thinking about running two sections of half-day kindergarten programs, one at Noyes and one at Haynes. About 91% of the parents are requesting the full-day program.

Robert Stein questioned if there are any rooms not being used during the day in any of the schools. John Brackett stated you will not find any empty classroom. There is something going on in every room. They could make some adjustments to fit more students.

Tammie Dufault questioned if they will be reconsidering about offering half-day kindergarten sections. She stated she was a proponent of the full-day program, but her son is in the half-day section now and it was the best decision for him. John Brackett stated they are making the decision based on the enrollment figures. The half-day section probably will not be offered in every school. This is something that will be monitored throughout the year. The school has to offer a half-day program, but they are not required to offer it at every school. The school department realizes that the full-day program is not the best solution for some students.

Jamie Gossels questioned Maureen Valente if the shared facility director position is in the town's budget. Maureen Valente explained that the town does not have the position budgeted in either budget. She does agree with John Brackett that this is a critical position. Tammie Dufault questioned if they have looked into outsourcing this position. John Brackett explained that they have not.

Robert Stein questioned if the savings from outsourcing the food service program is realized in this budget. John Brackett responded that it is not, as it is too early in the process. Tammie Dufault questioned if they expect the potential outsourcing to have an effect on the budget. John Brackett stated

that it will have an effect, and discussed some of the potential savings they are expecting. They need to work on trying to project what the unemployment costs might be.

In regards to slide #20, Robert Stein questioned if the assumptions take into consideration the \$300,000 in out-of-district special education savings. John Brackett stated it did. Tammie Dufault if it includes the fees that have been voted to be increased. Mary Will stated that they will not. The fees will go into the revolving fund.

John Brackett informed the committee that the school is facing a \$214,192 structural deficit. When you add in the critical needs of the schools, the deficit increases to \$409,192. He discussed some of the critical needs. Susan Iuliano, SPS school committee, stated that the school committee is committed to addressing these issues. Some of these positions would replace other positions within the school department. She reinforced that this plan is very different than what has been presented in past budgets.

Jim Rao questioned the fact the facility directors position is not in the town's budget. John Brackett stated this is a critical position. They have had a lot of conversations regarding this. He believes there are still conversations to take place with the Board of Selectmen.

Chuck Woodard asked to make a point. We are still in a weak economy, and unemployment is estimated to stay high for a while longer. Even with the changes to our benefit packages, the benefits offered in Sudbury are very nice. The amount of salary increases being presented in this budget is \$650,000. John Brackett responded that the employees are committed to helping, by taking pay freezes in the last contract negotiation. He could not endorse trying to re-open negotiations because of the effort everyone made with the last negotiations. Chuck Woodard responded that he understands what John Brackett is saying about the employees helping with the negotiations, but reiterated that salaries and benefits are a major part of the budget.

John Brackett stated that even with benefits, SPS is not one of the highest paid schools. We are competitive, and are not comparable. Robert Stein stated that when there are openings within the school department that it is his understanding that we receive 50 to 100 applications. John Brackett stated that we probably get more. Tammie Dufault stated that the state only looks at cash payments. Most communities do not have the type of benefits we offer. John Brackett agreed that we need to look at the total compensation package. He still believes we will not be one of the top paid school districts.

Jim Rao questioned if the budget took into consideration any of the savings that maybe realized when the Noyes school roof & window project is completed. John Brackett stated that they did not. He believes we will probably see some savings in the utility costs amounting to \$50,000 to \$60,000.

Jim Rao stated that he realizes SPS will be looking to go out to bid for the Metco transportation with LS, and questioned if they are expecting savings or will there be a shift in the funding for the program. John Brackett stated they are not expecting net saving, as the funds roll back to the Metco program. He stated it is possible we could see a savings with the home school transportation.

Robert Stein stated that he did not suggest that the town break the contracts with the employees. He asked that they go back to the unions to ask for help in reducing the short falls. He asked Susan Iuliano if the school committee will be going back to the unions to discuss the salaries. Susan Iuliano responded that the school committee does not plan to at this time. The reason being is that they feel enormous progress was made with the last set of negotiations. All parties worked collaboratively, and this resulted in pay freezes and changes to the health plan. They will be starting another bargaining session soon.

Tammie Dufault questioned the percentage increase from last year to this year, and asked for clarification as to what fiscal year the pay freezes took place in. Susan Iuliano responded the step increases were frozen in the first year of the contract, which was FY10. They are continuing to look at other ways to save in the future.

Bill Kneeland questioned the facility user fees. He asked if the fees would be going into the revolving account and if the costs have been moved out of the operating budget. Mary Will responded that there are not direct offsets. The amount of fees collected does not allow us to keep up with the maintenance of the gym floors. The fees could help fund the facility manager's position. Some of the fees could help with the refurbishing of an auditorium.

Jim Rao asked for comments from the audience. Mike Hollinger asked for clarification on the non-override budget. His understanding is that with the non-override budget and 5% reduction in state aid, we would cut 4 FTEs and go without the critical need positions. If there is no cut in state aid, then it seems we need to decide on keeping the 4 FTEs or fill \$195,000 of the critical needs list. John Brackett responded that it depends on the marginal increase. They will take the \$400,000 gap and be forced with making internal decisions.

Maureen Valente informed the committee that 81% of the eligible SPS employees take the benefits and 93% of the town employees take the benefits.

Budget Hearing: Lincoln-Sudbury Regional High School

Scott Carpenter, Superintendent, presented the Lincoln-Sudbury Regional High School (LSRHS) non-override budget.

The committee members were provided with a copy of the LSRHS slide show presentation titled "FY12 No Override Budget ~ Lincoln-Sudbury Regional School District".

Scott Carpenter informed the committee that some of the budget assumptions have been updated since they presented the level-service budget on Thursday night. The health insurance rates have now been set, and there will be a 14.5% increase.

Chuck Woodard stated he was struck by the 14.5% increase in health insurance costs. He questioned why the costs for LSRHS are so much higher than the 5.8% increase that the town and SPS are experiencing. Scott Carpenter stated he believes one of the pieces has to do with the plan changes and the change in the percentage split that the town and SPS are responsible for. Bob Jacobson reminded the committee that the town is self-insured, whereas LS collaborates with the Nashoba Group.

Bob Jacobson questioned if LSRHS knows their loss ratio compared to Nashoba, because they might be better off coming out of the group. Scott Carpenter responded that they are looking at other options that are available. Judy Belliveau responded that this has been an unusual year with claims. They have used reserves in the past to keep the increases down for the employees. They have a stop loss of \$225,000. She reviewed the percentage increases over the past few years, as it has been fluctuating.

Chuck Woodard questioned if the teachers taught five classes as opposed to the current four, how this would affect some of the potential cuts that are expected to be made. Scott Carpenter responded that contractually they are obligated to teach four classes. It would result in 20% more sections to go around. Chuck Woodard questioned if it is reasonable to consider this option before the contract expires. Scott Carpenter responded that it becomes a trade-off. There is a reduction in the time they can spend with the students. They will also lose the option of having sections that can be spread around.

Marty Ragonis questioned what the average class size in the basic academic classes will be if all of the projected cuts are made. Scott Carpenter responded that they try to keep the lower grade class sizes smaller. The class sizes will probably average out at 27.

In regards to the reduction in the support staff FTEs, Robert Stein stated since a full-time person is not being cut there will be no savings in benefit costs or a reduction in the head count with these cuts. Scott Carpenter responded that a reduction of 1.0 is when you see the savings. Judy Belliveau reminded the committee that the employees are benefit eligible if their FTE are .5 or higher. Tammie Dufault questioned how many full-time employees are going to part-time, and will have benefits. She knows the information cannot be provided tonight, but she thinks this information would be helpful to have.

Robert Stein questioned if they have the number of out-of-district students, and questioned from which town these students reside. Scott Carpenter stated that there are 207 special education students that are served in house from Sudbury and 41 students from Sudbury who are served out. From the town of Lincoln there are 33 students served in house and 8 out. There are 21 students from Boston who are served in house as well. If you break these down into percentages, it becomes that Sudbury is responsible for 85.3% and Lincoln 14.7%.

Chuck Woodard stated that we are a service business. We are talking about labor and need to look at the productivity. The rate of growth with the LS budget is much more generous than that of the other two cost centers. He stated that they need to look at the teachers taking on more classes. He stated that some teachers are not available at the end of the day even though they are only teaching four classes. Scott Carpenter stated that there are seven sections a day. They teach four out of the seven during the day. The other three sections are used for prepping, grading, and meeting with students. He stated that the school committee has looked at this, and will continue to look at going into the forward.

Bob Jacobson stated that rather than saying that the contracts are or are not generous, he asked for the percentage of teachers that are on the top step. Judy Belliveau responded that 47% are at the top step. Bob Jacobson stated that is half of the problem. Chuck Woodard responded that this does not have anything to do with the rate of growth. He thinks the rate of growth should be slowing down as the employees are no longer eligible for step increases.

Robert Stein stated that Maureen Valente is not taking her salary increase, and that the town and SPS are not going back to their unions. He asked if LS would be having discussions with their unions. Mark Collins, LSRHS school committee, stated that in the contract in existence now there were savings negotiated and growth reduced. \$150,000 in savings was realized with the elimination of the early retirement benefit. The employees' portions of the health premiums were increased. Each teacher carries more students per load compared to three to four years ago. Robert Stein stated since the school committee has been in executive session, is this a code word that something is in the works. Mark Collins stated that since it is executive session he cannot discuss it at this time. The last year of the contract allows a 2% cola across the board and an additional 1% for the top step during the last year of the contract.

Robert Stein questioned the White House Preschool had approximately \$70,000 in funds before it was closed, and asked what happened with these funds. Judy Belliveau stated the amount of funds went down as it was being closed. The remaining funds will be used for renovations to the building.

Robert Stein stated that they were looking at an overlay district last year at putting a pole up, and questioned where they stand now. Mark Collins stated that they are still open to it, and would pursue it. The funds would be available to use for the operating budget.

Scott Carpenter reiterated why not go to five classes. The load use to be 84 and it is now 100. The goal is to have smaller class sizes. If they start teaching five classes and the loads continue to go up, then there is an education disconnect. Robert Stein questioned what the average class load is. Scott Carpenter responded that it is higher than similar districts. He did a survey last year.

Bill Kneeland questioned if funds from the Excess and Deficiency Fund could be applied to the budget. If they can, could the funds be used to cover the reduction in circuit breaker funds? Judy Belliveau stated that the funds could be used since this is an unanticipated budget issue. She reminded the committee that the reserve funds are already low, and that if we use the Excess and Deficiency funds to cover Special Education costs that we will not see a dollar for dollar return. \$380,000 is the amount in the reserves and has been at this amount for a couple of years.

Jim Rao asked for questions from the public. Mike Hollinger, resident, stated that the offset number for the total school budget is \$1,456,000. He asked what is the difference in the offsets for the two towns. Judy Belliveau responded that the figures he is talking about are two completely different sets of revenue figures. The assessment package is the combination of the state aid and transportation funds that come in.

Mike Hollinger also asked when looking down the road if LSRHS has a long-term spending growth limit. Scott Carpenter responded that there is not a set percentage. They have gone through the three year projection like the other cost centers.

Mike Hollinger stated that it is hard to understand cutting FTEs, when we are not working more aggressively to pursue other options. He asked if it is possible to charge fees for some of the elective course such as photography. Scott Carpenter responded that if the course is offered and considered part of the school day, then they cannot charge fees. Fees can be assessed if the student prefers to use better materials, such as in the shop classes.

There being no further business, the committee adjourned at 10:30pm.