

**Town of Concord
Finance Committee –Guidelines Subcommittee
Meeting Minutes - November 21, 2019**

Present: Dean Banfield, Peter Fischelis, Greg Guarriello, John Hickling, Mary Hartman, Dee Ortner, Karle Packard, Christine Reynolds, Phil Swain and Thomas Tarpey

Absent: Richard Jamison, Parashar Patel, Wade Rubinstein, Brian Taylor and Andrea Zall

Others Present: School Committee Members Heather Bout and Wally Johnston; Select Board Member Michael Lawson; School Superintendent Laurie Hunter; Finance Director Kerry Lafleur; School Director of Finance & Operations Jared Stanton; Recording Secretary Anita Tekle

Meeting Opened

Ms. Hartman called the meeting to order in the 2nd Floor Meeting Room at 141 Keyes Road at 7:03 pm. She announced that the meeting was being recorded for later broadcast.

School Budget Presentation

Dr. Hunter introduced the presentation noting that efficiencies and improvements have been identified, and will continue to be identified in the coming months. She considers both the CPS and CCRSD budgets to be level-service, with a continued effort “to maintain and do better with what we have.” Mr. Stanton reviewed the zero-based budget (ZBB) process for CPS, noting that 3-5 years of actual expenses had been reviewed in the following categories: legal services; salaries; class sizes; contracted services (all departments); memberships/fees; professional development; special education; and supplies/materials, textbooks, equipment, software, hardware, leases, copiers, cellphones, vehicles, grants, revolving accounts, transportation, and activity/building use fees.

Mr. Stanton noted that the FY21 CPS budget is level-service, with the exception of special education (SPED). The FY21 increase over FY20 is \$1,392,711 (3.57%), which is above the Finance Committee (FC) guideline (\$1,242,233–3.15%). He reported the following budget drivers (items greater than \$60,000 higher than FY20), noting that in some cases these are offset by reductions or changes in other line items:

Category	Amount	Comments
Salary-Admin	\$ 137,364	Middle School Chair
Salary-Aide	\$ 70,122	Due to steps
Principals	\$ 423,743	3 Asst. Principals added–former teaching positions not back-filled

Salary-Teachers	\$ 349,267	Some transfers to Principals line item
Salary-Tutors	\$ 84,298	Due to steps
Vehicles	\$ 64,137	2 new bus leases
Special Education Tuitions	\$ 312,711	7 fewer students, but Circuit Breaker offset is lower than previous years
Utilities	\$ 104,697	Will have better estimates in the future, following this winter
Total Budget Drivers	\$1,546,338	

Mr. Stanton noted the following FY21 cost savings, by expense type:

Category	Amount	Comments
Contract Services:	-\$166,769	See following 4 items
Special Education	(-\$233,891)	Outside support reduced; doing more in-house
Maintenance	(-\$35,000)	
Special Education Transp.	(\$65,247)	
District-wide toner contract	(\$26,445)	Fixed cost—3 years; offset school supply & contract service lines
Salary—Clerical	-\$67,805	No reductions or additions; change in budget category
Total Cost Savings	-\$234,574	

Mr. Stanton projected early retirement incentive savings for FY20 (\$413,703), FY21 (\$394,659), and FY22 (\$494,177). He noted that these savings are due new staff being hired at lower salary levels. He reviewed the FY21 FTEs, which total 375.59 FTE headcount. He noted that salaries only are included in the CPS budget, since health insurance for CPS employees is included in the Town budget. When asked for the estimated benefit cost, Mr. Stanton estimated 14-15% for health insurance, with no estimate for other benefits. Dr. Hunter agreed to research and provide this number.

Follow-Up: Dr. Hunter/Mr. Stanton to provide an estimated cost of employee benefits, shown as a percentage above salary.

When asked how the 375.59 figure compares to previous years, Dr. Hunter explained that this number was not previously tracked, so this year's number a baseline for moving forward. Mr. Banfield asked how this number compares to the way employee numbers are reported to DESE, and Dr. Hunter responded that the numbers are close. Mr. Hickling commented that ClearGov footnotes that there may be minor differences in reporting these numbers to DESE. Dr. Hunter noted that enrollment numbers are slightly down. Mr. Tarpey asked whether the residency of employees is available, and Dr. Hunter agreed to provide this information.

Follow-Up: Dr. Hunter will provide the residency information for CPS and CCRSD employees.

Mr. Stanton reviewed SPED tuitions (out-of-district (ood) costs), noting that expenses are about the same, but the offsets are about \$300,000 less than last year. He noted that FY20 ood placements are 27 students, while FY21 is projected to be 20 students. Mr. Banfield inquired about CASE Collaborative enrollments, and Dr. Hunter responded that these numbers are also decreasing. SPED transportation costs are not reimbursed by the State, but legislation is pending that may change this in the future. Mr. Stanton noted that SPED ood tuition costs may be pre-paid if a school district has available funds in at the end of the fiscal year (prepaying portions of the following year).

SPED OOD Tuition Type	Amount
Non-Public Tuitions	\$1,454,912
Collaborative Tuitions	\$ 842,748
Total CPS Tuitions	\$2,297,660
SPED OOD Tuition Offsets	
Circuit Breaker	\$ 650,906 (\$950,000 in FY20)
IDEA Grant	\$ 400,000
Total CPS Tuition Offsets	\$1,050,906

Mr. Stanton provided a benchmark data for 13 comparable school districts on enrollment, average household income, FY18 per-pupil expenditures, and FY18 cost of instructional services per student. Ms. Hartman noted that Concord has the third highest per-pupil expenditures and instructional services, but is 8th out of 14 school districts in average household income. Mr. Hickling asked what conclusions could be drawn from the data. Dr. Hunter acknowledged that Concord is on the higher end (but not the highest), and agreed to dive deeper into the data. Mr. Stanton noted that some of the differences may be due to how data is being reported to DESE—there is some flexibility in terms of reporting categories, so we are not necessarily comparing apples to apples. DESE is making changes to improve the accuracy of reporting in the future.

Ms. Reynolds noted that Concord is among the highest in expenditures, but not totally out of the ballpark. She asked what other benchmark numbers are considered. Dr. Hunter responded that peer group contracts are used for comparison purposes during labor negotiations, noting that the benefits vary a lot among the districts. Mr. Fischelis noted that teachers claim that Concord’s benefits are not as good as those offered in other districts, particularly in the area of health insurance. Ms. Ortnier noted that Concord made the conscious decision many years ago to contribute 50% towards the cost of health insurance premiums. It was noted that this was a trade-off for higher salaries. Mr. Johnston commented that there is a difference in the length of service between Concord and other districts—Concord teachers stay an average of 12 years, while the average elsewhere is 10 years. Mr. Tarpey asked whether workload is considered when comparing salaries, noting that CCRSD teachers teach four classes, while most other districts require teachers to teach five classes. Dr. Hunter noted that philosophically the fewer classes allow teachers to spend more direct time with individual students. She noted that Concord also has a teacher-student cap of 90

students, across four classes. Ms. Bout noted the value of having teachers more accessible to students.

Ms. Hartman noted that \$150,000 is provided in the CPS contingency line item to cover unexpected or unknown costs. In response to a question, Dr. Hunter indicated that the \$900,000 in CPS capital expenditures, provided in the Town Manager’s capital budget, is sufficient. She noted that the schools are doing better with preventative maintenance. Mr. Swain thanked Dr. Hunter and Mr. Stanton for the presentation, and for including the benchmark information. He inquired about the bus leases, which appeared to be a change from the past. Mr. Stanton responded that he supports bus leasing (5-year lease-to-own) for CCRSD, since the District receives 70% state reimbursement each year, for the term of the lease. If we purchase a bus, then we receive state reimbursement for only the first year of the 10-year borrowing. In response to a question from Ms. Ortner about electric buses, Mr. Stanton noted that the cost of an electric bus is four times the cost for a gasoline bus. Even with the 70% reimbursement, the cost to the District is much higher.

Mr. Fischelis asked what percentage increase in teacher salary is being considered for FY21. Dr. Hunter responded that this cannot be disclosed since contract negotiations are underway, and it is important that all parties bargain in good faith. The FC acknowledged this sensitivity. She noted that last year there was a 2.5% increase for the first 15 steps, and a 2.75% increase in the last step. Mr. Johnston noted that the School Committee (SC) is negotiating new 3-year contracts for CPS and CCRSD, effective July 1, 2020. Ms. Reynolds urged the SC to take the Sustainable Growth Rate (SGR) into consideration when negotiating contracts. Mr. Fischelis noted that 75% of the 3.57% projected budget increase is due to salaries. Even if all non-salary items are level, it will be impossible to keep costs at the SGR level. Ms. Reynolds remarked that all salaries and benefits are negotiated. Mr. Hickling noted that social security recipients are receiving an increase of 1.6% in 2020.

At this point, the group moved on to the CCRSD budget. Mr. Stanton reported that the same review of 3-5 years of actuals had taken place under the ZBB process. He noted that the ZBB was also done for revenue and health insurance for CCRSD. The total projected budget increase for FY21 over FY20 is \$757,152 (2.18%). Mr. Stanton reported the FY21 budget drivers as follows:

Category	Amount	Comments
Salary-Guidance	\$ 61,167	9 FTEs vs. 10 FTEs
Contract Services	\$ 106,162	(see following 2 items, which account for some of this total)
SPED transportation	(\$62,485)	
Ink Toner Contract	(\$20,569)	
Vehicles/Buses	\$ 61,488	2 new bus leases
Insurance	\$ 72,922	More employees taking the higher-deductible option, so increase is much lower than it otherwise would be.
Salary-Teachers	\$ 873,358	No additions, but lots of moving pieces—steps & lanes=4-5%

		increase, plus COLA increase of 2.5%-2.75%--could be as high as \$12,000 increase if a teacher changes lanes
Salary-Tutors	\$ 141,822	Previously hourly--now salaried
Utilities	\$ 79,122	
Total Budget Drivers	\$1,396,041	

Mr. Stanton noted the following CCRSD FY21 cost savings, by expense type:

Category	Amount	Comments
Charter/School Choice Assessments	-\$ 63,920	Small handful of students; Town carries this cost for CPS
SPED OOD Tuitions	-\$514,071	
Debt	-\$ 97,617	
Total Cost Savings	-\$675,608	

Mr. Stanton projected early retirement incentive savings for FY20 (\$136,505), FY21 (\$130,339), and FY22 (\$165,777). Mr. Stanton indicated that retirements are difficult to forecast. In response to a question whether retirement incentives would be offered again in the future, Dr. Hunter indicated that this was offered as a one-time incentive, so there are no plans to offer an incentive in the near future. This would be a subject for discussion by the SC. Mr. Fischelis noted that Concord's longevity pay is very generous when compared to other communities. Mr. Johnston indicated that the SC is interested in reducing this cost. Mr. Stanton indicated that utility costs were under budgeted last year, so the increase is budget correction.

Mr. Stanton reported that the FY21 CCRSD FTEs are 203.78. The Grant/Revolving Account salary offsets are for METCO salaries (\$190,311) and for the Campus Monitors (\$50,000 from the parking lot revolving account, with the balance used to pay for plowing and parking lot maintenance). Mr. Stanton reported on the following SPED ood tuitions paid and offsets:

SPED OOD Tuition Type	Amount
Non-Public Tuitions	\$2,690,850
Collaborative Tuitions	\$ 85,000
Total CCRSD Tuitions	\$2,775,850
SPED OOD Tuition Offsets	
Circuit Breaker	\$ 656,371
IDEA Grant	\$ 300,000
Total CCRSD Tuition Offsets	\$ 956,371

He noted that there are 41 ood SPED students in FY20, and 35 are projected for FY21. Dr. Hunter indicated that it is difficult to predict whether new SPED students will be coming to CCRSD due to moving into the district. Mr. Stanton provided benchmark data for 11 comparable school districts on enrollment, average household income, FY18 per-pupil expenditures, and FY18 per-pupil cost of instructional services. Ms. Hartman noted that we are on the high end of per-pupil expenditures, but at the mid-point of household income. Mr. Swain noted that Lincoln-Sudbury has a Principal/Superintendent for the regional high school, but separate Superintendents for K-8.

Dr. Hunter reported that she is comfortable with the level service budget at the high school. In response to a question as to whether there are programs that she would like to fund that were unable to be included, Dr. Hunter said that she is happy with the programs that we currently have at the high school. She is still interested in expanding the parking at the high school, and will most likely include a warrant article on the 2020 Warrant. Ms. Hartman asked what has changed since this request failed to pass at last year's town meeting. Dr. Hunter indicated that the need has not changed, and she continues to speak with students to come up with solutions. Ms. Ortnier suggested changing the timing of the buses, to better accommodate student needs. Dr. Hunter responded that the students are driving to school and just parking all over downtown Concord. Mr. Hickling asked whether there is an environmental offset being planned, if parking were to be expanded. Dr. Hunter indicated that this is under discussion with the SC.

In response to a question from Mr. Packard, Dr. Hunter indicated that they are still working off of a campus plan that was done in the last couple of years. It's a complex issue with lots of components—parking, paving, track, greenhouse, etc. Mr. Swain urged Dr. Hunter to discuss the parking and paving work with the Dept. of Public Works, to obtain better cost estimates. Mr. Banfield commented that there are a wide range of opinions about the high school, and he does not buy into the argument that there is a safety issue with students parking downtown. He lives in the neighborhood, and walking from downtown to the high school is not unsafe. He urged the SC to not promote the idea that parking on campus is safer.

Mr. Swain asked what is being done to make sure that Carlisle pays its fair share of the CCRSD costs. Dr. Hunter indicated that this is still under discussion. Mr. Banfield indicated that he met with Select Board member Terri Ackerman and Town Manager Steve Crane, and provided Mr. Crane with the list of high school costs borne by Concord alone that was prepared by former Town Manager Chris Whelan last year. Mr. Crane felt that the effort required to recoup some of the costs would be considerable for the amount of money. He noted that rent for the bus depot is being considered, but he was not enthusiastic about pursuing this issue.

Next Meeting

Ms. Hartman indicated that there will be a vote on the final guideline at the next meeting, noting that the CPS budget is about \$150,000 above the preliminary guideline, while the CCRSD budget is about \$150,000 below the guideline. The Town budget is at the guideline. She asked members to think about what action to take at the meeting.

Adjournment

The meeting adjourned at 9:16 pm.

Respectfully submitted,

Anita S. Tekle
Recording Secretary

Documents Used or Referenced at Meeting:

- Superintendent's FY21 CPS Recommended Budget (dated 11.21.2019)
- Superintendent's FY21 CCRSD Recommended Budget (dated 11.21.2019)
- Superintendent's FY21 CPS Recommended Line Item Budget
- FY21 CCRSD Projected Revenue