

**TOWN OF SALEM  
BOARD OF FINANCE  
REGULAR MEETING MINUTES  
THURSDAY, MARCH 12, 2020 – 7:00 P.M.  
SALEM TOWN OFFICE BUILDING**

**PRESENT**

William “Skip” Dickson, Chairman  
Marshall Collins, Clerk  
Corinne (Cory) Bourgeois  
Deborah Cadwell  
Janet Griggs  
Hernan Salas  
John Bernier, Alternate  
Maryann Casciano, Alternate

**ABSENT**

Michael Jensen, Alternate

**ALSO PRESENT**

First Selectman Kevin Lyden  
Acting Selectman Ed Chmielewski

**CALL TO ORDER:**

Chairman Dickson called the meeting to order at 7:04 p.m.

Chairman Dickson noted, for the record, that Alternate Board Member Dean Wojcik was present, but had to depart due to work.

**RECOGNITION OF VISITORS:** *none*

**SEAT ALTERNATE IF NEEDED:** *none*

**COMMUNICATIONS:**

- a. Copies of several articles regarding how other towns are utilizing early retirement incentives as a possible budgetary tool.

**AGENDA:**

**1. APPROVAL OF MINUTES: FEBRUARY 27, 2020 REGULAR MEETING:**

**M/S/C: Griggs/Collins, to approve the Board of Finance February 27, 2020 Regular Meeting Minutes. Discussion: None. Voice vote, 4-0-2. Voting in Favor: Board Members Bourgeois, Cadwell, Collins, and Dickson. Voting in Opposition: None. Voting in Abstention: Board Members Griggs and Salas.**

**2. PUBLIC COMMENTS:** *none*

**3. TREASURER’S REPORT**

- A. REVENUE SUMMARY**
- B. TRIAL BALANCE**
- C. FUND BALANCE**
- D. OTHER**

In lieu of Treasurer Pamela Henry, First Selectman Lyden presented the Treasurer's Report, reviewed the highlights, and provided the following responses to their respective questions regarding the following line items which are over-budgeted:

Line Item 4-097-076 – Miscellaneous, Miscellaneous – to be investigated

Line Item 5-240-625 – Public Safety, Alarm Maintenance – The line item may be over-budgeted due to the replacement of one or part of one of the systems located in one of the Town buildings; the Department is expected to be within budget at the end of the fiscal year.

Line Items 5-220-215 – Gardner Lake Volunteer Fire Company, Professional Fees and 5-222-218 – Salem Volunteer Fire Company, Contractual Services – To date, neither of the Fire Companies have submitted a request for additional appropriations; both Fire Companies are expected to be within budget at the end of the fiscal year.

#### **4. SELECTMAN'S REPORT**

First Selectman Lyden reported that he has reviewed the updated copy of the East Lyme Cooperative Agreement and spoke with East Lyme School District Director of Finance, Marketing and Growth Management Maryanna Stevens who provided an explanation regarding the tuition for the current and projected fiscal years. While the 6.2% increase may seem high, it does appear to be correct. The cost fluctuates from year-to-year depending upon the number and make-up of the students. Approximately \$74.00 per child is added for fire and police services. He felt that the Town should work on sharing the expertise of others and search for regional approaches, including negotiations. The Agreement between the BOE and Teachers Union, dated July 2019, states,

The optimum instruction group size for kindergarten through Grade 3 shall be 1:25 and in Grades 4 through 8, the optimum instructional group size shall be 1:27. When any instructional group reaches the optimum, a paraprofessional shall be provided.

While he understands that people would like to have smaller class sizes, it is important to remember that it is the Board's job to craft a budget that is fair for the Town and the 1,700 families or 4,200 people who reside in the Town. Knowing that additional funds must be allocated to East Lyme, he felt that the majority of the residents would accept a 1 mil tax increase. He noted that the Mobile Food Pantry, which serves an average of 110 families per month, provides food to approximately 30 Salem residents, many of whom are homeowners and are on payment plans for their taxes. He stated that the School has numerous Step 12 teachers who earn \$87,281.00. In comparison, East Lyme's Step 12 teachers earn \$81,548.00. Such salaries preclude the School from having the small classes they are requesting. He suggested the possibility of instituting a \$25,000.00 early retirement teacher incentive program and allocating funds for six to eight teachers, totaling \$150,000.00 to \$200,000.00. The incentive would result in a one-time cost and solve a recurring problem. A new teacher would cost approximately \$46,000.00.

Hourly updates are being made regarding the Coronavirus, COVID-19; it will be a difficult few months, at the very least. He has met with Uncas Health District Director of Health Patrick McCormack and Contingency Plans have been devised for the School, Pharmacy, and Emergency

Operations. The Easter Egg Hunt, Recreation and Library programs have been canceled and the Salem Road Race will, most likely, be canceled next week. He will be reviewing the Town Charter and speaking with the Town Attorney regarding the upcoming Public Hearing and Referendum. To date, no plans have been made to close the School. Should it close, it will be for a minimum of two weeks. The Governor has issued an exemption to the 180-day education rule and the school year will not go beyond June 30. He was unsure at this time as to the effects the school closure would have on the teachers' salaries. With respect to the Town, should an emergency be declared, the First Selectman has the ability to expend funds, as necessary, to take care of the residents of the Town. Concerns include the need for food and medicine for those who are under self-quarantine. The local pharmacy is open to delivering prescriptions and additional Town personnel could be made available to help with those deliveries. He felt that all of the Town's departments would be able to function without the public entering into the building. There are no plans to issue any furloughs at this time. Other issues include the handling of the presidential primaries and absentee ballots, holding the Mobile Food Pantry, and providing food for students on the free breakfast and lunch programs. There will be costs involved to deal with the crisis and whether the funds would be reimbursed is debatable. This, he stated, is one of the reasons why the Town must maintain a healthy Unassigned Fund Balance. He recommended everyone read and follow the recommendations and receive any updated information regarding the virus by visiting the CDC (Center for Disease Control) website.

The Public Works Department continues to be busy as the spring season begins. Due to the mild winter, the salt shed is full. One of the main issues the Town is experiencing is the amount of litter on the roads; local businesses, organizations, and individuals are being encouraged to adopt part or all of a road. One bright side, if any, to the Coronavirus is that he has locked in their oil prices, which is the lowest it has ever been since he began his tenure as First Selectman.

Board Member Griggs proposed the possibility of allowing the public to send in their comments and having them recited should they need to suspend the requirement for holding in-person open meetings.

## **5. AUDITOR PRESENTATION FOR FY2018/19**

First Selectman Lyden introduced Joseph Centofanti and Katherine Patnaude from PFK O'Connor Davies, LLP, who provided a presentation regarding the audit for the fiscal year ending June 30, 2019. He also introduced the Town's CPA Eric Christiansen.

The Auditors reviewed the Town's Financial Report, State Single Audit Report, Required Communications, and Recommendations. Partner Centofanti provided a brief overview of the Town's Financial Report, which includes the Auditors' level of responsibility; supplementary information, including trend information, and; an executive summary, which includes the year's financial highlights in relation to the previous year. He recommended that the Board consider adopting a Fund Balance Policy to provide the Board with general guidelines regarding the amount that should be placed in their Unassigned Fund Balance and the expenditure of those funds. He reported that their opinions on the Financial Statements are unmodified, i.e., the

financial statements are presented, in all material respects, in accordance with applicable financial reporting framework.

Senior Audit Manager Patnaude reviewed the 10-year history of the Town's Unassigned Fund Balance, which reflects its growth over the years. In relation to comparable Towns, the Unassigned Fund Balance and Credit Rating shows that the Town is within the average. In addition, the Town's General Fund Operations reflects that the Town's revenues were higher than budgeted and its expenditures were lower than budgeted. The Town's tax collection rate was at 99.3% in 2019, which is higher in comparison to that of other towns and the State's average. The Town's outstanding tax receivables have also been decreasing over the years. The Town's Long-Term Liabilities includes the Other Post Employment (OPEB) Liability, which is related to the blended premium payment by non-active teachers.

A Single Audit Report was conducted on the State Grants that were received and an unmodified opinion on compliance was expressed. Similarly, the Auditors tested the Town Aid Road (TAR) Grants with no findings or questions.

As required, they communicated that the Town's significant estimates include the OPEB Liability and Capital Asset Lives; the disclosures in the Financial Statements are neutral, consistent, and clear; they requested and received management representations; had no material corrected or uncorrected misstatements, and; they are independent of the Town.

The Auditors provided the following recommendations:

Purchasing accounts payable for both the Town and Board of Education (BOE) – Currently, the Accounts Payable personnel are able to enter new accounts into the system. As such, they recommend that the Town conduct a monthly review of their vendor report and that the BOE add an approval process for adding new vendors into the system.

Town Clerk Restrictive Funds – Currently, the revenue and expenditures are recorded directly into the Fund Balance. They recommend the funds be deposited into a Special Revenue Fund, e.g., Town Grants Fund.

General Entries – All general entries that are prepared should be formally approved by Town personnel and all supporting documentation should be maintained at the Town.

New GASB (Governmental Accounting Standards Board) Statements include:

GASB 90, effective 2020, Majority Equity Interests – not expected to be relevant to the Town  
GASB 87, effective 2021, Leases – all leases will be required to be recorded, including operating leases

GASB 89, Accounting for Interest Cost Incurred before the End of a Construction Period – no concerns expected

GASB 91, effective 2022, Conduit Debt Obligations – not expected to be relevant to the Town

First Selectman Lyden informed the Board that he has spoken with the Auditors and the CPA regarding the Town's interest in utilizing part of their Unassigned Fund Balance for one-time

Capital expenses, e.g. the Town, Library, and School fuel tanks, BOE's East Lyme High School (ELHS) student tuitions for SY2020/21, and/or the teachers' early retirement incentive. Clerk Collins questioned whether a multi-year use of the Unassigned Fund Balance would be an acceptable accounting practice, such as the funding for the additional ELHS students for the duration of their schooling or offering a multi-year teachers' retirement incentive program. In response, Partner Centofanti stated that, from an accounting perspective, the Unassigned Fund Balance may be utilized for whatever items the Board agrees upon, but from a ratings perspective, it is recommended that the funds be utilized for one-time expenses or Capital items, rather than as a mechanism to balance the budget. He felt that it would be acceptable to utilize the funds for a specific, short-term cost. To determine the adequate amount that should be maintained in the Town's Unassigned Fund Balance, the Town's finances would need to be further reviewed, with respect to its future spending plans, including any upcoming Capital expenditures, over the next five years.

## **6. ACT ON PROPOSED APPROPRIATIONS FOR FY2020/21**

First Selectman Lyden presented the proposed appropriations for the following budgets, which reflect a total increase of \$58,414.00 or 2.4%.

### **A. DEPARTMENT #100 SELECTMAN'S DEPARTMENT**

A flat budget was presented for Department #100 – Selectman's Department. Line Item 5-100-401, Other Expenses, includes the cost for flowers that are sent to the families of those who recently passed away.

**M/S/C: Collins/Cadwell, to approve the appropriation of funds in the amount of \$7,480.00 for Department #100 – Selectman's Department, subject to review and/or revision, pending approval at the Board of Finance's March 19, 2020 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.**

### **B. DEPARTMENT #105 SALARIES**

Department #105 – Salaries includes the salaries for 14 full-time employees, 8 of whom are members of a Union and account for 43% of the payroll. The Department reflects an overall decrease of 0.94%. Line Item 5-105-122, Animal Control, may be deleted. At his request, the Board of Selectman voted to add a line item to provide an annual stipend of \$6,000.00 for the Acting Selectman. He commended the Town Hall staff, which is now more educated and experienced than in years past and has improved the services they provide to the public. A 3% cost of living salary increase, with the exception of the EMT/Maintenance line (Line Item 5-105-121) and Library Salaries (Line Item 5-105-123), is included. The salaries for the On-Call Program (Line Item 5-105-119) is being moved to Department #240 – Public Safety. While he enjoys serving the Town as the First Selectman, he felt that the Town should eventually move towards a Town Manager with adequate business credentials and experience to serve the Town's day-to-day needs.

**M/S/C: Collins/Salas, to approve the appropriation of funds in the amount of \$1,202,258.00 for Department #105 – Salaries, subject to review and/or revision,**

**pending approval at the Board of Finance's March 19, 2020 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.**

**M/S/C: Griggs/Collins, to remove Line Item 5-105-122, Animal Control. Discussion: None. Voice vote, 6-0, all in favor.**

**C. DEPARTMENT #126 TOWN COUNSEL**

An increase of \$4,500.00 or 22.39% is being proposed for Department #126, Town Counsel due to the finalization of the Fire Contract and the upcoming contract negotiations for Public Works employees. The Town is now in compliance with the FLSA (Fair Labor Standards Act). The Board was reminded that an additional appropriation of \$20,000.00 was provided for the current fiscal year for the Department due to issues related to the Fire Company(ies).

**M/S/C: Collins/Bourgeois, to approve the appropriation of funds in the amount of \$24,600.00 for Department #126 – Town Counsel, subject to review and/or revision, pending approval at the Board of Finance's March 19, 2020 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.**

**D. DEPARTMENT #134 TOWN OFFICE OPERATION**

The proposed budget for Department #134, Town Office Operation, includes an increase of \$6,140.00 or 6.29% due to the addition of \$5,000.00 for Cleaning Service and Supplies (Line Item 5-134-259) for the Town Hall, Library, and Center School; the expenses were moved from the BOE budget. The budget also includes an increase for Line Item 5-134-212, Town/Commission Advertising, which includes the cost of legal notices for Town Meetings and Public Hearings.

**M/S/C: Griggs/Collins, to approve the appropriation of funds in the amount of \$103,800.00 for Department #134 – Town Office Operation, subject to review and/or revision, pending approval at the Board of Finance's March 19, 2020 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.**

**E. DEPARTMENT #135 MUNICIPAL BUILDING MAINTENANCE**

An increase of \$1,070.00 or 2.19% is being requested for Department #135, Municipal Building Maintenance. While Line Items 5-135-210, Building Grounds Contracts and 5-135-6135, Quarterly Water Testing for Town Hall, Library, Round Hill Road Concession Stand, Center School, and Gadbois Field are being reduced, the costs for the maintenance of all of the Town Buildings and Grounds (Line Item 5-135-609) is being increased by \$2,000.00.

**M/S/C: Collins/Griggs, to approve the appropriation of funds in the amount of \$49,900.00 for Department #135 – Municipal Building Maintenance, subject to review and/or revision, pending approval at the Board of Finance's March 19, 2020 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.**

**F. DEPARTMENT #138 EMPLOYEE BENEFITS**

The proposed budget for Department #138, Employee Benefits includes an increase of \$30,504.00 or 8.33%. By outsourcing and shifting select positions from full- to part-time, the

Town has gained significant savings since FY2011/12, when the Department total was \$416,018.00. The employee insurance contribution ranges from 14 to 20%. The Department also includes a line item for the Firemen Awards (Line Item 5-138-805) or Stipends for volunteer firefighters who do not own real property in the town; those who own real property receive a tax incentive for their service.

**M/S/C: Collins/Griggs, to approve the appropriation of funds in the amount of \$396,517.00 for Department #138 – Employee Benefits, subject to review and/or revision, pending approval at the Board of Finance’s March 19, 2020 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.**

#### **G. DEPARTMENT #140 UTILITIES**

Department #140, Utilities, reflects an increase of \$5,894.00 or 3.99% and includes the utilities for the telephone, heat, electricity, and/or gas for the Town Hall, Library, Gardner Lake and Salem Volunteer Fire Companies, Ambulance, Transfer Station, Public Works, and recreation fields. While it is unknown as to how much, if any, savings will be gained from the installation of the new Library HVAC system, the maintenance costs should significantly decrease. Solar panels are installed on the Town Hall, Salt Shed, Library, and Gardner Lake Volunteer Fire Company buildings. The Board agreed to revisit the possibility of separating/combining the line items that correlate to each of the Town’s entities, such that the Board and the public are aware of the total costs for the Library, Town Hall, Fire Companies, etc.

**M/S/C: Collins/Salas, to approve the appropriation of funds in the amount of \$153,538.00 for Department #140 – Utilities, subject to review and/or revision, pending approval at the Board of Finance’s March 19, 2020 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.**

#### **H. DEPARTMENT #152 TOWN SERVICES**

The proposed budget for Department #152, Town Services, includes an increase of \$8,229.00 or 8.09%. One of the most significant increases derives from Line Item 5-152-813, Gardner Lake Authority, which is funded by the Towns of Salem (60%), Montville (30%), and Bozrah (10%). The Authority monitors the water quality and manages the police patrolling of the Lake. The Board of Selectman cut their requested amount by \$2,000.00 as the Town continues to work with CT DEEP (Connecticut Department of Energy and Environmental Protection), who, he felt, should be the entity that polices the State-owned Lake. To resolve the Lake’s recent issues, the Town’s Resident State Troopers have provided aid to deal with the issues that arose, the Board of Selectmen voted in favor of posting No Parking/Tow Away zones on Lake View Avenue from June 15 to September 15, and the property owner who was utilizing his property for a paid parking area was cited. The Authority, which is made up of three members from each town, was instituted through the State Legislature and presents a bill to the Town in June. Following a brief discussion regarding their budget, the line item was reduced by \$3,102.00.

The production and publishing of the Town's quarterly *Our Town Salem* paper is funded through Line Item 5-152-816, Community Events; the cost is partially offset by advertising.

**M/S/C: Collins/Bernier, to approve the appropriation of funds in the amount of \$106,893.00 for Department #152 – Town Services, subject to review and/or revision, pending approval at the Board of Finance's March 19, 2020 Regular Meeting. Discussion: The budget for Line Item 5-152-813, Gardner Lake Authority, will be increased by \$100.00 from their FY2019/20 budget, for a total of \$8,000.00 for FY2020/21. Voice vote, 6-0, all in favor.**

**I. DEPARTMENT #157 REGIONAL SERVICES**

Department #157, Regional Services, includes an increase of \$1,666.00 or 16.33%, due to the addition of Line Item 5-157-828, Homeless Shelter, for \$1,000.00 and an increase of \$666.00 for Line Item 5-157-822, Adult Education, which is a pass-through Grant to the Board of Education that is reimbursed by the State.

**M/S/C: Collins/Griggs, to approve the appropriation of funds in the amount of \$11,869.00 for Department #157 – Regional Services, subject to review and/or revision, pending approval at the Board of Finance's March 19, 2020 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.**

**J. DEPARTMENT #310 PUBLIC WORKS**

The proposed budget for Department #310, Public Works, includes an increase of \$11,750.00 or 4.59%, due to Line Item 5-310-441, Field Maintenance to accommodate for the Town-owned Bingham/School field upgrade, as discussed with the BOE, who requested the item be included in their Capital Plan. The soil has been tested and a proposal has been provided. The process is expected to take up to three years and will include placing lime, aerating, over-seeding, and placing school-approved fertilization. A large portion of Line 5-310-634, Oil/Road Repairs, includes tree removal and any necessary road repairs.

**M/S/C: Collins/Griggs, to approve the appropriation of funds in the amount of \$267,950.00 for Department #310 – Public Works, subject to review and/or revision, pending approval at the Board of Finance's March 19, 2020 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.**

**K. DEPARTMENT #410 TRANSFER STATION**

Department #410, Transfer Station, includes an increase of \$41.00 or 0.03%. The increase in recycling items has helped decrease the bulky waste hauling costs. The water is tested (Line Item 5-410-628) quarterly at the Transfer Station for any possible leeching when the property was used as a landfill. It was noted that the budget for the Department is a significant decrease from FY2009/10 when it was budgeted for \$190,686.00.

**M/S/C: Collins/Griggs, to approve the appropriation of funds in the amount of \$161,142.00 for Department #410 – Transfer Station, subject to review and/or revision, pending approval at the Board of Finance's March 19, 2020 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.**



**L. DEPARTMENT #925 Capital Reserve Account**

**M/S/C: Collins/Salas, to approve the appropriation of funds in the amount of \$1.00 for Department #925 – Capital Reserve Account, subject to review and/or revision, pending approval at the Board of Finance’s March 19, 2020 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.**

**M. DEPARTMENT #926 Open Space Land Acquisition**

**M/S/C: Collins/Salas, to approve the appropriation of funds in the amount of \$1.00 for Department #926 – Open Space Land Acquisition, subject to review and/or revision, pending approval at the Board of Finance’s March 19, 2020 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.**

*The Board Members took short break at 8:54 p.m.; the meeting resumed at 8:57 p.m.*

**7. REVIEW AND ACT ON BOARD OF EDUCATION (BOE) BUDGET**

In comparing the BOE budget requests for surrounding towns, including East Lyme, Montville, New London, Groton, Ledyard, and Norwich, Clerk Collins reported a range between 0.64% (Groton) to 9.47% (Norwich).

The Board agreed to move the BOE technology hardware in the amount of \$106,348.00 to the Town’s FY2020/21 Capital Plan. Discussion ensued regarding the need to specifically identify the line item purchases. In response to the Board’s questions, BOE Chairman Sean Reith clarified that the hardware includes iPads, Desktop Computers, Chromebooks, and Smartboards. An inventory of their current equipment and warranty data has been compiled and the BOE Budget Subcommittee is working with the Administration to devise a long-range plan for the refresh cycle of their existing equipment. It is unknown as to whether the life expectancy of each piece of equipment is indicated on the list. A prioritized list will be provided to the Board in the near future. After moving the \$106,348.00 for the technology hardware to the Capital Plan, the BOE’s proposed budget request increase was reduced to \$900,594.00.

A Personnel/Contract Negotiations Subcommittee and BOE Special Meetings have been scheduled for Monday, March 16; one of the items on the agendas include the Network Contract. It was clarified that the previous five-year contract has expired and they are currently working on a month-to-month basis with the vendor while the contract renewal negotiations continue. He confirmed that the BOE has a policy requiring the obtaining of multiple bids for large contracts and, at the Administration’s request, the BOE granted them with the ability to engage in a single-source negotiation, but were instructed not to execute the contract. It is expected that the possibility of sending the contract out to bid will be discussed at the Special Meetings.

Extensive discussion ensued regarding the Town’s revenues, the amount of funds to allocate from the Town’s Unassigned and/or Assigned Fund Balances, how much to increase the mil rate, and how much to cut from either the General Government and/or BOE’s requested proposed budgets to balance the FY2020/21 budget. The Board agreed to fund the following items for the BOE, some of which are included in the General Government’s proposed budget:

|                               |              |                                   |
|-------------------------------|--------------|-----------------------------------|
| East Lyme High School Tuition | \$522,917.00 | (non-negotiable)                  |
| Out of District Services      | \$126,281.00 | (non-negotiable)                  |
| Technology Hardware           | \$106,348.00 | (moved to FY2020/21 Capital Plan) |
| Bingham/School Field Upgrade  | \$11,000.00  | (moved to Public Works)           |
| Cleaning Supplies             | \$5,000.00   | (moved to Town Office Operation)  |
| Weekend Custodian             | \$5,000.00   | (moved to Recreation)             |
| Fuel Tank De-/Re-Installation | TBD          |                                   |

The feasibility of offering a teachers' retirement incentive was briefly discussed as a cost-saving measure for, not only the FY2020/21, but also future, budgets. BOE Chairman Reith stated that the Administration is putting together possible package options for discussion at their upcoming Personnel/Contract Negotiations Subcommittee and BOE Special Meetings. Depending upon the criteria, the number of teachers to whom the incentive would be offered varies, but he estimates that at least 10 teachers, who are at the top level, would be eligible. He added that the BOE would need the Town's help to fund the incentive due to the BOE's lack of unencumbered funds. Clerk Collins noted that one element the Board must consider when offering a teachers' retirement incentive is how much or what portion of their retirement funds would affect the Town's pension liability and/or how much the Town would be responsible for in the future should the State decide to place, at least, part of the burden on the towns.

Selectman Chmielewski commended the Boards of Finance and Education for thinking outside of the box and explained the teachers retirement incentive as he understands it, the need to identify the target savings amount, the pool of qualified individuals, the incentives they would receive, and the overall savings that could be gained from offering the incentive.

In response to Board Member Casciano who questioned the addition of \$126,492.00 for the two additional teachers, BOE Chairman Reith stated that the amount was determined by the School Administration and the Business Manager and includes their benefits.

In addition to the BOE budget, the Town's General Government proposed budget increase of approximately \$104,264.00, including the revaluation, must also be considered as well as the question as to how much the Board Members are willing to raise the mil rate. Board Member Salas stated that he would like to, first and foremost, review the Town's revenues before further discussing the budget, adding that he would not support an increase of more than 7% for the BOE and would support a 1 mil tax increase. Discussion ensued regarding the number and make-up of the students in each of the classes and the need for additional teachers vs. aides. Board Member Casciano added that it appears that more and more of their funds are being dedicated to special education (SPED) students at the expense of the regular education students. BOE Chairman Reith concurred, stating that year after year, 80% of the line item adjustments are moved from instructional supplies for the K-8 students to fund Out-of-District or SPED Costs. In reviewing the budget, Board Member Casciano determined that an average of one in four students has been designated as a SPED student, which is not sustainable and is the crux of the problem. It was noted that the SPED program also includes those children who are on 504 plans and receive

additional help. While the issue is not unique to Salem, the small fluctuations in such a small town result in an outsized and disproportionate impact. Further exacerbating its effect is the reputation the School District has developed for providing an exemplary SPED program, making it much sought after for those who require such services and motivating families to move to the Town. BOE Vice-Chairman Sam Rindell felt that Board Member Casciano has articulated their struggles very well. Because SPED requirements are mandated by the State, the Town's BOE has very little control and, despite Director of Student Services Donna Gittleman's efforts, the influx of SPED students and/or the increase in costs result in cuts to the regular education students and, as the result, they are receiving a less than adequate education. First Selectman Lyden stated that the formula for SPED is frustrating for all municipalities who must pay for the high cost of educating SPED students and reiterated the need for the legislators to vote to shift the burden of proof to alleviate some of these issues. Board Member Griggs reported that Director of Student Services Gittleman has gained some interest in offering niche tuition-based programs to surrounding districts. BOE Vice-Chairman Rindell expressed caution in offering such programs as it could encourage the families of those children to move to the Town which would, then, incur 100% the child's education.

In reviewing the numbers, Clerk Collins stated the difficulty in obtaining a goal of a 1 mil increase, given the ELHS Tuition, Out-of-District Costs, and General Government budget increases as well as the projected revenue. The ELHS Tuition and Out-of-District costs, alone, amount to a 6.25% or 1.68 mil increase. He felt that there are areas within the BOE budget that could result in substantial savings, including the no-bid contract and teachers' retirement incentive. BOE Chairman Reith applauded the Board Members and their approach to the budget.

## **8. COMMITTEE REPORTS**

**A. BOE** – *no updates; no report*

**B. EMERGENCY SERVICES** – *no report*

Board Member Salas proposed, and the Board Members agreed, to the possibility of adding the Pledge of Allegiance to their future meetings.

**M/S/C: Salas/Collins, to institute the recitation of the Pledge of Allegiance at the beginning of their Board of Finance Meetings. Discussion: None. Voice vote, 6-0, all in favor.**

**OLD BUSINESS:** *none*

## **ADJOURNMENT**

**M/S/C: Salas/Collins, to adjourn the meeting at 10:01 p.m. Discussion: None. Voice vote, 6-0, all in favor. Meeting adjourned.**

Respectfully Submitted by: Agnes T. Miyuki, Recording Secretary for the Town of Salem