

**TOWN OF SALEM
BOARD OF FINANCE
REGULAR MEETING MINUTES
THURSDAY, MARCH 10, 2022 – 7:00 P.M.
SALEM TOWN HALL – CONFERENCE ROOM 1**

PRESENT

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

ABSENT

Matt Rucci

ALSO PRESENT

First Selectman Ed Chmielewski

CALL TO ORDER

Chairman Dickson called the meeting to order at 7:05 p.m.

PLEDGE OF ALLEGIANCE

RECOGNITION OF VISITORS: *none*

SEAT ALTERNATE IF NEEDED:

**M/S/C: Collins/Cadwell, to seat Alternate Board Member Bernier for Board Member Rucci.
Discussion: None. Voice vote, 6-0, all in favor.**

COMMUNICATIONS:

1. E-mail correspondence between Board Member Collins and Tom Hennick, Public Education Officer, Freedom of Information Commission, regarding FOIA (Freedom of Information Act) Requirements
2. E-mail response from Board of Education (BOE) Chairman Sean Reith in response to questions posed by the Board of Finance

ALTERATIONS TO THE AGENDA:

M/S/C: Collins/Bourgeois, to add the following item to the Agenda:

OLD BUSINESS

- 1. Discussion of FOI and BOF Subcommittees and Liaisons**

Discussion: None. Voice vote, 6-0, all in favor.

AGENDA:

1. APPROVAL OF MINUTES:

a. FEBRUARY 24, 2022 BOARD OF FINANCE REGULAR MEETING

M/S/C: Collins/Bourgeois, to approve the February 24, 2022 Board of Finance Regular Meeting Minutes. Discussion: None. Voice vote, 6-0, all in favor.

2. PUBLIC COMMENTS: *none*

3. ACT ON PROPOSED APPROPRIATIONS FOR FY2022/23

A. REVENUES

The Board Members reviewed the FY2022/23 Proposed Revenues. Board Member Griggs proposed the possibility of including the revenue and expenses for the ARPA (American Rescue Plan Act) Funds as an addendum to the budget, with any necessary notes. The Treasurer will be consulted with regarding the reporting of the BOE's ESSER (Elementary and Secondary School Emergency Relief) Funds (Department 92 – State/Federal Grants, Line Item 038, Miscellaneous) and the increase of \$21,000.00 in Department 92 – State/Federal Grants, Line Item 004, PiLOT (Payments in Lieu of Taxes).

M/S/C: Collins/Cadwell, to approve the appropriation of funds in the amount of \$12,572,255.00 for Department #91 – General Property Taxes, subject to review and/or revision, pending approval at the Board of Finance's March 24, 2022 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.

M/S/C: Collins/Cadwell, to approve the appropriation of funds in the amount of \$517,233.00 for Department #92 – State/Federal Grants, subject to review and/or revision, pending approval at the Board of Finance's March 24, 2022 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.

M/S/C: Collins/Cadwell, to approve the appropriation of funds in the amount of \$2,548,749.00 for Department #93 – State/Federal Grants for Education, subject to review and/or revision, pending approval at the Board of Finance's March 24, 2022 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.

M/S/C: Collins/Cadwell, to approve the appropriation of funds in the amount of \$131,000.00 for Department #94 – Licenses & Permits, subject to review and/or revision, pending approval at the Board of Finance's March 24, 2022 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.

M/S/C: Collins/Cadwell, to approve the appropriation of funds in the amount of \$21,900.00 for Department #95 – Charges for Current Services, subject to review and/or revision, pending approval at the Board of Finance's March 24, 2022 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.

M/S/C: Collins/Cadwell, to approve the appropriation of funds in the amount of \$6,000.00 for Department #96 – Revenue from use of Town Money, subject to review and/or revision, pending approval at the Board of Finance’s March 24, 2022 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.

M/S/C: Collins/Cadwell, to approve the appropriation of funds in the amount of \$28,000.00 for Department #97 – Miscellaneous Revenue, subject to review and/or revision, pending approval at the Board of Finance’s March 24, 2022 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.

M/S/C: Collins/Cadwell, to approve the appropriation of funds in the amount of \$15,805,137.00 for the total Revenue for FY2022/23, subject to review and/or revision, pending approval at the Board of Finance’s March 24, 2022 Regular Meeting. Discussion: None. Voice vote, 6-0, all in favor.

M/S/C: Collins/Griggs, to attach addendums of the COVID-19 Relief Funding received by the General Government (ARPA), Salem Free Public Library, and Board of Education (ESSER) to the proposed FY2022/23 Budget, for informational purposes only. Discussion: The funding and its expenditures are maintained separately from the budget. Voice vote, 6-0, all in favor.

b. BOARD OF EDUCATION BUDGET

Superintendent of Schools Brian Hendrickson acknowledged the Town’s First Annual Board of Finance Appreciation Day and presented a gesture of their appreciation for the Board’s hard work and efforts and their role in the Town.

BOE Chairman Reith presented the proposed BOE Budget for FY2022/23. In contrast to previous years, this school year brought along new changes, including the hiring of a new Superintendent and Director of Student Services.

Overview

The FY2022/23 proposed BOE budget is \$11,515,624.00, an increase of \$464,738.00 or 4.21%. The increases are offset by a decrease of \$41,179.00 or 1.26% due to a reduction in the number of students slated to attend East Lyme High School. The bulk of the increase is centered on the Out of District Services (\$301,584.00 or 39.74%).

Challenges

The BOE encountered numerous challenges during the development of the proposed budget, including:

Healthcare Costs – The BOE’s insurance provider informed them of a 60% or \$350,000.00 to \$400,000.00 policy increase. Six alternative insurance carriers were contacted and one provider returned with a price estimate of approximately 55% more

than their current policy. The remaining five carriers refused to provide an estimate. They also applied for and were accepted into the Eastern Connecticut LEARN Cooperative's CT Partnership Plan, which would present an increase of over \$400,000.00. Another option is to change their policy from an HSA (Health Savings Account) to a State PPO (Preferred Provider Organization) Healthcare Plan. While this is the least costly option, it would pose the highest risk due to BOE's recent ratification of the Teachers Union Contract. The proposed FY2022/23 budget includes the initially estimated increase of \$185,000.00 which was provided by the Eastern Connecticut LEARN Cooperative. A decision will need to be made by May 1.

Out of District Costs

The Out of Districts Costs includes tuition, Out of District placements, transportation costs, extended programs, and special education services. The costs are offset by the receipt of the State's ECS (Educational Cost Savings) Grant, which will be reduced by approximately \$161,000.00. The costs are estimated by the number of students and their individual needs.

East Lyme High School (ELHS) Tuition

While the number of students is reducing, the high school tuition rates are increasing. The tuition for Regular Education students will be increasing by \$1,112.51 or 7.86% and \$1,101.93 or 3.35% for Special Education students. The tuition costs are based on the Reconciliation, Excess Cost Sharing, and Tuition Rate Calculation Formulas. The rate is directly related to the number of East Lyme students attending the high school. A 20-year Salem/East Lyme Cooperative Agreement was signed approximately two years ago. While a Salem BOE Member acted as a Liaison to the East Lyme BOE in the past, there is currently no BOE Liaison. Two Salem/East Lyme Cooperative meetings are held annually.

The Board Members were encouraged to view either the meeting and/or slides that were included in a recent ELHS Presentation by ELHS Principal Deb Kelly, outlining the School's benefits, which is available on the Salem School District website.

These three challenges present a total increase of \$665,961.00 to their current budget.

Creative & Strategic Savings

The BOE implemented creative and strategic savings from the Superintendent's proposed budget totaling \$234,509.00. These savings derive from the reduction of one bus, one Certified Elementary School Teacher, one Tutor, Two Instructional Aides, an adjustment to their ELHS Student Projection, and modification of their LEARN Contract based on their IT needs and uses. Other savings were gained from the following:

COVID-19-Related Funds

No funds will be utilized to fund recurring operating expenses, with the exception of the enhanced air filters for the school. They will be coordinating with the East Lyme Superintendent of Schools and BOE to determine Salem's future impact of East Lyme's utilization of COVID-19 Relief Funds.

Early Retirement Notification Program

As a result of their successful partnership with the Board of Finance, the BOE requested the staff to inform them of their intent to retire earlier in the school year, helping them determine their budget and plan their staffing for the following year(s).

Three-Year Certified Teacher Contract

During the mediation process, a total salary increase of 9.31% over three years (Years One & Two Increase: 2.95%, Year Three Increase: 3.41%), was agreed upon. The salary increase is below the State average and that of East Lyme.

Additional information regarding the Contract and the BOE's budget history may be found on the School website (salemschools.org). Details regarding the staffing and student-teacher information may be found in the November 1, 2021 Superintendent's Staffing Presentation.

Value of Salem School

Superintendent Hendrickson provided a presentation highlighting the benefits of Salem School, including videos of Mrs. MacLachlan's science students and the SEMSAC Cross Country Championship Race. According to U.S. News & World Report, Salem Elementary School ranks #33 of the State's 848 K-8 Schools. According to niche.com, the Town of Salem ranks as the second-best town to raise a family in New London County and the tenth best town to purchase a home in the State of Connecticut. In addition, based on the School's recent Climate Survey, 91% of the students feel they have an adult who cares for them, 91% of the parents feel supported by the administration, 94% of the staff feel respected by the students, 99% of the students feel safe in the classrooms.

Comparison of Class Sizes

The class sizes and per-pupil expenditures in Salem are comparable to those of the towns of Colchester, East Lyme, Region 18, and Montville.

Staffing vs. Student Enrollment

The District's budget history, including the student enrollment (projections vs. actuals) numbers and its relationship with the staffing levels, was presented. The School's declining student enrollment of approximately 17% over the past ten years corresponds with a decline in the School's staffing levels, with the exception of non-Certified support staffing. The salaries and benefits make up 75% of the BOE budget. The numbers indicate that the Core Academic Teacher to Student Enrollment has been maintained over the past

ten years without negatively affecting the School's programming. The School is currently in the process of reexamining its staffing structure and organization and reviewing the position descriptions to ensure that they are aligned with the current needs of the School and its students. The Administrative Staff vs. Student Enrollment of Salem (134:1) is in line with that of East Lyme (135:1) and its surrounding towns.

Budget Increases/Drivers

The two primary drivers for the budget increase are Health Insurance and ECS Funding, totaling \$348,024.00 or 74.89%.

Questions

Student Enrollment vs. Budget vs. Staffing (Board Member Bourgeois)

Superintendent Hendrickson stated that, based on the anticipated revitalization of New London County, an influx of families and an upward trend in student enrollment is expected. Board Member Bourgeois noted that the demographics and dynamics of the workplace have considerably changed as a result of the pandemic. Many individuals are now working from home and, while there is an anticipated offering of new positions in the area, it can no longer be expected that those positions would result in an increase in the (school-age) population. It was proposed that the Boards of Finance, Education, and Selectmen work together to plan and prepare for the various scenarios that might present themselves in the future and develop a five-/ten-year plan that includes both a downward and upward trend in student enrollment.

As previously stated, an Administrative Structure Study, which includes the reviewing of positions, is currently being conducted. In addition, a Principal Search Committee has been formed and, depending upon the selected candidate, the position's structure will be re-evaluated. The Principal position is currently a one-year contract and the Superintendent position currently has a three-year contract with action taken annually to renew the contract.

Homeschooled vs. In-Person Learning (Board Member Bourgeois)

The number of homeschooled children has approximately doubled due to the pandemic. They anticipate that students will be returning to in-person learning in the near future. The number of homeschooled children is not included in the Salem School enrollment numbers.

Salem Equity Study (Clerk Collins)

In addition to changes in the work environment and rising housing prices, Salem Equity Study also found that over 25% of households are housing cost-burdened, i.e., spending at least 30% of their income on housing. As such, Clerk Collins was skeptical with reports indicating that people would be moving to Salem and the prospect of a rising student enrollment. He also questioned whether those children who are being homeschooled due to the pandemic would be returning to in-person learning, adding that parents do not usually

favor changing their child's routine. While some of the other Board Members were more optimistic, they, too, expressed their concerns. BOE Chairman Reith agreed and volunteered to serve on a Committee made up of members of the Board of Finance, Board of Education, and Planning & Zoning Commission dedicated to discussing and developing a five- and/or ten-year plan.

Board Member Bourgeois requested that they reconcile the decreasing student enrollment numbers with the increasing operating costs. While she understands the increases, she asked that they be more cognizant of the economy and the rising costs that each of the town's residents are dealing with. BOE Chairman Reith agreed that the salaries and benefits, which make up 75% of their budget, do not coincide with the student population. Superintendent Hendrickson stated the importance of remaining flexible as they continue to strategize.

ESSER Funds and the MBR (Clerk Collins)

Similar to the Title and IDEA (Individual with Disabilities Education Act) Grants, the ESSER Funds do not affect the State's MBR (Minimum Budget Requirement) or the Town's ECS Funding. They do not expect the receipt of any additional funding.

In response to Clerk Collins' question regarding Federal Grants being "by default, encumbered" (Question 8 of the questions posed by the Board), Business Manager Gadaree stated that, in contrast to the loose parameters of the town's ARPA Funds, each of the School's COVID-19-related Grants were applied for and must be expended for the specific items indicated on their grant applications.

3% Set Aside Funds & Overtime Costs (Clerk Collins)

The total maximum amount budgeted for the 3% Set Aside Funds for salary increases is \$17,941.00. Clerk Collins commented on what he felt was an extensive use of overtime, which is not part of their salary increases.

Independent IT Network Study (Clerk Collins)

BOE Chairman Reith and First Selectman Chmielewski have discussed the Study and will be working together and investigating any available regional efficiencies. The cost of the network upgrades is not included in the BOE's operating budget. Such items as cybersecurity must be addressed and are included in their budget. Chairman Dickson reported that Board Member Rucci informed him of some of the School's time-sensitive network upgrades that must be addressed. Superintendent Hendrickson added that it might not be possible to include their immediate network needs in their collaborative effort with the Town. He also felt that the funding allocated by the Board for the assessment was not sufficient. Clerk Collins requested that they inform the Board if any of their ESSER Funds could be utilized for technology equipment and/or needs. Business Manager Kim Gadaree stated that new Chromebooks and software were requested for the students and reiterated that there are no funding requests for the network upgrade.

The Board requested the submission of the following items:

- Any changes to the teachers' steps
- Teachers' salaries at Salem School, State average, in comparison with the surrounding towns

Superintendent Hendrickson provided the top step salaries of the surrounding towns. The salaries of the administrative staff are significantly lower than that of the surrounding towns. It was noted that longevity was phased out for new hires three years ago.

- Number of teachers at each step, their respective salaries, and projections in comparison to surrounding towns
- Number of teachers at the top step and their respective salaries in comparison to surrounding towns

BOE Chairman Reith acknowledged the large number of teachers at the top step. With that in mind, they advocated for the early retirement notification program. Board Member Casciano thanked the BOE for bringing the retirement incentive in-house; she looks forward to their institution of additional creative ideas to help them offset their rising costs. It was confirmed that savings has been gained from the early retirement incentives.

- Staffing numbers of the Full-Time Teachers and Aides, the Total Enrollment, and Total Budget of the last seven to eight years

The Board applauded Superintendent Hendrickson, BOE Chairman Reith, Staff, and BOE for their presentation, hard work, and efforts. Clerk Collins commended the teachers and expressed his appreciation of the timely responses to their questions. Chairman Dickson also thanked them for their transparency, openness, and devising creative solutions to their budgetary challenges in a sustainable manner. He also appreciated their positive working relationship. Clerk Collins agreed, adding that their relationship with the School, BOE, and Town Hall has improved over the years. Board Member Bernier was pleased with their presentation, which answered many of the questions he would have posed, addressed their thinking process, and searched for alternative options to determine the best and most cost-effective solution to meet their continuing challenges.

BOE Chairman Reith stated that they intend to continue searching for creative ideas, solutions, and efficiencies. He also expressed his appreciation to the current administrative team, which he described as a very dynamic group of individuals who are willing to think outside the box, try new things, and think of creative solutions. He is very hopeful that the energy will continue. Superintendent Hendrickson also commended and expressed his appreciation to Business Manager Gadaree, his Executive Assistant/Human Resources Jennifer Kayser, and Administrative staff.

First Selectman Chmielewski also commented on the positive relationship between the Boards of Selectmen, Finance, and Education; he looks forward to continuing working together.

4. LIAISON REPORTS

a. Board of Education (BOE)

Board Member BOE Liaison Griggs reported that adjustments were made for Special Education (SPED) and Special Education Transportation costs. While it was originally estimated that 28 students would be requiring ELHS SPED services, the actual number is 21 students. As such, several line-item transfers deriving from those two-line items will be made to help balance the BOE's FY2021/22 budget.

OLD BUSINESS

1. Discussion of FOI and BOF Subcommittees and Liaisons

Clerk Collins reported on his conversations with the Town Clerk and FOI Public Information Officer Tom Hennick regarding Subcommittees vs. Liaisons. He recommended that one Board Member be appointed as a Liaison and another Member be appointed as an Alternate Liaison. All correspondence should be sent to the Chairman who will relay the information to the relevant town department.

M/S/C: Collins/Cadwell, to appoint Board Member Griggs as the Liaison and Board Member Cadwell as the Alternate Liaison to the Board of Education and Board Member Bourgeois as the Liaison and Board Member Casciano as the Alternate Liaison to Emergency Services. Both members may attend the meetings with one member providing a report to the Board. Discussion: The Liaisons will be revisited following the conclusion of the budget process. Voice vote, 6-0, all in favor.

ADJOURNMENT

M/S/C: Collins/Bourgeois, to adjourn the meeting at 9:53 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