

**TOWN OF SALEM
BOARD OF FINANCE
REGULAR MEETING MINUTES
THURSDAY, MARCH 8, 2018 – 7:00 P.M.
SALEM TOWN OFFICE BUILDING**

PRESENT

George Householder, Chairman
Marshall Collins, Clerk
Deborah Cadwell
Janet Griggs
John Houchin
Corinne (Cory) Bourgeois, Alternate (*seated*)

ABSENT

Hernan Salas
Michael Jensen, Alternate
William “Skip” Dickson, Alternate

ALSO PRESENT

First Selectman Kevin Lyden

CALL TO ORDER:

Chairman Householder called the meeting to order at 7:00 p.m.

RECOGNITION OF VISITORS: *none*

SEAT ALTERNATE IF NEEDED: *none*

M/S/C: Caldwell/Collins, to seat Board of Finance Alternate Member Bourgeois for Board of Finance Full Member Salas. Discussion: None. Voice vote, 6-0, all in favor.

COMMUNICATIONS:

1. Correspondence from Administrative Assistant Louise Tyszkiewicz requesting that the dedications and photographs for the Town’s Annual Report be submitted by the end of March 2018.

ADDITIONS TO THE AGENDA:

The following items were added to/adjusted on the Agenda:

- 5. BOARD OF EDUCATION (BOE) TIER I CUT PRESENTATION**
- 6. BOARD OF EDUCATION (BOE) AND BOARD OF FINANCE DISCUSSION REGARDING THE ESTABLISHMENT OF A NON-LAPSING ACCOUNT**
- 5 7. ACT ON PROPOSED APPROPRIATIONS FOR 2018-2019**

AGENDA:

- 1. APPROVAL OF MINUTES: March 8, 2018 BOF Regular Meeting**
M/S/C: Houchin/Cadwell, to approve the Regular Meeting Minutes of March 8, 2018.
Discussion: None. Voice vote, 6-0, all in favor.
- 2. TREASURER’S REPORTS**
 - A. REVENUE SUMMARY**

B. TRIAL BALANCE**C. FUND BALANCE****D. OTHER**

The Board reviewed the *Balance Sheet* and *Budget vs. Actual Reports*. In response to Board Member Householder, Business Manager Kim Gadaree stated that any unspent grant funds must be returned and ensured him that the grant funds, many of which are two-year grants, would be expended. The Board will review the reports and direct any questions to Chairman Householder who will relay them to the Treasurer, who was unable to attend this evening's meeting.

3. PUBLIC COMMENTS – none**4. SELECTMAN'S REPORT**

First Selectman Lyden reported that the Town was heavily hit by last night's storm. Every street in the Town experienced damage and/or fallen trees, including an electrical fire near Rattlesnake Ledge Road. At its height, approximately 70% of the residents experienced a power outage and restoration has been slow. An American Red Cross Regional Shelter at Montville High School has been organized and is available to Salem Residents. He commended the Emergency Responders and Public Works Employees, who have worked tirelessly throughout the night.

He encouraged everyone to attend the Town Meeting on Wednesday, March 14, 7:00 p.m., at Salem Town Hall, to discuss and determine, by secret ballot, the future of the property located at 184 Hartford Road (Whittlesey Property). The property is currently owned by the Historical Society, who is hoping to transfer the property to the Town for \$50,000.00 with payments to be made in a non-interest bearing note of \$5,000.00/year for a period of ten years. If transferred, the Town of Salem would agree to pay for all legal and closing costs, maintain and ensure that the property remains wind- and water-tight, and not demolish the home for a period of three (3) years. A Town Meeting for a previous proposal, which stated that the property be maintained and not demolished for a period of ten (10) years, was presented, but failed to reach the necessary votes.

5. BOARD OF EDUCATION (BOE) TIER ONE CUTS

BOE Chairman Sean Reith presented the Superintendent's proposed Tier I cuts that were requested by the Board last year and recently presented to the BOE. The cuts, totaling \$145,000.00, include reductions in the amount students transitioning out of the special education program, out of district transportation costs, and out of district tuition costs. The Board thanked him for the presentation, adding that the cuts were, luckily, not necessary, but may be necessary in the future depending upon how the Legislators decide to handle the State's fiscal crisis.

6. BOARD OF EDUCATION (BOE) AND BOARD OF FINANCE DISCUSSION

Chairman Householder reported on the receipt of a letter from BOE Chairman Reith regarding their request for the establishment of a non-lapsing account, not to exceed 1% of their budget, per CT General Statutes 10-248a. After discussing the issue with Auditor Marcia Marien, CPA, O'Connor Davies, LLP, he was informed that approximately one-third of their clients for whom

they conduct audits have established a non-lapsing account and the results have been positive. While the Board voted the item down in the past, he is open reconsidering their request.

BOE Chairman Reith explained that, because the BOE has, in the past, ended their fiscal year with a positive unencumbered balance, they are requesting the establishment of a non-lapsing account into which these funds might be deposited for future use.

Extensive discussion ensued regarding the establishment of the account and the expenditure of the funds deposited into the account. Chairman Householder suggested splitting their investment 50/50, such that 50% of their unexpended funds would be deposited into the account, while the remaining 50% would be returned to the Town, and/or a stipulation regarding an agreement between the Boards of Education and Finance as to how the funds are allocated. In response to Board Member Griggs, BOE Chairman Reith stated that the account is not being requested in preparation of the expected increase in high school enrollment nor is it being requested to cushion their budget in any way. Rather, due to the volatility of their budget, the funds would be used for any unanticipated expenses, much like the Town's Unassigned Fund Balance. The account would be cumulative, within the established rules and limitations. The effect, if any, that the fund would have on the Town's MBR (Minimum Budget Requirement) will need to be investigated. In response to Clerk Collins, BOE Member George Jackson stated that he does not recall the BOE requesting any additional funds for unanticipated expenses or budget shortfall(s) over the past seven (7) years he has been a member of the Board. With that in mind, Clerk Collins questioned whether this would result in an incentive to spend funds, without the Board of Finance's approval, rather than to save funds. He also could not foresee the Board of Finance opposing the allocation of funds for any unanticipated expenses the BOE might have. BOE Member Jackson stated that the account would be an incentive for the BOE to save, not spend, funds and, citing a past experience, could avoid the necessity of a Town Meeting. BOE Member Samuel Rindell reminded the Board that the funds being requested for the account would be funds that were already allocated to the BOE. Chairman Householder suggested that the Board review the information for further discussion at their next meeting.

7. ACT ON PROPOSED APPROPRIATIONS FOR FY2018-2019

A. BOARD OF EDUCATION BUDGET

BOE Chairman Reith thanked the Board for the opportunity to present the proposed BOE FY2018/19 Budget and thanked the staff for creating the budget book. He stated that their goal is to provide the best education for the students of the Town at the absolute lowest cost. In formulating the budget, the BOE took into consideration the State's fiscal crisis and its effect on the Town and School. Their presentation included a brief summary and budget history, student enrollment and staffing changes, tuition costs for East Lyme High School and Out Placements, and Special Education costs. Adjustments made within the budget include an additional 1.4 FTE Instructional Aide, staffing structure changes, a 15% reduction in the number of high school students, and strategic non-recurring investments. Items within the

budget were placed into one of four categories: Contractual, e.g., salaries, benefits, transportation; Discretionary, e.g., activities, technology; Negotiated, e.g., fuel, electricity, maintenance contracts, and; Student Population Based, e.g. tuition, special education services.

Chairman Householder noted that the slide depicting the “Salem BOE Budget History” is misleading as it includes funds that were eliminated from their budget and moved to other line items within the Town’s budget, i.e., Capital Funds and the East Lyme Debt Service. He also recommended that the Board review the State’s cost per pupil data. At the request of Clerk Collins, a breakdown of union vs. non-union workers will be provided. Negotiations for the certified teachers’ contracts will take place in FY2019-20.

BOE Treasurer Ryan Little provided a brief overview of the BOE’s budget process. The BOE proposed budget of \$10,441,673.00 reflects a 1.01% or \$106,552.00 decrease and includes the addition of technology items, expanding the School’s S.T.E.M. (Science, Technology, Engineering, and Mathematics) Program. To this end, BOE Chairman Reith expressed his appreciation to Selectman Liaison Hugh McKenney for his kind donation of Dot-dash robotics kits. A brief discussion ensued regarding the School’s technology plan, which is continually re-evaluated. Currently, technology equipment is purchased, rather than leased, and is often re-purposed for a variety of uses, extending their life span. The Budget Summaries based on costs deriving from Salem School (58%), East Lyme High School (28%), Central Office (8%), and Out of District Services (6%) and a detailed breakdown of these costs for each of these sites were presented. In response to Board Member Bourgeois, Director of Student Services Donna Gittleman believed that the increase in staff development costs is due to the establishment of new standards established by the State for various curricular areas and incited a brief discussion regarding discretionary and contractual positions. With regards to the increase difference in insurance for teachers and district employees, Business Manager Gadaree stated that the difference is due to the various changes individuals have made to their policies.

Staffing Updates, which includes additions, eliminations, and realignments; Student to Staff Ratios for Certified Core and Non-Core Teachers, Aids and Tutors, Administration, and Office, and; the budgeted enrollment numbers were presented. Clerk Collins proposed the possibility of sharing a Superintendent with the town of East Lyme. Discussion ensued regarding the respective student-teacher ratios for each respective grade level. Board Member Rindell stated that, unless the reduction of the overall student population is significant, it is not possible to reduce the number of teachers or administration. Chairman Householder stated that, contrary to the Board of Finance’s goal of a 17-24:1 student-teacher ratio, class sizes now range from 15 to 17 students. BOE Member Jackson reported that the School was recently given an “A” grade for both the Elementary and Middle Schools and the Middle School was rated Number One in Southeastern Connecticut. They were the only school that had a 13:1 student to certified staff, which includes psychologists, special education, social workers, ratio, while the other schools had an 11:1 ratio, which speaks to the efficiency of the

School. BOE Member Rindell noted that the inclusion of special education student(s) in regular classes also adds another element to the ratio. Clerk Collins stated that, aside from the Board's role of managing the finances of the Town, their objective does not differ from that of the BOE's, but expressed some skepticism regarding their enrollment projections and assumptions based upon the Town's demographic trend and increase in the number of students attending Schools of Choice. Director of Student Services Gittleman stated that the projections are based upon their current enrollment while that of the kindergarten and first grade students are based upon the numbers provided by NESDEC (New England School Development Council). She also stated that a number of parents are opting to send their children to magnet schools due to their S.T.E.M. Programs and felt that, should the School institute a more robust S.T.E.M. Program, more children would attend the School. She also felt that the amount of funding the State provides to the magnet schools may decrease, causing more children to be enrolled within the District.

Discussion ensued regarding the projected number of students who will be attending East Lyme High School as well as Out of District Costs. Chairman Householder noted the importance of projecting the future enrollment of high school students so that they can better prepare for the future. Though there are transportation costs, there are no tuition costs for students who attend Norwich Technical High School and Ella T. Grasso Southeastern Technical High School. The enrollment population of special education students in comparison to the overall student population and the staffing required for those students were presented and discussed. Though there has been a decrease of 10% in overall student population, Special Education Services, which is highly volatile and accounts for 28.7% of the budget, continues to increase as the number of students being designated as requiring those services increase. In response to Board Member Houchin, Director of Student Services Gittleman stated that East Lyme currently has a program for 18 to 21 year old special education students. She also pointed out that, by adding an Instructional Aide (\$20,000.00), the BOE was able to bring a student back into the District, resulting in a savings of approximately \$200,000.00.

A short video illustrating the students utilizing the robots was presented. The Technology Program not only teaches students critical, analytical, and creative thinking and problem solving through programming language developed by MIT (Massachusetts Institute of Technology), but also promotes teamwork and healthy competition, providing them with the foundational building blocks for the future.

Extensive discussion ensued regarding the proposed budget. In response to Clerk Collins, Business Manager Gadaree stated that the many professional dues and fees, which are not itemized within their budget, are relatively constant from year to year and ensured him that the School is utilizing those services. Director of Student Services Gittleman will provide the Board with the exact increase of students receiving services under the 504 Plan. In response to Chairman Householder, while the amount expended for Legal Fees for this fiscal year has

been minimal, they are budgeting the same amount (\$25,000.00) for the next fiscal year due to teacher contract negotiations. The 5.14% salary increase the custodians will be receiving is not due to an increase in staffing and may be due to a step increase. The amount allocated for substitute teachers, which averages out to two (2) substitutes/day, covers teachers, tutors, and instructional aides absences and includes a rate increase. In response to Board Member Houchin, should they not receive the budgeted grants, the BOE would need to review their budget and request additional funds from the Board, if necessary. Chairman Householder felt that such facilities program improvements as the gymnasium floor refinishing and roof repairs should be included in their Capital Plan. Because the gymnasium floor is refinished annually, Clerk Collins requested the amounts, i.e., trend, for the item. Chairman Householder questioned the increase in Project O transportation costs when the number of grade 7 students who will be participating in the project will be decreasing. In response to his question regarding the reasoning behind the exclusion of the increase for the Social Worker from three to five days in their presentation, it was stated that the position is a contracted position that is based on need and, as such, is not considered as part of the staff. Like the significant increase in students in the 504 Plan, Clerk Collins questioned how that need is quantified and requested supporting information.

Though Board Member Houchin was pleased with the percentage cut in their budget, he expressed his concerns for the future. Board Member Griggs and Cadwell were also pleased with the School's efforts in bringing back the special education children to the District, which is resulting in increases in other areas, but is, ultimately, better for the students and more cost effective. Clerk Collins expressed his concerns, stating that, because the proposed budget is based on the School's current services, he does not view it as a budget cut, making him nervous about their future budget(s) in light of the State's fiscal crisis. He reiterated the need for the BOE to review and take full advantage of any possible regionalization opportunities, especially in terms of sharing the Superintendent with East Lyme. He commended them on creating a very well-rounded school that is doing positive things. Board Member Bourgeois agreed with both Board Members Griggs and Cadwell regarding the progress being made within their special education program, but also expressed her concerns regarding the rising administration costs and would like to see more funds being allocated for student activities. Chairman Householder agreed while there are a number of positive aspects to their proposed budget, he, too, is concerned with the possibility of having a deficit in their future budget(s) due, in part, to the increase in the number of children who will be attending high school as well as the State's fiscal crisis. Prior to voting on their budget, Clerk Collins reiterated his request for additional information. Regarding his request for a breakdown of contractual, union, and non-union staffing, Business Manager Gadaree stated that there are currently seven (7) non-contractual employees who are receiving a salary increase of 3%. While the Board can cut their budget, they cannot decide or direct where those cuts would or would not derive from.

M/S/F: Collins/Householder, to approve the appropriation of funds in the amount of \$10,391,673.00 for the Board of Education for FY2018/19, subject to review and/or revision. Discussion: The motion includes a cut of \$50,000.00 from BOE's proposed FY2018/19 budget. Though the Board has no control over how they manage their funds within their budget, Board Member Houchin stated his support of the cut with the assurance that the proposed technology budget would be guaranteed and presented the possibility for the BOE to invest their current one-time savings into the proposed technology equipment, i.e., investing soft money into hard money costs. Board Member Griggs disagreed with Clerk Collins who felt that the one-time savings was being spent on the personnel and expressed her support for the Instructional Aide increase. Voice vote, 2-4. Voting in Favor: Clerk Collins and Householder. Voting in Opposition: Board Members Bourgeois, Cadwell, Griggs, and Houchin.

M/S/C: Houchin/Griggs, to approve the appropriation of funds in the amount of \$10,441,673.00 for the Board of Education for FY2018/19, subject to review and/or revision. Discussion: Because their proposed budget is based on their current services budget, Clerk Collins stated his opposition to the motion. Board Member Bourgeois expressed her fear that cutting their proposed budget would result in a cut in the School's technology program, which, she felt, is important and necessary. She reiterated the need to allocate as much money as possible to the children providing them with the basic tools for success and less funding for the administrative staff. Voice vote, 4-2. Voting in Favor: Board Members Bourgeois, Cadwell, Griggs, and Houchin. Voting in Opposition: Clerk Collins and Householder.

Chairman Householder reiterated the Board's goal of a zero or close to zero mil rate increase. The proposed budgets for all departments, including the BOE, are subject to review and/or revision.

B. REVENUES – no discussion

OLD BUSINESS: none

ADJOURNMENT:

M/S/C: Houchin/Griggs, to adjourn the meeting at 10:39 p.m. Discussion: None. Voice vote, 6-0, all in favor.

Respectfully Submitted by:

Agnes Miyuki, Recording Secretary for the Town of Salem