

**TOWN OF SALEM
BOARD OF FINANCE
PUBLIC HEARING MINUTES
WEDNESDAY, APRIL 10, 2019 – 7:00 P.M.
SALEM SCHOOL – MULTI-PURPOSE ROOM**

PRESENT

William “Skip” Dickson, Chairman
Marshall Collins, Clerk
Deborah Cadwell
Janet Griggs
John Houchin
Corinne (Cory) Bourgeois, Alternate

ABSENT

Hernan Salas
Maryann Casciano, Alternate
Michael Jensen, Alternate

ALSO PRESENT

First Selectman Kevin Lyden

CALL TO ORDER:

Chairman Dickson called the meeting to order at 7:22 p.m.

AGENDA:

1. MEETING – PUBLIC HEARING FOR FY2019/20 BUDGET

M/S/C: Collins/Houchin, to open the Public Hearing at 7:22 p.m. Discussion: None. Voice vote, 5-0, all in favor. Public Hearing was opened.

Chairman Dickson stated that this evening’s presentation will include an overview and line-by-line review of the Capital, General Government, and Board of Education (BOE) Budgets and public comments. All comments and suggestions will be recorded for discussion at tomorrow evening’s Board of Finance (BOF) Regular Meeting. He briefly explained the budget process beginning with the budget proposals from each of the town’s Boards, Commissions, and Departments. The schedule for determining the final budget, following this evening’s Public Hearing, is as follows:

Thursday, April 11, 7:00 p.m., Town Hall – BOF Regular Meeting

Comments from the Public Hearing will be discussed and taken into consideration.

Adjustments may be made to the proposed budget and will be presented at the Town Meeting.

Wednesday, May 1, 7:00 p.m., Annual Town Meeting, Town Hall

(note: budget can be lowered, but not increased, following the Town Meeting)

Wednesday, May 8, Town Hall – Referendum on FY2019/20 Budget

Thursday, May 9, 7:00 p.m., Town Hall – BOF Regular Meeting

Should the referendum pass, the Board will be setting the mil rate or, should the referendum fail, the Board will be revising the budget.

Over the last five years, the mil rate has increased from 31.1 mils in FY2014/15 to 32.2 mils in FY2018/19; the proposed budget for FY2019/20 will maintain the previous year’s mil rate of 32.2. Unfortunately, due to the State’s ongoing fiscal crisis, the Town has experienced some significant

cuts, both directly, e.g. ECS (Educational Cost Sharing), and indirectly, e.g., Uncas Health District and Resident State Trooper program. In an effort to help resolve their issues, the State is increasingly encouraging towns towards the regionalization of services. In addition, Salem, which is considered a “richer” town is continually being cut to help those that are considered “poorer”. The town has been proactive and constructive in responding to the previous cuts without impacting their services, quality of education, or unduly burdening its residents by eliminating their wants, making personnel adjustments, regionalizing services, and developing innovative solutions.

Continued cuts to the Town’s ECS Funding over, at least, the next couple of years is expected. The currently projected and Governor’s proposed ECS cuts were briefly reviewed as follows:

The State’s currently projected cut, through 2028 is:

8.33% of the current funding or \$229,750.00 (equivalent to a 0.61 mil increase) in FY2019/20

The Governor’s proposed cut, which accelerates the cuts to 25% over the next three years, is:

25% of its current funding or \$301,214.00 (0.80 mil increase) in FY2019/20

and \$310,851.00 (0.83 mil increase) in FY2020/21

a total of \$1 million decrease (2.67 mil increase) in FY2021/22

The BOF agreed upon a budget that is based upon the State’s currently projected cut of 8.33%. The State’s budget will be finalized in June, after the town’s budget is finalized. Should the State approve a cut that is more than the currently projected amount, the Board has agreed to utilize its Unassigned Fund Balance or Rainy Day Fund to deal with the shortage. Part of the town’s Unassigned Fund Balance is being allocated to help balance the budget for the coming year. The Board has asked the Board of Selectmen to review and seek alternatives to the Resident State Trooper program as the cost increases are not sustainable. They plan to ask the BOE for any and all creative solutions to help reduce their costs, as well, and invited the public to present any innovative ideas they might have to help deal with the continuing cuts.

The proposed budget for FY2019/20 is as follows:

Capital Expenditures:	\$ 1,010,210.00
General Government:	\$ 3,916,004.00
<u>Board of Education:</u>	<u>\$ 10,425,292.00</u>
Total Budget:	\$ 15,351,506.00

Chairman Dickson provided a brief line-by-line presentation of the Capital and General Government Budgets. The primary increases to the General Government budget includes the following Departments: Salaries, due to cost of living raises and receipt of certifications for the Assistant Tax Collector and Assistant Assessor; Assessor, due to a required upgrade to the current software system (one-time cost); Registrar, due to the upcoming primary elections; Employee Benefits, due to increases in insurance costs, and; Security, due to an increase in the Resident State Trooper Program.

BOE Chairman Sean Reith explained the BOE’s budget process and provided a brief history and overview of the BOE Budget, including the modifications that were made due to unexpected

expenses that occurred since their budget presentation to the BOF on March 7, and a breakdown of the budget by site. The primary goal of the BOE is to ensure that they are providing the best education they could for the children of the town. The major highlights of their budget proposal include changes to the staffing structure, an increase in the high school student population, and a reconciliation of the high school tuition. The BOE budget is divided into four categories: Contractual, which includes multi-year contracts for salaries, benefits, and transportation; Discretionary, for such items as activities and technology; Negotiated, which includes annual contracts for such items as fuel and electricity, and; Student Population-based, which includes the East Lyme High School tuition and special education services. It is also divided by the following Sites: Salem School (58% of overall budget), Central Office (8%), Out of District Services (6%), and East Lyme High School (28%).

Changes following the March 7 BOF meeting during which the BOE presented their proposed budget, includes a \$90,000.00 reduction in their proposed increase of \$190,000.00 and a total of \$238,890.00 in increases for Special Education Outplacement for School Year (SY) 2019/20, transportation, and health insurance. These unexpected expenses resulted in a reduction of a number of line items, including student activities, technology/software, salary/staffing, custodians, custodial supplies/maintenance, special education, curriculum writing, library, purchasing of instruments, textbooks, sports/pay-to-play, and health insurance.

The Reconciliation History was briefly reviewed. Salem received a return of \$162,000.00 for SY2017/18 from East Lyme. Over the last five (5) years, the BOE has returned a total of \$419,171.00 to the town. The BOE's proposed budget by department was reviewed.

Chairman Dickson reviewed the Town's revenue streams, which includes town services (permits, library fines, recording fees, etc.) and State Funds (PILOT – Payment in Lieu of Taxes, LoCIP – Local Capital Improvement Program, TAR – Town-Aid Roads, Mashantucket Pequot/Mohegan Fund Grant, ECS, and Adult Education). To determine the tax (mil) rate, the revenues are subtracted from the expenditures. In accordance to the town's current Grand List, one mil equals approximately \$374,550.00 and each property owner's tax amount is determined by multiplying the property's assessed value by the mil rate. For example, a net assessment of \$200,000.00 x mil rate of 32.2 = a tax rate of \$6,440.00/year.

2. COMMENTS

A. Board of Finance/First Selectman Comments

Clerk Marshall Collins reiterated that, under the existing law, the town will be receiving 8.33% or \$230,000.00 less revenue per year through 2028 in ECS Funding. The Governor's budget proposes to accelerate the cut to 25% or \$310,000.00 to \$320,000.00 per year over the next three years. The cut does not include the State's proposal to shift some of the teacher retirement costs to towns or to force towns to share central office staffing or risk penalization through the town's ECS Funding. According to the CT Association of Public School Superintendents (CAPSS), Salem is one of approximately 34 towns that has one or two buildings and a dedicated Superintendent. After reviewing and discussing the budget, the Board decided to

propose a best case scenario budget. And, while a portion of the budget will be balanced by utilizing part of the town's Unassigned Fund Balance, i.e., Rainy Day Fund, he did not recommend the town do the same on a continual basis as this is the reason behind the State's fiscal crisis. While the town should be able to survive through the next fiscal year, the current budget is not sustainable. Should the situation continue, the town will, most likely, be faced with an \$830,000.00 budget deficit over the next three years, a minimum two to three mil increase, *if* the BOE budget remains flat. With this in mind, the town cannot keep doing "business as usual" and must either increase taxes or conduct business differently. The question he posed to the public is how to fill the gap.

First Selectman Kevin Lyden thanked the Boards of Finance, Education, and Selectmen for putting together a very difficult budget during a very difficult year. The budget was crafted through the efforts of a number of individuals whose goal it is to create a budget that is fair to the 1,700 families and 4,200 residents of the town. Though it is estimated that 20% of the town's population is considered ALICE (Asset Limited, Income Constrained, Employed), the State views the town as being fairly wealthy. As such, the town has experienced significant cuts to their ECS funding over the past four years and, as previously stated, additional cuts are expected. The town is currently sharing and outsourcing a number of both local and regional services, including insurance; snow plowing, and custodial sharing with the school; regional probate; animal control; planning services, and; the Uncas Health District. He agreed that the town and all of its departments need to think more about regional sharing as one of the ways to stretch the residents' tax dollars. He invited all of the residents and staff to speak this evening.

B. Public Comments

Chairman Dickson discussed the process and invited the public to speak.

Aron D'Aquila, 46 Rathbun Hill Road, requested that the Board of Finance reconsider and, at the very least, fund the sports program. He felt that it would be unconscionable to ask the students to pay-to-play, adding that he had helped and witnessed the boys' and girls' cross country teams win their conference championships last year and his sense of discomfort in informing them in the fall that only the "rich kids" can play. He felt that this was not who we are as a town or as a community.

Chairman Dickson clarified that the BOF provides the BOE with the bottom line; it is the BOE who decides from which line item(s) in their budget to cut. In addition, the BOF was unaware of the line item cuts that were made by the BOE due to the unexpected circumstances that arose after their presentation.

Shannon Haynes, 46 Rathbun Hill Road, who has been attending the meetings for several years stated that she has noticed that, over the past few years, the school's budget has been decreasing while nearly every department in the town's budget has been increasing. She commended the BOE for doing a good job with their budget and requested that the school be provided with the

necessary funding, especially in light of the recent unexpected expenses and, while aware of the State's fiscal issues, implored the Board to seek other options, including a tax increase.

Chairman Dickson clarified that the BOE's budget was not cut. Rather their proposed increase of \$190,000.00 was cut by \$90,000.00; the BOE is receiving a \$100,000.00 budget increase.

Jessica Fletcher, 231 Laurelwood Drive, thanked the Boards for their time and hard work and requested that the Board of Finance increase the BOE's budget by a minimum of \$150,000.00. As a mother of two young children, Salem PTO Vice President, and a member of the Recreation Commission, she expressed her concern for the budget cuts. While she understands the State's fiscal crisis and the changes and cuts that must be made as the result, she felt that the recent cuts would negatively affect the schoolchildren. Her child was one of the many in her grade who arrived on the first day of school in 2016 to a classroom with an overwhelming class size resulting in an additional class being added in late November. These students are continuing to struggle as the result. A smaller class size would provide a better opportunity for these students as they enter the third grade when expectations are higher and when they are no longer learning to read, but reading to learn. The larger class size being proposed due to the budget cut will negatively affect the social, emotional, and academic development of each child. The proposed budget does not provide the best education for the students. She questioned whether all measures have been exhausted, requested that the BOE budget be increased, and stated her support for a tax increase to fulfill the needs of the students.

Suzanne Gendron, 39 Salem Ridge Drive North, requested that the BOF approve the BOE's proposed budget. She reminded them that, a few years ago, the town agreed to conduct a \$50,000.00 study regarding what was needed to improve the town's education system. Two important factors were realized from the study: (1) the administration was top heavy and (2) it was not cost effective to bus the town's middle school children to East Lyme. The school has since eliminated the duplicate administration positions. The parents requested that enrichment and afterschool programs that would extend and contribute to a more well-rounded education for the students be added and the BOE allocated \$10,000.00 to their line item for afterschool programs – a line item that was “marked and scoffed at” by the, then, BOF members due to the lack of providing a precise number. As the result, the parents banded together to fund, create, and host a number of afterschool activities for the children, including a popular theatre club and ski club. In addition, school assemblies, athletic gear, field trips, and the new playground equipment would not have been possible without the time, effort, and dedication of the parents. It is the town's responsibility to provide the students with the necessary tools and resources for a proper education. The additional third grade instructor that is being cut due to the reduced budget will negatively affect the students and will be more costly in the future as the students' anxieties and need for additional intervention increases. The school can no longer endure any more cuts, the parents are unable to do more, and the children cannot afford the cuts. She perceives that the BOF feels that the administration and parents are lazy and feel entitled to the funds to achieve their goals. Rather, they have worked hard to fulfill recommendations included

in the study and have been doing more with less; they are unable to do any more. She urged the Board to do their job and approve the BOE budget and they will continue to do their part.

Amy Richter, 643 West Road, a parent who works in the mental health field of education, reported on the increase in mental illness in children and adolescents, which can be prevented through important relationships. These important relationships are not possible to have with large class sizes. She stated that her second grade child was able to greatly improve her reading skills as the result of the teacher's ability to provide her with the necessary attention due to the small class size. Should that have not been the case, she would have continued to struggle and ended up in special education, increasing the need for additional funding. Their children are deserving of a quality education; the requested funding should be allocated to the BOE due to the unforeseen circumstances.

Maria Tomon, 5 Greentree Drive, Waterford, who is currently a second grade teacher at Salem School, implored the BOF and the townspeople to increase their taxes in support of the children, who will be taking care of them in the future. The needs of the children are not immediately evident unless one is in a classroom with them and these children cannot be represented with a dollar sign. She felt that Salem has an excellent school system and is proud to be working in a town to which people are moving for its education system. While she understands the budgetary issues, to risk the learning, environment, and opportunity for the children by placing them in a classroom of 22 or 23 students, as opposed to 15, would significantly compromise their social, emotional, academic, and behavioral education. The school needs the support of the whole town and does not understand the justification behind the need for the school to feel the cuts being made by the State.

Tiffany Cunningham, 89 Rattlesnake Ledge Road, a member of the BOE, requested that the Board adequately fund the BOE due to the unexpected expenses which arose and expressed her hope that the townspeople would be willing and able to pay additional taxes to this end. She reported that it was very difficult for the BOE to meet the Board's bottom line. An increase of \$230,000.00 in taxes would increase the taxes for an average household by approximately \$200.00/year, amounting to less than \$1.00/day. While many can afford the additional tax increase, some cannot and, for those, she would like to find a way to help them so that they could continue to live in the town. The Board has frequently stated that, should an unexpected occurrence arise, the BOE may return to them for a supplemental allocation. Unfortunately, the unexpected occurrence occurred during the budget season and unbeknownst to them. She felt that, last year, the Board of Finance did a fair job of reviewing and requesting cuts from each of the departments. To the contrary, this year, the town's budget is increasing 3.35% while the school budget is increased by 0.98%. She agreed that the town should not significantly dip into their Unassigned Fund Balance to help balance the budget and that restructuring will be necessary in the future.

First Selectman Lyden stated that a number of good points have been made by those who have spoken thus far. He agreed with Ms. Cunningham regarding the 3.35% increase in the General

Government budget, adding that the increase includes a \$76,000.00 increase for the Resident Trooper Program. Realizing that the constant increases to the Program is unsustainable, the BOF has directed the Board of Selectmen to investigate alternative solutions. Other costs include the principal and interest costs for the school renovation and East Lyme High School Debt Services and the one-time expense for the assessor's software. Having lost one of its top ten taxpayers, the town's Grand List has only grown by 0.9% this year. He commented on having a wonderful town, in which the school invites younger families and the small town atmosphere invites the older residents. He noted that a total of five (5) e-mails were received, two (2) of which have requested it be read during the Public Hearing. E-mails or letters may be submitted to finance@saalemct.gov and must be received by 6:00 p.m. tomorrow evening for consideration by the Board of Finance.

Selectman Hugh McKenney, 33 Woodland Drive, commented on a challenging year this year and going forward. He understands the concerns and worries of the residents and encouraged them not to be fearful as the town has been confronted and dealt with similar issues in years prior and will do so again. He recommended that the Board carefully review the town's Capital Plan, questioning the need for the snow plow (Line item 11). He also proposed a possible moratorium/freeze on the Capital expenditures until the State and the townspeople finalize their budgetary issues. He noted the school's efforts to install solar panels, which would save some funds and urged them to investigate other areas in which solar panels could be installed in an effort to increase the town's revenue. He also requested the Board consider increasing the BOE budget by \$37,000.00 from the Unassigned Fund Balance, which would reinstitute the school's sports/pay-to-play program.

Sarah Bernhardson, 229 Buckley Road, a 10 year resident of Salem, a parent, former BOE member, and teacher in Old Saybrook, felt that the cuts are not items that could be cut and still allow the school to be competitive with those of neighboring towns and communities. She reviewed and compared the class sizes for the towns of East Lyme, Colchester, and Montville with the class sizes of 22-23 students that would result by not adding the additional third grade teacher. The town should ensure that it is offering families enough incentive to reside in the town. She is willing to pay more so that her children receive exceptional education and experience the small town community feeling where everyone supports one another. She is concerned with the larger class sizes and elimination of the athletic and enrichment programs as these are the items which make the community stand out and keeps the residents in town. She thanked the Boards of Finance and Education for their hard work.

Selectman Ed Chmielewski, 75 Beckwith Hill Drive, a former member of the BOE and PTO and currently the President of the Salem Seniors, thanked both of the Boards for their hard work. Having heard the comments of a number of passionate parents and having had two children who have gone through the school system and involved in athletics in Salem, Selectman Chmielewski agreed that athletics and academics teaches our children a number of life lessons and skills and, combined, equates with success. In reference to the class sizes, he

agreed with the “pay now or play later” concept and added that both the Superintendent and Director of Student Services are both 0.45 FTE or less than half time employees. He thanked both BOF Chairman Dickson and BOE Chairman Reith for their presentations and their service.

Sam Rindell, 22 Salem Hollow Lane, a six-year member of the BOE, thanked both the BOF and his fellow BOE members for their service. He reviewed that the BOF provides the BOE with a budget and the BOE allocates the funds, accordingly, based upon the administration’s recommendations. He was also a member of the School Efficiency Study Committee and one of the promises that was made to the community was to provide the same level of education as they would receive in East Lyme. Unfortunately, with the current budget, he felt that the school would not be able to maintain that level, breaking their promise to the community. The conversation regarding the Superintendent position and the need to regionalize cannot be continuously had; the town and the school must strategically decide the future of our school. At the time of the Study, the town agreed not to have the middle school students attend school in East Lyme. With increasing pressure from the State, the question regarding the regionalization of the middle school students may, again, arise, and, should they opt to do so, could result in the town’s inability to control their finances even more. Those who can afford to pay additional taxes will do so while other avenues will have to be created for those who are unable to do so. He thanked everyone for attending this evening’s meeting and for listening to his comments.

Sean Reith, 61 Witter Road, having heard the many impassioned pleas to raise the funding for the BOE, clarified that the BOF and BOE have a very good relationship and will work together to make the budget work. The BOF works hard to do the best thing for the residents of Salem and the BOE works hard to do the best thing for the students of Salem. Both Boards have had to make a series of tough decisions due to the State’s fiscal crisis. He clarified that the ECS Funding is not being eliminated, but diverted to other towns. He encouraged the residents to take their pleas to the State Capital.

The following letter was recited by Chairman Dickson:

Aron D’Aquila, 46 Rathbun Hill Road, requested the Board of Finance to reflect upon their duties, remember that they are stewards of our funds, and realize the importance of our children’s education. More pride can be gained for our community from seeing our students receive the best education possible. He urged the Board not to shortchange the students and place undue burdens upon them; if they do, they would be robbing the community.

Chairman Dickson reiterated that, as noted by BOE Chairman Reith, the unexpected occurrences and subsequent cuts that were recently made by the BOE were unknown to the Board of Finance as they occurred following their presentation on March 7.

First Selectman Lyden recited the following letter:

Joscelyn Glidewell, 109 Beckwith Hill Drive, a mother and member of the PTO, expressed her feeling of betrayal by the Board of Finance. She felt that the town was turning their backs on the children. She moved to Salem to have a place to call home, be part of a loving community, and raise her two children in a town with a good school. She now fears that they

have not made a good choice. She proposed the possibility of creating a committee that holds fundraisers to raise moneys for those who would be unable to pay additional taxes and/or the possibility of having only one fire company. She urged them to rethink their decision.

Jamie Costales, 23 Cedar Hill Lane, questioned where in Hartford they can go to voice their opinions. She requested that the Board of Finance consider adding \$2,459.00 for consumable textbooks and \$65,000.00 for the third grade teacher as she credits all of her teachers for making her the person she is today and, with the help of the smaller class sizes, the children would be able to reap the same benefits.

In response, BOF Member Collins informed her that she could contact the town's legislators, who have been very sympathetic, and the Governor; their contact information is available through the BOE or at Town Hall. After decades of utilizing their one-time revenues for ongoing expenses, the State has accumulated a large debt and, because of the limited number of constituents in small towns, a town, like Salem, is not protected. It is not a party issue. He reiterated that the proposed budget is a best case scenario budget and could be much worse. First Selectman Lyden stated that much of the funding, as BOE Chairman Reith indicated, is being shifted and not eliminated. In a recent meeting with Governor Ned Lamont, who presented some creative ideas to resolve the State's fiscal issues, First Selectman Lyden stated that he urged him to hold small towns harmless and not penalize them for being fiscally responsible while rewarding those who have not.

ADJOURNMENT

M/S/C: Chmielewski/Reith, to adjourn the meeting at 9:29 p.m. Discussion: None. Voice vote, 5-0, all in favor. Meeting adjourned.

Respectfully Submitted by:

Agnes T. Miyuki, Recording Secretary for the Town of Salem