

**Needham Finance Committee
Minutes of Meeting of January 18, 2012**

The meeting of the Finance Committee was called to order by the Chair, Matthew Borrelli, at approximately 7:05 pm in the Great Plain Room at the Town Hall.

Present from the Finance Committee:

Matthew Borrelli, Chair; Richard Reilly, Vice Chair

Members: Richard Creem, Richard Lunetta, Gary McNeill, Steven Rosenstock, Lisa Zappala, Richard Zimbone

Also Present:

Dan Gutekanst, Superintendent of Schools

Anne Gulati, Needham Public Schools Director of Financial Operations

Christine Brumbach, Needham Public Schools, Director of Student Development and Program Evaluation

Deb Gammerman, Needham Public Schools, Director of Technology and Innovation

Tom Campbell, Needham Public Schools, Director of Human Resources

Terry Duggan, Director of Program Development and Implementation

Marianne Cooley, Chair, School Committee

Heidi Black, Vice Chair, School Committee

Michael Greis, School Committee Member

David Davison, Assistant Town Manager/Director of Finance

Citizen Requests

No citizens requested to speak.

Departmental Spending Requests

Needham Public Schools

Mr. Borrelli reported that he and the liaisons, Mr. Reilly, Mr. Zimbone, and Ms. Zappala, met a number of times with members of the School Department and School Committee to discuss the Superintendent's budget request. There were rounds of written questions as well. Mr. Borrelli asked Dr. Gutekanst to present the budget specifics. Dr. Gutekanst stated that the request includes not only the FY 2013 operating budget request, but also the plan for FY 2013 and beyond. The primary drivers of cost increases are special education, student services, specifically the English Language Learners (ELL) program, and increasing enrollment. He supplied four handouts. Dr. Gutekanst stated that the District's core values shape the decision of what is included in the budget. The FY 2013 request shows an increase of 5.7% from FY 2012, or less than \$2.8 million. He noted that 80% of the increase is for contractual increases for personnel. He stated that the requested increase is significant, but allows for catching up and doing things that are needed after two years of holding back. He stated that the 5.7% broke down into approximately: 2.8% contractual salary increases, 1% to replace one-time federal stimulus funds, 1% increase due to enrollment growth, and 0.9% for modest improvements,

which include mandates such as required changes for the ELL program. He stated that, in addition, \$800,000 of federal stimulus funds received in FY 2012 will no longer be available. However, the circuit breaker reimbursement will be higher than it has been, and for FY 2013, there will be decreases in special education tuition. The key drivers to the increasing budget needs are (1) enrollment, which has increased 20% since 2002-03, (2) the cost of services, which has steadily increased, inflation, which has been 31% in the last ten years and (3) special education. He added that the enrollment is expected to be down slightly in the elementary schools in FY 2013, but increasing notably at the High School level, which requires resources not needed at the lower grades. The circuit breaker funding which had been down because of the economy for the past few years, will be 65% in FY 2012, and expected to continue at 65% for FY 2013.

Dr. Gutekanst stated that the budget proposal includes growth of 24 staff in FY 2013, including 2.0 teachers at High Rock, 4.5 at Pollard, and 7.0 at the High School. He referred to a handout that showed the increases in class sizes without additional staffing. Dr. Gutekanst described the proposed improvements to the school program including: \$72,795 for expanding the ELL program with 1.5 FTE; \$55,000 for the pilot 1.0 FTE Math coach, an expansion of the High School theater program of 0.4 FTE for \$22,000; and a 1.0 FTE computer technician, and expanded technical, internet, and computer infrastructure for \$133,710. He also described proposed improvements to the special education program, which would involve a reorganization in order to sustain growth and better use resources. The improvements should help develop better relationships with families of children needing special education which should help keep students in district. These improvements include: expanding preschool from 4 to 5 days for \$43,421, expanding literacy support for \$110,000, expanding Pollard autism program for \$55,000, and reorganization of the special education leadership for \$87,781. Mr. Reilly asked Dr. Gutekanst to elaborate on how the reorganization will improve special education services. Dr. Gutekanst stated that there will be an administrator who is the full-time coordinator for the special education program at each school instead of shared so that issues can be resolved more effectively and efficiently. Mr. Lunetta asked how many out of district placements will be avoided under the new structure. Ms. Brumbach stated that it is very difficult to predict but the focus on the district's relationship with the family should have a positive impact. She stated that the goal is to have fewer out of district placements. Dr. Gutekanst noted that there will always be out of district placements because of the students' needs.

Dr. Gutekanst stated that the transportation costs are rising because of the contract from the only bidder for the yellow buses. The costs increased 9% in FY 2012 and will increase another 9% in FY 2013. The van program has been very successful, and has avoided \$132,000 in costs. Ms. Gulati stated that the department is proposing to maintain the bus fee at \$370 per rider with a \$750 per family cap. The proposal includes a \$131,000 subsidy to hold the fee. Another cause of the increased transportation cost is the need for an additional bus because of overcrowding on the high school and middle school buses. Ms. Gulati stated that the bus subsidy has risen from approximately \$35,000 in FY 2007 to over \$156,000 in FY 2012. The current proposed subsidy amounts to \$207 per rider. The projection of the subsidy is based on a 1% enrollment increase and 1% increase in fees. Using contractual increases and a constant fee, Ms. Gulati projected the subsidy to grow to \$442,830 in FY 2016. Dr. Gutekanst stated that he was concerned that any fee higher than \$390 per rider would severely affect ridership and cause more traffic and

additional need for police and crossing guards. He noted that Needham's bus fees are currently higher than most other local communities. He added that the program cannot be eliminated altogether because certain aspects are mandatory.

Mr. Rosenstock asked why a subsidy of \$131,000 was needed when the fee per rider multiplied by the number of riders, plus the prior year's subsidy, is significantly lower. Ms. Gulati stated that the subsidy covers the \$53,000 contractual increase plus the \$54,000 cost for an additional bus in FY 2013. She added that there are currently 35 students on a wait list who could not get a seat. They expect to add 50-100 students to the overcrowded tier next year, so are proposing another bus. They need to maintain the same number of buses even there are fewer students because they need to cover the same number of schools around town. She also added that there are more students with mandated bus service at High Rock. Mr. Rosenstock noted that the Town will be getting less money next year for the kids that don't qualify for free bus service. Mr. Reilly stated that the current fee of \$370 would increase to \$577 next year with no subsidy, which is exorbitant. He stated that the situation needs to be resolved. On a longer term basis, the cost of the underlying contract needs to be addressed. Of more immediate concern, the subsidy must be paid by either the parents, the school operating budget, or the town operating budget. He stated if the fee were increased by \$20 per rider, it will bring the incremental subsidy down to \$100,000. He also stated that since the Town side is concerned about the expense consequences from fewer bus riders, then perhaps some of the subsidy should come from the Town. The balance would need to come out of the School budget. Mr. Rosenstock stated that one option is to not add the proposed additional bus, and have a longer wait list next year. Mr. Borrelli stated that the issue is the benefit to the Town by having bus service. Ms. Gulati noted that 17% of the cost of the buses is allocated to the operating budget and 83% is in the revolving fund. Mr. Zimbone stated that there needs to be a solution to manage the situation for the long term. He stated that he does not think a \$20 fee increase will make the cost prohibitive. It would raise the fee from \$2.00 to \$2.10 per day.

Dr. Gutekanst stated that he is concerned mostly about public safety. Ms. Cooley stated that the School Committee needs to think about the issue. Ms. Zappala stated that there needs to be some education of residents so that they understand the costs of getting the students to the schools, the amount of the subsidy, and the fact that class sizes would increase as the subsidy increases. She stated that the Town cannot increase the number of teachers to meet the increase in enrollment at the High School and also increase the bus subsidy. Mr. Creem congratulated the Schools on their professionalism and the quality of the information presented. He stated that he served on an MBTA advisory board. In their experience, ridership declines initially after a fare increase, but recovers as people find other options do not work well. Mr. Creem stated that there should not be a concern about loss of ridership in the long term. He feels the important issue is why there is only one bidder for the service. Ms. Gulati stated that it is common. For a bus company to take on a new town requires a sizable capital investment. The market is regionalized. The bidders bid in smaller regions, not statewide. Ms. Gulati stated that they spoke with their Metco bus provider, but the company did not want the business. It is a debt-heavy, low cash flow business. Mr. Reilly asked whether consideration had been given to a structure under which the Town would own the buses and contract out the operations, since its capital costs would be lower than for a commercial company. Ms. Gulati stated that they had reached out to form a collaborative, but there were too many drawbacks. Ms. Gulati stated that she is going to chair a group trying to

regionalize services on a statewide level. There is currently a statewide program for municipal purchasing that allows for some economies of scale.

Ms. Zappala stated that the liaisons have pushed for answers since the budget has new programs, new teachers, a transportation subsidy, but leaves a gap with the Town budget. The Finance Committee has asked other departments to prioritize needs. Ms. Zappala asked what the School Department would cut if necessary, acknowledging this is difficult without knowing how much might need to be cut. Dr. Gutekanst stated that he understands the finances are tight. The School Committee will ask if he has scrubbed the budget entirely. He stated that he is working on the special education tuition bottom line. Two students will be graduating, that were not certain to be graduating when the budget was put together in October. This should allow a tuition savings of about \$85,500 taking into account the effects of circuit breaker reimbursement. He stated that in the area of transportation he would consider a reduction of \$31,000, but is concerned about a bus fee any greater than \$395. He would also consider removing staff increases that would not directly impact the classroom, although he feels the budget is well vetted and prudent and focused on goals, and that everything in the budget is really needed. Mr. Reilly stated that previously there was a 12% increase in bus fees and a decrease of only 36 riders. He suggested that the fees should increase in smaller increments rather than wait longer and have one huge increase.

Mr. Zimbone asked what the School Department would add if there were an extra \$50,000 or \$100,000. Dr. Gutekanst stated that he would add teachers. There is a need for teachers at the High School because of the class sizes. He stated that at Pollard, the math and science classes are also bigger than the classrooms can hold. Ms. Cooley stated that the High School also needs an assistant principal. Dr. Gutekanst agreed and stated that it is a serious situation that needs to be addressed soon. Mr. Rosenstock asked whether some current teachers are ineffective. Dr. Gutekanst stated that teacher do not get professional status if they do not live up to district standards. He added that there are some long term teachers also getting supervision. Mr. Rosenstock asked why the special education reorganization costs almost \$90,000 when there is a decrease of 4.0 FTEs. Ms. Gulati stated that the positions will be replaced with coordinator positions at the schools so that teachers will be replaced with administrators who will be teaching and also have additional responsibilities.

Mr. Creem asked for additional information about the ELL program improvements: who performed the underlying audit, and whether the changes are legally required or suggested, and whether there are sanctions for noncompliance. Dr. Gutekanst stated that it was a federal civil rights compliance audit. The main area of concern was that there needed to be more translation services for non-English speaking families. All important documents must be translated for such families, and every special education document must be translated. While there are no financial sanctions, the Department would not want to see civil rights charges. Ms. Duggan stated that the schools must assess students on English proficiency and categorize them. Each level has a specific number of teaching hours associated with it, and the district was approximately 55 hours short of the necessary service. As a result, an additional 1.5 FTE is requested in the budget. She stated that the school is also required to provide 60 hours of professional development for all teachers to be qualified to teach limited English students. This is another part of the cost.

Mr. Lunetta asked for a description of the proposed math coach. Ms. Duggan stated that it would be similar to the literacy coach in the elementary schools. The math coach would review student performance data make assessments and look to provide help to teachers by modeling teaching or providing other forms of professional development. The math coach would also identify students needing additional help or those needing additional challenges and provide direct service to those students.

Mr. Borrelli asked the School Department to address the capital requests. Ms. Gammerman presented a handout regarding the technology replacement request. She stated that the total request was for \$672,800 of which \$524,500 is for replacement costs and almost \$150,000 is for interactive whiteboards. The computers, servers and printers are on a seven year replacement cycle. 300 computers will be replaced, for both instructional and other staff needs such as reporting attendance. Approximately 75 computers will be replaced at the High School because they are at the end of the replacement schedule. The technology cost is also impacted by the transition to the new Lion operating system. There are software implications to allow the older operating system to be compatible with the new computers. They may have to upgrade 5,000 Microsoft Office licenses for a cost of \$50,000. The whiteboard request for \$150,000 includes connections and installation, and will be timed to be completed at Newman as the construction finishes. They will have 94% implementation of the whiteboard program.

Ms. Gammerman provided an update on the iPad pilot program at Pollard. It was launched in December. Teachers involved had to establish a connection with a unit of study and provide new opportunities for learning and critical thinking. The School Department provided training. They are now evaluating the program and the costs. They plan to continue through next year and expand in order to collect data. They currently plan to exchange one laptop cart in the budget for an iPad cart. Ms. Gammerman stated that they understand the financial challenges ahead and plan to explore leasing options and other models. Dr. Gutekanst stated that they plan to invite the School Committee and the Finance Committee members into the classroom to see the program working.

Mr. Rosenstock asked whether there has been any thought to slowing down the computer replacement schedule as they consider iPads. He noted that the schools used to require students buy expensive calculators, which in current dollars is probably similar to the cost of an iPad. Ms. Gammerman stated that a number of the computer replacements are for teachers and administrators that cannot be substituted with an iPad. In addition, there are many science labs and classrooms where an iPad cannot support the needs. The Department still needs to move forward with computers. Possibly in a year or two they may be able to slow down the replacement schedule, but FY 2013 is too soon. They need time to finish the pilot program. If successful, they would gradually implement the new program, which would take 5-6 years to get grades 6-12 covered. Dr. Gutekanst stated that they do need to think differently about the seven year replacement schedule. Computers are changing so fast and they don't know the future. Mr. Zimbone stated that the liaisons have already asked for a breakdown of the number of computers in the buildings, and which are for administrators. Mr. Lunetta asked the cost of advancing the iPad pilot. Ms. Gammerman stated that they are rolling it into the technology request. They will take about \$40,000 that they had planned to use to buy a laptop cart, and reallocate that to iPads. Mr. Reilly asked what other school districts are doing. Ms. Gammerman stated that there are

about 2,300 school districts using iPads nationwide. She stated that Needham is way ahead in their capital planning, so she does not have information about other districts' replacement schedules for iPads. Mr. Reilly asked about the business world. Ms. Colley stated that the business uses are not comparable to educational uses. Ms. Zappala stated that there is a different cost structure to laptops. Also operating systems can't be used for seven years. They need to look at classroom computers differently than administrators' computers. Mr. Borrelli stated that the Finance Department is moving toward virtualization, and asked whether the schools are as well. Ms. Gammerman stated that they are using it for certain servers and doing it where they can, but that it does not make much sense in much of the district because of their uses.

Mr. Borrelli asked where whiteboards will still be needed next year, since they expect to be at 94% after FY 2013. Ms. Gammerman stated that there will still be needs at 4 elementary schools. Mr. Zimbone asked how much they would need to get to 100%. Ms. Gammerman stated that they expect to finish in FY 2014 and need \$190,000. Mr. Zimbone asked about the progress of the combined Hillside/Mitchell project. Ms. Cooley stated that they recently chose an architect, and plan to begin the study. Dr. Gutekanst stated that they will be assisting the preparation of the application for the MSBA. Mr. Zimbone asked whether a childhood center will be part of this project. Dr. Gutekanst stated that they will be wrapped together to try to meet all the needs. They will also look broadly and consider High Rock and DeFazio locations. They are using Dorr and Whittier, who did the condition assessment, and are doing the prefeasibility study.

Mr. Borrelli asked for more information about the iPad pilot and when they might determine the success. Ms. Gammerman stated that they started in December, and they are still determining their evaluation methods. They are working with consultants to determine benchmarks. They will get information from teachers and students and parents.

Mr. Rosenstock stated that the request is for a \$2.7 million increase, of which \$1.3 million is contractual salary increases. He asked if they were given a 4.5% increase they would be \$550,000 short. He asked what they would take out of their budget to meet that. Ms. Cooley stated that they would ask for an override. She stated that the class sizes have increased to a level that it would be difficult to allow it so continue. She expects that the requested increases will be at the 4% level for the next few years, but removing \$550,000 now would present very difficult choices. Dr. Gutekanst stated that there would be teachers cut and the schools would be very different. Mr. Greis added that they have been putting off certain problems for a couple years, but now they need to address them. They have been trying to avoid an override because there will be a need later. Mr. Borrelli stated that there is a gap, though we don't yet know what it is. He stated the Committee is trying to do projections of what the gap is, and needed to identify where cuts could be. Dr. Gutekanst noted that the School Committee still needs to discuss the issue.

Meeting Space

There was a discussion of different meeting room options.

Finance Committee Updates

Mr. Zimbone stated that there was a liaison meeting regarding the DPW Enterprise Funds. The DPW will submit revised budget numbers based on calculation errors. Mr. Reilly stated that they will be highlighting the changes in a chart. Mr. Zimbone stated that we will have the bottom line when the Town Manager meets with the Board of Selectmen on January 24.

Mr. Creem reminded members about the MMA Annual Meeting on January 20-21. He encouraged people to go to the ATFC roundtable discussion on January 21.

Adjourn

MOVED: By Mr. Zimbone that the meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a vote of 8-0, at approximately 9:30 p.m.

Documents: Needham Public Schools FY 2013 Proposed Budget Request, December 6, 2011; Town of Needham Capital Improvement Plan, FY 2013 – FY 2017, dated January 3, 2012; Handouts: Needham Public Schools FY 13 Operating Budget, presentation to Finance Committee January 18, 2012; Assessment: Math Coach Implementation; Measuring the Effectiveness of the Special Education Re-Organization 1/15/12; Memorandum from Deb Gammerman to Dan Gutekanst and Anne Gulati re: CIP FY13 – FY17 Technology Request Responses to Finance Committee Questions; Needham Public School FY13 Technology Request presentation.

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst

Approved February 15, 2012