

**Needham Finance Committee
Minutes of Meeting of January 22, 2014**

The meeting of the Finance Committee was called to order by the Chair, Richard Lunetta, at approximately 7:00 pm at the Town Hall.

Present from the Finance Committee:

Richard Lunetta, Chair; John Connelly, Vice Chair

Members: Richard Creem (arrived 8:05 pm); James Flinton; Louise Miller, Richard Reilly, Lisa Zappala, Richard Zimbone

Also present:

David Davison, Assistant Town Manager/Finance Director

Dan Gutekanst, Superintendent of Schools

Anne Gulati, Needham Public Schools Director of Financial Operations

Melane Bisbas, Assistant to Director of Financial Operations

Christine Brumbach, Director of Student Development and Program Evaluation

Deb Gammerman, Director of Technology and Innovation

Terry Duggan, Director of Program Development and Implementation

Joseph Barnes, Chair, School Committee

Connie Barr, School Committee Member

Michael Greis, School Committee Member

Susan Neckes, School Committee Member

Heidi Black, School Committee Member

Aaron Pressman, School Committee Member

Citizen Requests

There were no requests to address the Committee.

Review of FY 2015 Budget Requests

Needham Public Schools

Operating Budget

Mr. Zimbone stated that the School Department, the School Committee budget liaisons, and the Finance Committee liaisons met a number of times to examine the numbers and to try to make a plan to avoid an override. Dr. Gutekanst made a presentation explaining the FY15 budget request, and its basis in the core values and School Committee priorities. He stated that his original request was for an increase of 5.28%, but it has been decreased to 4.8% or \$2.59 million. He detailed the programs that have been instituted in recent years with the support of the Finance Committee. He described the federal and state mandates in the areas of student learning and educator evaluations that are increasing the workload of the department and impacting the budget. He noted that although increasing technology is not mandated by law, it is necessary for a successful educational system. He stated that enrollment is increasing, and that Needham has a higher student/teacher ratio than other peer communities and that the instructional time is lower than the Town's peers. He noted that the middle school instructional hours fail to meet state guidelines.

Dr. Gutekanst stated that the revised FY15 budget request includes \$1.5 million in contractual increases, \$619K to maintain level services, and \$689K in program improvements. He circulated a spreadsheet with the line item details of the revised request for the operating budget as well as for the proposed supplemental budget. He stated that the High Rock and elementary assistant principal positions were shifted from the supplemental budget to the operating budget. He stated that the supplemental budget is not a wish list of improvements, but was driven by research and data. He stated that the School Committee has commissioned ten reports from September 2005 to November 2013, and each report had recommendations for program and instructional improvements. The supplemental budget would address all of the recommendations. He stated that the parent survey echoed some of the same thoughts. He described the additional hours and programs that would be implemented if the supplemental budget were approved. He stated that the supplemental request has been reviewed and tightened and some items deferred.

Ms. Miller asked why the SPED van is in the operating budget rather than capital. Ms. Gulati state that the budget assumes one vehicle is covered by the operating budget, and the others are covered by the capital budget. When changes in SPED placements trigger a need to add a van quickly, having funding for the van in the operating budget allows them to make the change immediately, since there is not time to wait until the next capital cycle. Ms. Miller asked what would happen if the operating budget request is not fully funded—would they add to the supplemental budget to make up for cuts? Dr. Gutekanst stated that he would reduce the budget and defer to the School Committee whether to increase the supplementary request. Dr. Barnes stated that he could not speak for the entire School Committee, but he would look to reduce the budget, not shift items to the supplement.

Mr. Reilly stated that last year there was funding for new software for teacher evaluations. He asked whether they have chosen the software. Dr. Gutekanst stated that they have been testing vendors and plan to procure it this spring. Mr. Reilly encouraged them to choose a program that not only provides for evaluations but also collects data that will help them improve and not just meet the minimum standards. Dr. Gutekanst stated that there will be additional assessment data, not just the observation information.

Mr. Connelly asked for average teacher salaries: for FY14, for FY15 if the increase of 4.8% is approved; and for FY15 if the supplement is approved. He also asked for average teacher salaries statewide. Ms. Zappala asked about the number of new teachers in the base budget, and where they would be working. She asked about Student Special Services. Dr. Gutekanst stated that they are predominantly special education, plus nursing, guidance, ELL and a psychologist. Ms. Duggan stated that most of the added positions are partial FTEs which will be additional hours for current staff.

Ms. Zappala stated that she had been a liaison to the Schools for the last several years, and saw that when the School Department budget grows at a rate that is higher than the Town revenue, it constricts other services that the Town provides. She stated that the goal of keeping the School increases within the rate of revenue growth has not been met. She stated that she understands the desire to seek an override in order to increase the base budget, but the Finance Committee needs to look at the big picture for the Town. The Finance Committee is keeping sight of the fact that other overrides are coming and also trying to determine what will be affordable.

Supplemental Budget

Ms. Zappala stated that she understood that much of supplement was for a contractual salary increases. She asked whether the instructional requirements for teachers would be changing with the extended day. Dr. Gutekanst stated that all the teachers in K-12 will work a longer day, but that not every level will be doing the same things. He stated that the elementary teaching day will be longer, but the secondary school teachers' after-school obligations will increase. He stated that all teachers are on the same salary schedule, so the salary increase will be the same, even if the work is impacted differently. Ms. Zappala asked whether the increase in teachers at the high school is to meet enrollment or whether there will be new offerings. Dr. Gutekanst stated that the operating budget covers the enrollment needs for the core subjects, and the supplemental budget covers new and innovative programs, including some new course offerings. Ms. Zappala asked why \$40,000 is needed for additional crossing guards. Ms. Gulati stated that the crossing guards now work at the high school, and then can drive over to the elementary schools to help there. With the new elementary school start times, they would need guards at two places at once, so there will be a need to add more crossing guards. Dr. Gutekanst stated that the budget includes five additional crossing guards which is the worst case scenario.

Ms. Zappala stated that there has been discussion of the student/teacher ratios, but not class size. She asked for the average class sizes, and how they compare to peer communities. Ms. Gulati stated that the enrollment section in the budget book includes class size information. Dr. Gutekanst stated that the average elementary class size has remained flat recently. Mr. Zimbone asked whether the class sizes have stayed within the School Committee guidelines with growing enrollment. Dr. Gutekanst stated that they are generally within the guidelines, but there are some classes that are above, at 29 or 30 students.

Mr. Reilly stated that he would be more comfortable if the reasons for the supplement were focused on the additional hours. He stated that the programs like enhanced arts, technology and sports clubs at the high school should be in the operating budget. He noted that the additional hours would bring the number of instructional hours from the bottom compared to peer communities to the top of the pack. He asked whether it could be accomplished over two years instead of all at once. Dr. Gutekanst stated that this has not been specifically addressed since the total is 25 minutes per day. He stated that it would not make sense to change the day by 12.5 minutes in two steps. Mr. Greis stated that there is substantial preparation work to design a new schedule, so that doing that in two parts would double the preparation work. Dr. Gutekanst stated that the new schedule would also require a change of lifestyle for parents handling drop-offs, pick-ups, and child care programs, which would be very frustrating if done in parts.

Mr. Reilly asked whether the Assistant Principals would be taking on administrative work that would be accomplished with a lower paid position. Dr. Gutekanst agreed that the Principals are burdened with administrative work, but stated that the Assistant Principals would be providing leadership capacity beyond what the Principal alone can provide, working on issues such as bullying investigation, managing staff, and meeting with parents that require an added skill level.

Mr. Zimbone stated that the supplemental budget would enhance technology and SPED needs. He asked how they would measure the success of the improvements in these areas. Dr. Gutekanst stated that there will be educator evaluations, and will also determine whether they are addressing the areas designated for needing improvement in the parent survey. Ms. Brumbach stated that the skill level in Spanish was demonstrably better when the students had a Spanish program in early elementary school. There is concrete data showing that. Ms. Miller asked them

to provide that information. Ms. Zappala asked how they judge new programs. Dr. Gutekanst stated that new programs have a plan that includes metrics to determine how it is working.

Mr. Connelly stated that there has been much discussion of new things such as the common core curriculum and common assessments. He asked whether there has been any thought of the next few years, and what will happen if they are underequipped to deal with these new things at the same time they are seeking a supplement for other new programs. Dr. Gutekanst stated that the new programs in the supplement fit within the goal areas, which keep the School Department focused and on track. He stated that they cannot control the legislature which keeps adding new mandates. However, there is pending legislation that would stop mandates and set up a committee that would need to review all mandates before they are imposed. Ms. Zappala also expressed concern that the PARCC assessments will have new requirements and that those changes combined with the changes in the supplemental budget would be too much change at once. Dr. Gutekanst stated that the new programming will enrich the education, and that the additional time will allow teachers to better prepare for the changes. Ms. Duggan handed out a description of the changes under the new common core, and stated that the Town has been working on the program for years, incrementally working the common core changes into the curriculum. She stated that the School will be in a good position for the new assessments.

Ms. Zappala asked how the benefits for the new positions in the supplement were calculated. Ms. Gulati stated that she assumed that any teacher that is more than 0.5 FTE would be eligible for benefits. She stated that most of the new elementary teachers would be new and more than half time. She stated that she used a blended average and assumed that some would use the full benefits available, and some would use only part. Ms. Miller asked for the back-up calculation of the benefits. Ms. Zappala asked whether the Schools considered phasing in the salary increase to the elementary level first, then to the secondary schools. Dr. Gutekanst stated that they would have to renegotiate the contract. He stated that the secondary salary piece is \$350,000 for the 1.75% increase.

Mr. Lunetta stated that the questions show interest in stretching out the supplement into more than one year. He asked for a 30,000-foot view from the School Committee of how they decided to seek the override. Mr. Barnes stated that the supplemental budget has been discussed at great length. He stated that they have not found a way that they could split it up into more than one year. He stated that the teachers do not have the time to do what they need to do. He stated that it is not just a wish list, but is needed. He stated that the Committee would rather accomplish the changes without an override, but he does not think there is a clear way to phase it in. Mr. Lunetta asked how it fit in with the other overrides that will be needed in the coming years. Dr. Barnes stated that the Committee will need to seek an override to rebuild the Hillside School soon. Dr. Gutekanst stated that they are engaged with the MSBA on the Hillside project. He stated that they hope to get approval for the feasibility study in April, though he does not expect it. He stated that the earliest they could seek a debt exclusion would be in November, 2015. He stated that he does not think that they would be seeking a debt exclusion for the Mitchell project until the 2020s. Mr. Zimbone stated that the Capital Plan shows modular building at DeFazio for \$22 million funded with an override in April 2016 and also \$55.5 million for Hillside construction and then the Mitchell project would be funded with an override in April 2018 for \$62.5 million. He stated that would be three quick overrides. Mr. Greis stated that they chose this approach because they think it is appropriate to go to the Community to do the things in the supplemental budget. He stated that they cannot wait until after the other overrides. He stated that also, the residents will not feel the pain of the debt exclusion for years, so this is a good time

for the operating override. Dr. Gutekanst stated that the projects in the CIP are placeholders, to be included for planning purposes, but they may be larger than the plan suggests. Ms. Gulati stated that they are trying to make the best use of swing space, but that the MSBA may make different decisions.

Mr. Zimbone asked for School Committee member opinions on the override. Ms. Neckes stated that the improvements in the supplement are necessary, and are not extras. She stated that it would not be right not to ask for the supplement just because the Schools will need to ask for money for Hillside as well. She understands the limits of the Town's revenue and increases under Proposition 2 ½, so she feels they need to go to the Town to ask for the funds. Ms. Miller asked what would be her position if it could be accomplished in another way. Ms. Neckes stated she would like to do it without asking for an override, but that the program cannot be split, since it would be problematic to phase it in. She stated that she understands the risk of an override. Mr. Greis stated that he cannot see another way to do it. He stated that the School Committee did not recommend putting the supplement into the regular budget because the Town could not fill the budgetary gap. Dr. Barnes stated that the supplementary budget all fits together and one part cannot be pulled out. Mr. Zimbone asked what they would do if the override fails. Dr. Barnes stated that in that case the voters would have spoken and they would not do the proposed programs.

Capital

Mr. Lunetta asked how the interactive whiteboards are being used. Ms. Gammerman stated that they are an interactive classroom tool. They are used in many ways in all topics, including with the interactive Think Math program. Mr. Lunetta asked if there are metrics to measure usage. Ms. Gammerman stated that they do not specifically measure the usage of smartboards, but they are part of the landscape of classrooms today. Mr. Zimbone asked if they were close to having whiteboards in all classrooms. Ms. Gammerman stated that they have completed 95%, and will reach 100% in FY16. Mr. Lunetta asked if the Schools use technological equipment past its replacement cycle or put it to other uses. Ms. Gammerman stated that they do use equipment as long as they can, even when it is a piece that has been replaced. Mr. Reilly asked when the capital plan would begin to show the effects of parents being asked to provide equipment. Dr. Gutekanst stated that the plan is to start having parents supply iPads for their students. Mr. Reilly asked if there has been any thought of stretching the replacement cycle. Dr. Gutekanst stated that they do stretch it out, since they use a 7-year schedule instead of 5-year schedule. Ms. Gulati stated that many high school computers are 8-9 years old.

Mr. Zimbone stated that the CIP includes temporary modular for \$22 million which are not covered by the MSBA. He asked what will happen to the building when the construction projects are done in 6-10 years. Dr. Gutekanst stated that there have been only preliminary discussions, but the space could be used as swing space for Police, Fire or other town offices during renovations. Ms. Gulati stated that there may be a gym facility which could be permanent. Mr. Zimbone stated that there are many loose ends considering the plan shows design funds are anticipated to be appropriated in May, 2014. Ms. Gulati stated that it is a placeholder.

Finance Committee Updates

Mr. Zimbone asked for a state revenue update. Mr. Davison stated that the Governor released his budget, which includes a 2% increase in state aid. There are increases and decreases in the individual aid categories. He stated that the rate of increase will be lower than in recent years, even for Chapter 70 funds.

Adjourn

MOVED: By Ms. Miller that the Finance Committee meeting be adjourned, there being no further business. Mr. Flinton seconded the motion. The motion was approved by a vote of 8-0, at approximately 9:39 p.m.

Documents: Town of Needham Departmental Spending Requests, FY2015, December 11, 2013; Town of Needham Capital Improvement Plan FY 2015 – FY 2019, dated January 7, 2014; Superintendent’s FY15 Operating Budget Request Finance Committee Presentation, January 22, 2014; FY15 Operating Budget Highlights; engageNY.org, “Pedagogical Shifts Demanded by the Common Core State Standards.”

Respectfully submitted,

Louise Mizgerd,
Executive Secretary/Staff Analyst

Approved March 5, 2014