

**Needham Finance Committee  
Minutes of Meeting of January 20, 2016**

The meeting of the Finance Committee was called to order by the Chair Louise Miller, at approximately 7:00 pm in the Selectmen's Chambers at the Town Hall.

Present from the Finance Committee:

Louise Miller, Chair; Richard Zimbone, Vice Chair

Members: Barry Coffman, John Connelly, Kenneth Lavery, Richard Lunetta, Richard Reilly, Carol A. Smith-Fachetti

Others present:

David Davison, Assistant Town Manager/Finance Director

Dan Gutekanst, Superintendent of Schools

Anne Gulati, Director of Financial Operations, School Department

Connie Barr, Chair, School Committee

Michael Greis, School Committee

Thomas Campbell, Human Resources Director

Mary Lammi, Student Support Service Director

Terry Duggan, Director of Student Learning

Mark Messias, Administrator of IT Services

Melane Bisbas, Assistant to the Director of Financial Operations

**Citizen Requests to Address Finance Committee**

Ms. Liz Lee, current Hillside and High Rock parent stated that she supports more funding in the school budget, and continued updates to the Hillside facilities, despite that a new school is being built. She stated that she would support higher taxes for more services both for the schools and police.

**Approval of Minutes of Prior Meetings**

MOVED: By Mr. Connelly that the minutes of January 13, 2016 be approved as most recently distributed, subject to technical corrections. Mr. Lavery seconded the motion. The motion was approved by a vote of 8-0.

**FY2017 Departmental Budget Requests (operating and capital):**

**School Department – Operating Budget**

Mr. Zimbone introduced the FY17 budget and outlined the budget process. He stated that the School Department's request includes a 5.6% or \$3.5 million increase over FY16, but that he is looking for a reduction of \$300K-\$400K. The Superintendent has provided approximately \$300K of possible reductions. He suggested that if the School Committee does not agree with those reductions, the School Committee might offer alternative suggestions. Mr. Zimbone stated that the School Department's definition of a request for level services is broader than what the Finance Committee defines as level services.

Dr. Gutekanst handed out a presentation. He outlined the FY17 budget request and how it seeks to meet the goals and priorities. He stated that contractual obligations and increases to meet enrollment growth constitute 5.56% of the 5.62% increase. He stated that there has been 25 straight years of enrollment growth. He stated that 33% of the total budget request is for special education programming. He noted that the request includes 14 FTEs that are benefit-eligible. He stated that he has discussed this with the Town Manager, whose budget pays for benefits. 11 of the new FTEs are teachers, 2 of whom will be within the new therapeutic program at the High School which seeks to provide special services to students inside the district, which will hopefully reduce out-of-district placements in the long term. 1.4 additional FTEs are needed to provide level services in the Greater Boston Program. In response to a question from Ms. Miller, he stated that these FTEs would be needed whether or not the Greater Boston Project continues. He stated that the number of FTEs has not grown in proportion to enrollment in recent years. Dr. Gutekanst noted that \$700K of requests from program directors were not funded in his budget request. He stated that the FY17 request is prudent, balanced and necessary. He stated that he has provided some possible budget reductions, and noted that an increase in the circuit breaker assumption would provide an additional \$55K-\$65K.

Mr. Reilly asked if there is a way to make a bigger investment now to provide additional services that could lead to long-term savings by avoiding more out-of-district tuitions in the future. Dr. Gutekanst stated that the district should build more capacity for special services at the High School, which is the goal of the new therapeutic program being instituted. He stated that there are programs at all schools, but space continues to be a challenge. Mr. Zimbone stated that the list of possible budget reductions includes \$167K decrease in the therapeutic program. Since one of the goals of the program is to ultimately keep 10 students in district, which could avoid approximately \$600K of out-of-district tuitions, he suggested not cutting that program, but instead taking \$167K from the budget of other out-of-district services to fund this program. Dr. Gutekanst noted that since the budget request was delivered in October 2015, they have learned of new placements that could be potentially \$200K in additional tuitions for FY17 that are not accounted for in the FY17 budget.

Mr. Coffman asked what could be done to address the high cost of special education transportation. Ms. Gulati stated that the Town is currently in a collaborative to try to contain these costs. She stated that there is a problem because there is only one bidder for the work and therefore no competition. She stated that that there are geographic challenges.

Mr. Reilly stated that if enrollment is essentially flat, and Hillside enrollment is growing fast, there must be an area of decreasing enrollment. Dr. Gutekanst stated that they do reshuffle teachers to keep class sizes within guidelines. However, the decreases are often not significant enough to drop a teacher. He stated that in FY16, he authorized the hiring of an additional 0.5 teacher at Hillside to address increase enrollment. This 0.5 FTE teacher is already working, but needed to be added to the FY17 budget through the budget process.

In response to a question from Mr. Connelly, Ms. Gulati stated that the increase of \$583K for special education will allow the district to continue to cover the out-of-district tuitions for placements in effect this year. She stated that the School Department currently anticipates being \$800K over budget this year. Dr. Gutekanst stated that the \$583K increase is needed, and that an additional \$200K would likely be needed to cover the actual tuition costs. Mr. Connelly confirmed that the budget request also includes an increase of \$471K for in-house special education programs. He confirmed that an increase of \$118K is requested for additional

transportation costs. Dr. Gutekanst stated that approximately 20% of the transportation increase is for the operating subsidy for regular transportation, and 80% is for special education transportation. Mr. Connelly stated that the requested technology increase is \$155K, and asked if that is the usual level of increase. Ms. Gulati stated this budget increases is all soft costs, and none is for hardware. She stated that it includes the website expenses and related technical expenses. Mr. Connelly asked what made up the increase of \$76K for reading and math support. Dr. Gutekanst stated that a portion is for FTEs, such as \$28K for an 8<sup>th</sup> grade math teacher. Ms. Duggan stated that when there is a new teacher, this money also covers study materials.

Mr. Connelly expressed concern that the number of students on individual educational plans has increased 5.7%, and asked if anything was being done, since this rate is unsustainable. Dr. Gutekanst agreed that the growth rate is unsustainable. Ms. Lammi stated that this is an issue that she and her colleagues discuss daily. She stated that Massachusetts has a higher rate of IEPs than other states, and this issue is being studied at the state level. Dr. Gutekanst stated that they are making effort to identify kids at an earlier stage with the hopes of keeping them in the regular educational program where possible.

Ms. Miller asked if the budget assumes any pre-purchase of special education tuition. Dr. Gutekanst stated that there are no pre-purchase assumptions in the budget, and that he would keep in touch with the School Committee and Finance Committee about this issue. Ms. Miller asked about salary savings. Ms. Gulati stated that there was approximately \$700K of salary savings in FY15. She stated that any known upcoming salary savings, such as announced retirements, were backed out of the FY17 budget. Ms. Miller asked how the additional \$340K in technology costs that is being shifted from the capital budget will be worked into the operating budget. Dr. Gutekanst stated that they do not know that yet.

Mr. Reilly commented that the School Department budget is 61% of the Town's overall operating budget. He stated that, assuming that there is a 4% revenue growth, then funding the School's 5.62% budget increase would leave a total of \$600K increase for the rest of the Town, which would be a problem. Dr. Gutekanst stated that his responsibility is to build a budget that meets the goals and needs of the school district. He stated that he does consider costs, but he must ask for the budget that he deems to be needed. Dr. Barr stated that the School Committee is aware of the needs of the Town, but it has its own goals. Mr. Zimbone reiterated that he has asked for reductions and this will need to be discussed further when the Town Manager's budget and revenue estimates are available. Ms. Miller encouraged the use of salary savings rather than cutting budget items. She suggested that when voting its budget, the School Committee might consider that the Finance Committee generally does not recommend higher than the School Committee's recommended budget.

### **School Capital**

Mr. Zimbone identified the capital requests made by the School Department that were recommended to be funded with cash capital in the Capital Improvement Plan. He stated that the technology replacement request was recommended by the Town Manager to be funded by \$307K of cash capital and \$340K from the operating budget. Ms. Duggan gave a presentation outlining the proposed technology program. She stated that last year there was a reorganization of the technology department, and much thought has gone into strategic planning. She stated that the middle school 1:1 technology program will continue, and that there will be a High School 1:1 pilot with students providing most devices. She stated that the capital request

assumes that desktop computers will be replaced with less costly devices for students and with laptops for teachers. The replacement cycle has been revised from 7 years to 3 years for computers. There will be inequities within the district as technology purchases are made, but it is unavoidable without a huge upfront cost. In response to a question from Mr. Reilly, Mr. Messias stated that the cost of providing Wi-Fi for a building would be approximately \$30K for Hillside because of the cement walls, and \$22K for Mitchell.

Ms. Duggan described the implementation of the digital learning device program in the different schools. Ms. Smith-Fachetti asked how the student-supplied devices would be supported. Ms. Duggan stated that much of the program is web-based, where no applications or software are needed. Ms. Gulati stated that the district would provide any apps or licensing that is needed. Mr. Lunetta commended the work, and asked how they protected against security threats. Mr. Messias stated that they have been slow and careful before allowing non-Apple devices to prevent intrusion. He stated that the Town has several fire walls.

Mr. Connelly asked about the recent pilot programs and whether there has been sufficient time and opportunity to ascertain and share the results beyond the School Department. Dr. Gutekanst stated that they do share the results and are currently seeking parents' feedback in a survey. In response to a question from Mr. Lunetta, Ms. Gulati stated that the FY17 technology request is \$200K more than the FY17 capital request showed last year. Ms. Duggan stated that there is a technology committee at the High School where teachers can share how technology is used. She stated that the School Department does not want to put technology in the students' hands until there is a plan of how it is used in the curriculum. Mr. Zimbone asked if they had looked into the issue of leasing devices rather than purchasing since that would be an operating cost rather than capital cost. Ms. Gulati stated that they had looked into leasing for the middle school program, and leasing was significantly more expensive.

Discussion: Mr. Reilly stated that the School budget is 61% of the Town budget, and suggested using a top-down approach as another way to look at the budget by comparing the ratio to other towns. He went on to state that it might be that more of the Town's budget might be concluded that more of the Town's budget should be directed to the Schools, but in that case it would have to be determined which other Department budgets would have to be cut. Mr. Lunetta stated that school funding is both an ideological issue and a financial issue. He stated that the Town has a good educational program and a top special educational program, and questioned how important it is to be the best. Mr. Zimbone noted that a woman at the School Committee meeting stated that she shopped around and moved to Needham because of the special education program. Dr. Gutekanst stated that people move to many greater Boston towns for special education, not only to Needham. He stated that the School Department will figure out how to contain special education transportation costs. He stated that they are currently considering limiting the service offered to service that they are obligated to provide. Ms. Gulati described the various efforts that have been made to control special education transportation costs.

### **Minuteman Assessment**

Mr. Davison stated that the preliminary assessment for the Minuteman School is \$763,830, based on the district formula which accounts for the number of students, total enrollment and three changes in the operating budget. Mr. Reilly asked if the proposed changes to the district agreement will change the assessment. Mr. Davison stated that it could. He stated that no town has voted to pull out of the district yet. Mr. Lunetta asked if the change to using a four year

rolling average for the calculation will affect the assessment. Mr. Davison stated that he expected that it will make a difference, but it will be too late for the FY17 budget.

### **Finance Committee Updates**

There were no updates.

### **Adjourn**

MOVED: By Mr. Reilly that the Finance Committee meeting be adjourned, there being no further business. Mr. Lavery seconded the motion. The motion was approved by a vote of 8-0 at approximately 9:18 p.m.

Town of Needham, Departmental Spending Requests, December 2015; Town of Needham Capital Improvement Plan FY2017 – FT2021, January 4, 2016; Needham Public Schools, Superintendent's Operating Budget Request, Jan. 20, 2016; The Greater Boston Project; Needham Public Schools 2014-2015 Technology Update #2; Technology Capital Budget Request, Mark Messias and Terry Duggan

Respectfully submitted,  
Louise Mizgerd  
Staff Analyst

*Approved January 27, 2016*