



## SCHOOL COMMITTEE

### BUSINESS MEETING OPEN SESSION MINUTES

DRAFT *December 14, 2022*

<b>Meeting:</b>	School Committee
<b>Date:</b>	
<b>Location:</b>	MERMHS Library
<b>Attendees:</b>	Pamela Beaudoin, Superintendent Avi Urbas, Director of Finance Theresa Whitman, Chairperson Jake Foster Kate Koch-Sundquist Anna Lin Mitchell Chris Reed Erica Spencer
<b>Absent:</b>	Matt Harrington
<b>Guests:</b>	
<b>Recorded by:</b>	Maria Schmidt
<b>Link to Reports and Presentations</b>	<a href="https://www.mersd.org/domain/785">https://www.mersd.org/domain/785</a>

#### A. Business Meeting Open Session –

*Ms. Koch-Sundquist moved to move from executive session to business meeting. Ms. Spencer seconded the motion. The motion passed unanimously by roll call.*

##### 1) Public Comment –

There was no public comment this evening during the business meeting.

##### 2) Student Report –

There was no student report this evening.

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**3) Chairman's Report** – Mr. Reed read two bullets from the School Committee Operating Protocols:

- Agree that our positions will not be used for personal or partisan gain.
- Conduct business through meetings with a set agenda that is tied to district goals. Emerging items shall be addressed in subsequent meetings through planned agenda items.

Ms. Whitman asked for a moment of silence to commemorate the ten year anniversary today of the Sandy Hook school shootings.

**4) Consent Agenda** –

- Acceptance of Warrants: **V1024, V1025, V1026**
- Minutes for approval: *no minutes for approval*

*Mr. Reed moved to approve the Consent Agenda; Ms. Koch-Sundquist seconded the motion. The motion passed with five votes for. Ms. Mitchell abstained, as she had not had time to review the warrants.*

**5) Sub-Committee Reports**

- **Elementary Facilities/MSBC Sub-Committee** (Theresa Whitman/Matt Harrington) – No Report
- **Finance Sub-Committee** (Anna Linn Mitchell/Theresa Whitman) – No Report
- **Policy/Communication Sub-Committee** (Erica Spencer/Jake Foster) – No Report
- **Negotiation Team Sub-Committee** (Kate Koch-Sundquist/Chris Reed) – Ms. Koch-Sundquist reported that the negotiations sub-committee met last week and said that there is still work ahead but that progress is being made.

- 6) Superintendent's Report** – Superintendent Beaudoin reported that Allison Collins is looking to reboot the SEPAC (Special Education Parent Advisory Council). The schools are all planning their winter concert programs to be held later this month. Superintendent Beaudoin attended a North Shore principals roundtable to meet with legislators and discuss rising special education costs, particularly the fourteen percent increase in private program tuitions. While they did not receive commitments, it was an opportunity for school administrators to communicate the need for assistance. They are working for a review of the fifteen-year-old Chapter 70 system. Administrators are lobbying for relief from the state. The recent millionaire's tax is unlikely to produce a benefit to schools for at least a year. It was also communicated that there is a

misperception of high aid to schools for Covid relief. MERSD representatives were clear that we did not receive much.

Discussion: Ms. Mitchell stated that the next finance subcommittee meeting is January 9. She expressed concern about needing to commit by the following day and asked when the subcommittee would dive into the details of the budget. Mr. Urbas replied that the date for presentation of the multi-page budget, as a draft, is slated for the first meeting of year for the finance subcommittee, which is the first week back on January 5, 2023. It would be discussed at the finance subcommittee meeting on January 9, 2023. Mr. Reed asked for an update on the turf field replacement process. Mr. Urbas responded that the solicitation of bids is expected in the next week, following the last edits for legal wording. He estimated three weeks for bids to come in and confirmed that they would be for both the Hyland Field and Brook Street Field. However, MERSD would have the option to delay or cut the work at Brook Street. Construction is planned for this summer.

**7) Public Hearing – Manchester Essex Regional School District Budget for 2023-2024**

- a. **Tentative Budget for 2023-2024:** Superintendent Beaudoin stated that the presentation is a preliminary look at what the budget is expected to be when finalized in February. The final budget must be ready by Town Meeting. However, some significant contributors, including health care (March-April) and state revenue (June), will not be finalized at that time. Superintendent Beaudoin and Mr. Urbas presented together, with Mr. Urbas addressing number-oriented areas.
  - i. **Methodology and Budget Fundamentals: School Committee Goals** include working collaboratively with member towns to ensure the financial health of the District; utilizing the facilities index report to predict and pursue renovation/repair of Essex Elementary School; collaboratively pursue the strategic initiative to nurture an inclusive and diverse school culture; and advance academic excellence by ensuring implementation of, and community support for, the district Strategic Plan. **Guiding Principles** include managing the operational budget to deliver a stable and predictable spending and assessment growth rate; managing key drivers to maintain the agreed upon target of 3.5% spending/assessment growth; and providing level services.
  - ii. **Operating Budget** – There is a projected gap of \$756K between spending and revenue that will need to be addressed by cuts or new funding through increased assessments to the town. The tentative budget is built as a level services budget. This is an increasingly challenging goal due to rising mandated costs. **Budget Drivers** include compensation (limited to anticipated 2.82% increase with a planned reduction of 4 FTE), insurance and non-META pension (anticipated to rise 10% or more due to market trend), and Out-of-District expenses (seeing unprecedented inflation). The tentative budget does not include reinstatement of previous staffing and program reductions; stabilization contributions to a capital fund; or replenishment of previous reserve fund reductions. The tentative FY23 Operating budget is \$30.14 million, with an preliminary FY23 operating assessment increase of 6.53%.

Budget Revenue is impacted by the removal of reserve funds. There has been some minimal increase in state aid.

- iii. **Reserves** – Use of reserve funds has been eliminated from the budget revenue stream. Reserves are comprised of funds accumulated over multiple fiscal years and are dedicated to planned capital investments, emergency needs, and maintenance of favorable bond ratings to minimize the cost of borrowing. There are four accounts: Excess and Deficiency (revenue in excess of expense), Facilities Rental, School Choice, and Stabilization (interest income from MMES bond proceeds awaiting deployment between FY20 and FY21). Funds in the stabilization account are committed to capital improvement projects and were used to fund the EES playground, update technology and security at the other campuses to match the MMES project, and fund the Habeeb Report and turf field design contract. Remaining funds are fully committed through FY23. Total reserves heading into FY24 are tasked with the turf field replacements and near-term projects as identified in Habeeb FCI.
- iv. **Capital Budget** – The Capital Budget is a separate annual budget for debt service on the MSHS and MMES construction bonds.
- v. **Hypothetical EES Timing Scenarios** – Scenarios for pursuit of Essex Elementary School Project contrast a fast track, with application to MSBA immediately following conclusion of the MMES project, with a delayed application that waits until expiration of MS/HS debt. Delay will necessitate increased repair work at the current EES and escalate construction costs approximately 2.5% per year.
- vi. **The Challenge** – The cost of level services grows at an average 3.5 - 4% per year, which is faster than the 2.5% levy limit, resulting in a cycle of cutting to meet a budget number. The districts hit a financial crossroad of significant program reduction or need for override every 7-10 years.
- vii. **Next Steps** – Public input will be taken at budget hearings tonight and on January 24. Additional budget work will occur through January. The finalized budget will be presented at the School Committee meeting on February 7, 2023.

#### b. Public Comment

Annie Cameron, Essex: Ms. Cameron pointed out that the police are asking for a 2% increase and contrasted that with the larger ask from the schools. She asked about possible admin savings to be pursued in the budget; if there could be savings on the negotiated META contract; if there is an OOD (as regards the rising cost to districts for incurred services) strategy; whether it might be possible to fund the turf field replacements via debt exclusion rather than reserves; and whether there is likely state relief from the Maura Healey administration. Superintendent Beaudoin stated that in a survey of administration, it looks like we are still under-staffed. School of Choice numbers are not set until January/February, and it is difficult to make reductions based on enrollment and then add students through choice. The superintendent suggested waiting for comment from Alison Collins regarding OOD. Out of District expenses are dependent on the IEP placement process, which is blind to finance, supporting the right of all

students to access the educational curriculum. The district's analysis from special education expenses last year is that the internal programs instituted are saving MERSD about \$1.8 million annually. Ms. Cameron asked how the district is doing versus risk factors that were built into budget. Superintendent Beaudoin stated that many risks were mitigated by Circuit Breaker offset. META negotiations, 2% versus 2.5% would equal about a \$150-200k savings. Regarding state relief, the North Shore principals special education round table is actively expressing our need for assistance, short and long term. The statute and process have not changed with time and need. The superintendent said that debt exclusion is a whole group discussion about how to fund the fields. The district has planned for using reserves and it is not clear what the towns' appetites are for debt exclusion one year, followed by the Essex Elementary project ask the following year. The superintendent will look to the collaboration group for direction, but the district is communicating now that we cannot do it all with what is on hand. Ms. Whitman stated that the collaboration committee is focused on exploring a solution jointly. Mr. Urbas spoke to the Circuit Breaker program for reimbursement of special education expenses. The program pays a percentage of qualifying expenses above a threshold level. Out of District placements tend to be fairly expensive. The state has also recently adjusted its guidelines to reimburse for travel expenses, as well, phased in over four years. FY24 will be the first year that we can hope for the maximum reimbursement. However, this is all subject to the state budget process.

Ruth Breen of Essex: Ms. Breen asked how budget numbers are updated once the final insurance numbers come in and asked for clarification regarding the school of choice dollars as the term is used twice in the budget. Mr. Urbas clarified that he provides the school committee with insurance rate numbers as they come in, which can be after final approval of the budget, and the school committee determines how any savings is to be utilized. The SC tends to have a public discussion around any savings that arise. Ms. Breen asked about the inclusion of School Choice in the reserve funds. Mr. Urbas replied that annual revenue from school choice sending districts, which is \$5000 per pupil, plus an additional amount for SPED or OOD placements, is deducted from the budget in that year. However, in the past there were many more school choice students and income was around \$800k per year. This allowed us to build up a reserve of those funds, which are included in the reserves category. Since then, school choice enrollment has been curtailed.

Ken Buttrick, Essex: Mr. Buttrick asked about the projected deficit amount of \$756k. He asked about the next three to five years, whether that number should be padded, and how confident the district is in the number. Superintendent Beaudoin stated that the estimate is very preliminary, though based on experience and strong estimates. The superintendent also said that this projection applies only to the current budget year. Mr. Buttrick stated that the apportionment issue for Essex is structural and larger than the current gap as their apportionment number is increasing. He stressed the need for getting a solid number. Ms. Whitman stated that the collaboration team hopes to tackle this issue in greater detail and stressed that it is an issue impacting both communities, especially with the state of Essex Elementary. Mr. Urbas said that without a three year plan for both towns, the discussion

of what dollar amount will be enough is conceptual. Mr. Buttrick asked if there is a breakdown by town for students withdrawing from MERSD for high school and why they are leaving. Superintendent Beaudoin replied that about fifteen students left for private high school this year, with another eight heading to Essex Tech. There is not a breakdown by town. The superintendent stressed that most of the decline in attendance is related to population size. Although there is a study to be done on the fifteen students leaving for private schools, the decline since 2014 of more than 150 students is more significant. Mr. Buttrick postulated that the apportionment could be significantly greater for Essex in ten years if current trends persist. Mr. Buttrick asked if the four FTE positions are planned retirements, which the superintendent confirmed and said are split between general and special education staff.

Jeff Soulard, Essex: Mr. Soulard expressed interest in pursuing capital exclusion to finance the replacement of the turf fields. He stated that it is more appealing in Essex to do so in order to utilize reserve funds against the budget. He expressed that an override might be avoided and that the feasibility study might be similarly funded.

John Round, Manchester: Mr. Round asked about the district student headcount used for this budget. Mr. Urbas replied that the current year's enrollment, for all schools, is 1220. With OOD, it is 1244 students.

Matt Gibbs, Manchester: Mr. Gibbs asked how the district determined it should cut four FTE without projections. Superintendent Beaudoin replied that the principals look at where they are now. She also stated that staffing will be restructured to provide the same service with fewer numbers. Mr. Gibbs stated that the term level services is very broad, and that talk around town is that we have been cutting consistently over the last few years. He asked if these cuts are sustainable over the long term and questioned whether local parents are looking for "level services." Mr. Gibbs stated that an override is an opportunity to get feedback about what the community wants and to examine the additional services needed to stay in the top ten of Massachusetts schools. Ms. Whitman stated that the conversation brought to the SC over the last couple of years has been about money. She also emphasized that the Strategic Plan contains many goals that can be met without a significant financial impact. Ms. Koch-Sundquist stressed that the SC takes community input very seriously and appreciates it. Mr. Gibbs stressed the importance of the way the budget is presented at town meeting and the need to have a conscious effort to reach out to the community. The superintendent replied that there are stages to the budget process and that the charge is to present a level services budget, if that is the direction all town boards can support, because that support is crucial to moving forward. Superintendent Beaudoin also emphasized that the proposed staffing reductions can be made without any reduction in delivered programming.

Caroline Weld, Manchester: Ms. Weld stated that she expressed many of the same opinions during her time on the School Committee, but stressed that town members who support school funding have to show up to vote. Ms. Weld also stated that the numbers exiting to private school are similar to what she remembered. Superintendent Beaudoin

stated that the exit is up 10%. The superintendent questioned whether parents are looking for increased quality or offerings, in terms of growth. Ms. Koch-Sundquist expressed her confidence in the quality of program. Ms. Weld also stated that the existing program is great but that she has always wanted more.

Nina McKinnon, Essex: Ms. McKinnon asked when the district began using reserve monies to fund the school budget. Superintendent Beaudoin said that in FY2020 the district contributed \$100K at the request of town of Essex. The contribution grew to \$330K in FY21, \$330K in FY22, and \$520K last year in FY23. Once those monies become part of the budget revenue, removing them escalates the assessment. Ms. McKinnon also brought up the perception that there are 230 fewer students in district but the same number of staff. Ms. Whitman stated that this issue has been explored in depth in previous meetings and that the SC may need to refer these inquiries back to previous minutes.

Mike Flynn, Essex: Mr. Flynn asked about capital needs going forward, after this \$750K gap. Mr. Urbas recounted that the recent Habeeb report examined the state of facilities in Essex and at the middle/high school and details pending costs. It shows the need for a significant investment on the capital side. The expenses are in excess of what is in the reserve fund. Mr. Flynn asked about medium term project within the next two to four years, after the current \$750K deficit, but before the Essex Elementary project. Specifically, are there other “turf fields?” Superintendent Beaudoin said that is only the case if we do not have a defined path for EES. The turf fields have been in the planning process for five years. Their useful life was temporarily extended by curtailed use during Covid. Superintendent Beaudoin stated that the turf field replacement has been accounted for during budgeting for five years. The greatest difficulty to modeling and projections has been in having to divert reserve funds and having to enter into protracted discussions each year about trying to meet a level-services budget. The superintendent emphasized that the district is very open to investments and expanding the program but struggles with having to enter discussions each year unsure how to meet basic needs. She stated that she is hearing two strong perspectives: interest in the district managing without the towns committing their own reserves and interest in growing the district program. The superintendent stressed that the district is not confident in passing the current level services budget and the current directives to forge alternate budget proposals have drained the time and energy from the district staff working to craft the tentative budget. This question has become something the towns must take up. Ms. Whitman stated that a lot of work is underway currently to solve this collaboratively.

Mr. Foster spoke to the need for an examination of what it means to be an excellent school. He stated that our Strategic Plan starts us down that road, but work needs to be done within the SC and through engagement with the community to see what we mean by that and what it means for programming.

Karen Gertsh, Essex: Ms. Gertsh asked about the cost per student to the district and whether we receive that for school of choice students. Mr. Urbas stated that the school

choice program reimburses districts \$5K per pupil, plus SPED costs. The average cost to educate a student is around \$19K per year. The benefit comes by accepting students to fill extra seats in an existing program, for instance with enrollment that lends itself to low class size. Each year, MERSD looks at classes to see where we can add students without incurring extra expense. Ms. Whitman asked about the impact of new construction developments. Mr. Urbas said that the cost is determined by dividing all costs by the total number of all students. Incremental costs for new students would not be at the \$19K level. Superintendent Beaudoin agreed with Ms. Gertsh that we should be reimbursed for the actual cost of education for choice students, but said that the state sets those parameters. The district continues to lobby our case.

Guy Bradford, Essex: Mr. Bradford stated that roughly two-thirds of reserve funds are generated by Excess and Deficiencies, which is money originally generated by the towns. He asked why that money shouldn't be sent back to the town by use in the budget. Superintendent Beaudoin stated that the district does want to return that money to the towns, but believes the place to do so is through the Capital Funds. Currently, the district does not charge a line item to the towns for capital issues, instead using these reserve funds to meet one-time expenses like repairs and studies. Otherwise, MERSD would have to charge the towns for every project that arose. Mr. Urbas clarified that reserve funds are excess funds. These funds are generated one time and allocated for one-time projects. Funds are used in a manner that is prudent. The operating budget is recurring. Because the reserve monies are not recurring they are not a prudent revenue stream for the operating budget. Ms. Whitman stated that the SC has talked about creating a reserve fund policy. Mr. Bradford asked if there was consideration by the district for addressing staffing by consolidation of classes with other districts or colleges. Superintendent Beaudoin replied that the district is always looking at those opportunities and talking with other districts about how to combine courses or use technology. A downside of being a small district is that may struggle to have enough student interest to maintain a program long term. Although they will not cut a program that a group of students are counting on, it may be something that is limited to every other year or phased out depending enrollment numbers. Ms. Spencer stated that the more we think about limiting options, the more we risk becoming a district in a cycle of limiting programs due to enrollment which then encourages students to leave the district. She stated that she believes the community wants a robust educational system. The superintendent reiterated that our administration has been asked to design to a budget number. Mr. Bradford clarified that he was talking about cost-efficient approaches that would allow us to maintain our programming.

Jodi Harris, Essex: Ms. Harris asked for the total for E&D accounts for the last four years. Mr. Urbas provided the following numbers; FY19: \$1.776 million; FY20: \$1.778 million; FY21: \$1.57. The numbers for FY22 will be updated in a few weeks. These balances are the total amount accumulating in the fund. Mr. Urbas said that these numbers show that there was little return. Ms. Harris noted that the amount pledged does not necessarily come out of the reserves. Ms. Harris asked about the district policy regarding budgeting at a line-item level. Specifically, if a budget line item is not fully



utilized, is it budgeted at the same level in the next year? Mr. Urbas stated that this introduces the concept of zero-based budgeting. There have been areas where this has been done and emphasized that the district does pursue this course because they have the same outcome as the towns – how to fit our budget within a constrained amount of income. Ms. Harris asked what percentage of children in our communities attend public school. Superintendent Beaudoin stated that it is approximately an 9-25% range for out of district enrollment, with numbers escalating as students get older. Currently, there is a spike in students leaving. Ms. Harris stated that there is a need to memorialize documents to see trends across changes in the SC, Finance Committee, and BOS makeups. She suggested sharing documents across towns to allow committee members to more easily see trends. Ms. Harris also expressed the need to see breakdowns in student population trends between the two towns. Ms. Harris asked if programs were indeed cut recently. Superintendent Beaudoin stated that there were several reorganizations and two cuts – to the elementary Spanish program and to sixth grade Spanish. In addition, the late bus to Essex was cut. Route consolidation of standard bus routes has also occurred to reflect utilization.

Tina Lane, Essex: Ms. Lane asked how many school choice students receive special education services and whether the district receives a larger reimbursement for these students. Mr. Urbas stated that we do not break out who is on an IEP in any way for required confidentiality issues. However, OOD placements are fully reimbursed. There is also an additional reimbursement for choice students with in-district SPED.

Ms. Breen expressed appreciation for the work of the SC, Superintendent Beaudoin, and Mr. Urbas. Ms. Breen expressed concern for the assessment burden on Essex and stated that because each year's budget is based off the previous budget, they would like to remove the town fields from the current ask.

Mr. Buttrick expressed that the issue is the towns' capacity, with both town budgets flat-lined to pay for the schools. Superintendent Beaudoin replied that she understands the difficulty. The school ends up in the middle of the debate. The administration must shift its attention from managing educational programming to managing the discussion around funding. We are in a collective crisis of funding and the solutions need to be collaborative. Ms. Whitman said that the SC hears a lot from the town leadership about the financial pinch while Manchester residents express concern over programs. She expressed concern for hearing from all the voices involved and building a picture of what the entire community is looking for.

Mr. Gibbs stated that the charter/ask of the district has been 3.5%, as it is for every board. He challenged the SC to not accept that and to educate the community about the challenge the district has juggled for years and about the process. He questioned whether the community understands the growth aspects that our educators are asking the administration to provide to grow our programs. He said he believes that the community would support that. Superintendent Beaudoin stated that what the community wants is different in each town and that there is a misalignment of understanding between the two

communities. We run the risk of alienating one town by meeting the wants of the other. There is a lot to lose if we cannot guarantee moving forward with what we have. Ms. Koch-Sundquist stated that it is an issue of what the two communities are able to provide. She said that in the last census taken, the Town of Essex had 8% report income below the poverty line.

Ms. McKinnon expressed support for creative solutions, like the idea of online class offerings that support robust programming without high cost. She also stated that there is a perception that everything is done in Manchester. Ms. Whitman stated that she also hears complaints about travel to Essex and expressed that opening a new elementary in Essex may go far toward equalizing the perception. She stressed the relatively young age of the district. In regards to online learning, Ms. Whitman questioned the timing, having just emerged from the online constraints of the pandemic. Ms. Spencer expressed the need to celebrate the positive outcomes we have experienced as a district as a way to unify our community.

Annie Cameron, Essex: Ms. Cameron stated that, although a picture is often drawn of two very different towns, each town is internally significantly split. She urged the SC to provide both sides of the story to both communities.

Mr. Foster stated that, process-wise, this seems like the time to talk about next steps. He expressed the need to look beyond just funding for next year. The 3.5% holds up year to year, but not long term, necessitating an override every six to ten years. He stressed that our ask cannot just look at next year and asked about looking at the model used by Mr. Urbas. He also questioned what is needed to reach our goal of “excellence” and whether we have outlined metrics to track whether we are “excellent.”

Ms. Mitchell said that she is always pushing for greater transparency and believes that it would help the budget presentation at Town Meeting if the SC can capture and communicate data in a way that is easier to understand.

Ms. Whitman stated that the term “transparency” has changed over time. Currently, more managerial background is being asked for than at any time in the past. Demands for increased types of reporting from administration costs them in time and energy, finite resources.

## **8) Adjourn**

*Ms. Spencer moved to adjourn the meeting; Mr. Reed seconded the motion. The motion passed unanimously.*

## **School Committee Future Meetings**

- January 10, 2023
- January 24, 2023 - Essex