

Special Board of Finance Budget Meeting
Joint Meeting with Middlefield Board of Finance and RSD13
6:00 p.m., Tuesday, April 7, 2016
Middlefield Community Center

Minutes

1. Call to order

The meeting was called to order at 6:00 p.m. The Pledge of Allegiance was recited. Members of both boards introduced themselves.

In attendance: Loraine Coe, Rosemarie Naples, Chuck Stengel, Molly Nolan (6:45)

Absent: Martin Anderson, Laurie Tuttle

Others in attendance: 4 members of the Middlefield Board of Finance, Dr. Veronesi and Ms. Popp from the Superintendent's Office, 3 members of the Board of Education, and a few community members.

2. RD13 Budget

a. Minimum Budget Requirement

Jim Irish explained that he had forwarded an email to everyone and went on to summarize it for everyone. The Middlefield Board of Finance would like to see additional reductions in the budget and Mr. Irish wanted to explain the rationale for those reductions. Mr. Irish reviewed that MBR is basically the floor that the budget can be taken to for next year without penalty. State law says that there are four ways to reduce the budget: enrollment decline, school closure, cost efficiencies or having no high school. Any or all of those provisions may be used to reduce the MBR. The Middlefield Board of Finance proposes using two of those provisions: declining enrollment and school closure.

The decline in enrollment was described at the March 16th meeting as a \$702,000 savings. Middlefield BOF would like to see an additional reduction due to the school closure, which has been assessed as a savings of \$418,000. The total is \$1,120,000 of possible reductions. This means that the budget can be reduced by that much without incurring any penalties. A waiver would only be needed if a budget was to be passed with an amount lower than the MBR. Jim Irish asked that a letter be sent to the Commissioner of Education for a total reduction of \$1,120,000 right away.

Mr. Irish went on to review the rationale for their suggested reductions. The Superintendent's budget, coupled with some action by the BOE, has approved \$691,000 of reductions. Mr. Irish explained that the reduction in the budget due to the closing of Korn School will be available this year and very likely in ensuing years as well. A second structural reduction is in benefits through having staff move to a high-deductible insurance plan, showing line item reductions of \$450,000. This, again, will be a reduction in the cost baseline going forward. The salary line item was reduced to 99 percent last year and there was still a surplus, therefore the Board of Finance believes that to be a reasonable and acceptable move going forward. These three items total \$1,082,000 and the Middlefield Board of Finance is asking for a total reduction of \$1,000,000.

The last page of Mr. Irish's email proposes some places where reductions can be made. The proposed Organization Development position has been discussed as one opportunity and the Board of Finance also believes there are opportunities in the Capital Reserve area.

In summary, the Middlefield Board of Finance would like to take this opportunity to give the cost reductions back to the taxpayers. Mr. Irish also suggested holding off on the school budget referendum until a response is received from the Commissioner of Education regarding the MBR.

Superintendent Veronesi commented that they have talked with legal counsel and the Commissioner's Office as recently as yesterday and have been told that they are the first district to ask any questions about waivers or allowable reductions and she does not believe that the Commissioner's Office will get back to them quickly. The Commissioner's Office believes that District 13 could, in fact, be precedent-setting. Dr. Veronesi explained that the current budget is, in fact, the Board of Education's budget and she cannot make a commitment or a comment for them. Dr. Veronesi also explained that MBR was not used as the criteria to create the budget.

A Board of Education member commented that he had talked to Ron Melnick about the outstanding debt that exists on Korn School (\$685,000) and how that would need to be handled. There is a fear that if the Board of Ed pushes too hard, they would get a decision and that might mean the Commissioner may request the debt be repaid. Bob Yamartino asked if the State has actually tied the two issues together in discussions and Kathy Veronesi stated that, in fact, they had. Dr. Veronesi stated that the state legislators that they have talked to feel fairly positive that there would be a waiver on paying it back, but the status of the school is unknown in general at this point.

Jim Irish commented that he spoke with Betsy Gara, the executive director of the Council of Small Towns, and she described the opportunity for multiple ways of reducing items but also the time frame on waivers and penalties. Ms. Gara's interpretation is that if the district is underneath the MBR and the state does find that that's the case, the entire fiscal year is available to make supplemental appropriations to bring the level to the MBR before invoking any penalties.

Dr. Veronesi explained that she wrote a letter asking about a waiver of the MBR and hand-delivered it to the Commissioner. The Commissioner told her that they would probably not do anything until after the referendum. Bob Yamartino remarked that decline in enrollment would be guaranteed and that the district has the right to apply for the other MBR reduction, which is not a waiver. Mr. Yamartino asked if it made sense for all of the concerned boards to meet with the Commissioner.

Lorraine Coe asked when Korn School is actually going to be considered closed and Dr. Veronesi explained that students would not be in Korn School next year, but she was not sure what the State would consider officially closed. BASREP will continue at Korn School next year and other outside agencies will use it also. Dr. Veronesi is also not sure what the Alternate Use Committee will be recommending for Korn School's ultimate use or what two communities will decide. Dr. Veronesi stated that they had sent the notice of the Board of Education's vote to close the school as of the end of this school year.

Lorraine Coe also remarked that the Board of Education is elected to run the school and produce a budget. Mrs. Coe feels that it is up to the Board of Ed to do the necessary foot work for their budget and that the Boards of Finance should wait to see what they propose. She would be very happy to see a reduction, but feels that the individual boards should be left to do the jobs they were elected to do. Bob Yamartino reiterated that that was why he was asking if it would make sense for the Boards of Finance to give the Board of Ed their support. Mrs. Coe did hope that the two Boards of Finance could be involved in the BOE budget planning earlier in the process next year.

Lorraine Coe stated that some of the biggest items would be the waivers, the closing of Korn School and the reductions involved with that school. Bob Yamartino explained that the net savings from Korn School was \$418,000. Mrs. Coe summarized that everyone would like to see large reductions in all of the budgets. It seemed clear about the MBR, but the amount that the State will allow to be attributed to Korn School closing is not clear yet.

Kathy Veronesi felt that if the Board of Ed had felt that they needed support, they would have approached both Boards of Finance. Again, she believes that MBR and a budget that addresses the needs of the students are two separate things. Dr. Veronesi stated that there has been no discussion about decreasing the budget as much as \$1 million. At this point, this is the Board of Ed's budget. Chuck Stengel felt that it would be in everyone's best interest to get the MBR as low as possible and then budget appropriately. Dr. Veronesi felt that if the MBR was lowered, then people would want the budget to be that low and Mr. Stengel felt that that was the Board's job to convince people otherwise.

Rosemarie Naples stated that she is annoyed with the MBR issue and felt that it has very little to do with the problem which is to reduce the budget. She, too, would like to see the budget reduced as much as possible.

Another member asked if other schools in the district have loans like Korn School. She commented that the Board of Ed decided to close a school that they can't close because of the money owed. It was explained that work had been done at Korn in 2000 and 2004, but Memorial and Lyman have much lower amounts outstanding. There is also a legal issue with Brewster and the roof has just been done there as well. All of the schools in the district have some type of liability.

Bob Yamartino asked if the members present would like to introduce other topics or try to schedule a second meeting. Dr. Veronesi stated that she was happy to be there and has already scheduled a community budget workshop for early in the budget season next year. Dr. Veronesi feels that her primary responsibility is her commitment to the students and the community. She would like to continue the conversation and clearly hears the message from the Boards of Finance. Dr. Veronesi also stated that she will communicate with the Board of Ed tomorrow morning, sharing the ideas from tonight's meeting.

3. Public Comment and Questions

A member of the public asked if there was any compromise to the education of the students to move forward with the MBR waiver. Kathy Veronesi stated that that would not happen, but she does have concern about the community expecting a lower budget if the MBR is lower.

Another member commented that she had been on the Board for a number of years and had seen the budget voted down and would like to see the budget pass the first time and fit the needs of the students.

Bob Yamartino commented that he has always asked the Board of Finance how to pass a resolution in support of the school budget and has never been able to get a unanimous vote. One of the main reasons he wanted to meet together was to get to that point, where everyone supports the budget.

Dave Lowry felt that this has been a very good start and that dialog should continue. He also commented that he felt the district should take the lead on this issue. Kathy Veronesi commented that the feedback she has received has been how courageous the district was in making the decision to close the school. At this point, Mr. Yamartino suspended the remainder of the agenda.

4. Adjournment

A motion was made and seconded to adjourn the meeting. Motion carried unanimously. The meeting was adjourned at 7:01 pm.

Respectfully submitted,

Maryjane Malavasi

Extracted from minutes produced by Debi Waz for Middlefield Board of Finance