

Approved by the Select Board:

November 7, 2022

Select Board joint meeting with Warrant Committee,
School Committee and Long-Term Capital Planning Committee

FY24 Budget Summit II

Hybrid Meeting

October 20, 2022

7:00 pm

**RECEIVED
TOWN CLERK
BELMONT, MA**

DATE: November 21, 2022

TIME: 10:07 AM

CALL TO ORDER

Chair Mark Paolillo called the Select Board to order along with Vice-Chair Adam Dash, and member Roy Epstein, along with Town Administrator Patrice Garvin, Assistant Town Administrator/Finance Director Jennifer Hewitt and Budget Analyst Matt Haskell. Supt. Phelan and Tony DiCologero from the Belmont School Administration were also present.

Geoff Lubien, Chair, called the Warrant Committee to order with a quorum (Bill Anderson, Ann Helgen, Bob McLaughlin (remote), Paul Rickter, Elizabeth Dionne, Chris Doyle (remote), Jack Weiss, Laurie Slap, and Matt Taylor (remote)).

Meg Moriarty, Chair, called the School Committee to order without a quorum (Mike Crowley, (remote) and Jeff Liberty).

Chris Doyle, Chair, called the Long-Term Capital Planning Committee to order without a quorum (Adam Dash, Aaron Pikilingis (remote), Elizabeth Dionne).

Paolillo said the focus tonight will be on the budget process and further discussion about revenue. The school presentation will focus on enrollment and how it impacts the school's budget. Expenditures are not a relevant topic tonight.

Jennifer Hewitt presented slides about the FY24 budget process.

Presentation Overview • Goals of FY2024 Budget Process • Budget Milestones • Review of Available Funds • October 2022 Enrollment Data • FY2024 Budget Approach - School and Municipal • Anticipated Fall Town Meeting Topics • Next Meeting – December 14th

Goals of FY2024 Budget Process

- There is no Operating Override planned for FY24.
- Using one-time funds and continuing a structural deficit that has been in place for a number of years until we can restore ongoing funds.
- Developing a framework to refine projections and reduce reliance on one-time funds.

Major Budget Milestones

- The Budget Summit on December 14, 2022 will focus on updated FY24 revenue and revenue allocation projections.
- The January 12, 2023 Budget Summit will focus on high-level school budget numbers and further refine the FY24 revenue allocation.
- The focus of the February Budget Summit will be the Preliminary Budget.
- The Last Budget Summit in March 2023 will further update the budget based on feedback.
- Final budget will be issued in April.
- There will be a wrap-up meeting in June to collect feedback on the FY24 process and set dates for FY25 budget development.

Chris Doyle asked if a high-level Town budget will also be available on February 2nd? Hewitt said it is the plan to come out with high-level numbers for the Town in January.

Hewitt said that this year is a learning year and we need time to reflect on what worked and didn't work.

Potential Use of Free Cash - FY24

- Preliminary numbers on the potential use of \$15.5M in free cash.
- \$6M of Free Cash is projected to support operating budget.

Capital and General Stabilization funds are placeholder amounts. The newly formed Comprehensive Capital Budget Committee and Warrant Committee will have further discussion about reserves. \$7.8M Free Cash was carried forward from a prior fiscal year.

Hewitt replied to Chris Doyle that the \$2M in the capital stabilization fund line is not in lieu of funding for capital.

Jeff Liberty asked how we should begin to think about what else we can do with Free Cash other than roll it over? Paolillo reaffirmed that Town Meeting has to be convened in order to appropriate money out of the reserve funds and the free cash.

Hewitt said that we need larger conversations about fiscal goals before we appropriate money.

ARPA Funding Summary

- \$6.3M of \$7.8M in ARPA funding has been designated for use; there is \$1.4M remaining.
- Money needs to be committed by December 2024 and spent by December 2026.

Structural Deficit

- A structural deficit is when Government spending is higher than recurring revenue.
- In some cases, COVID grant funding can be considered as adding to the structural deficit.
- Schools have been better able to fill vacancies this year. Town vacancies will add to Free Cash for June 30, 2023. The Town needs to fill vacant positions, but will not be able to do so for every one of them in the near future.

Laurie Slap commented that because of the revenue limitations in Belmont, there may be need for an override every 3-4 years.

John Phelan noted that Prop 2½ was not meant to be a perfect formula. It was meant as a tool for residents to be asked whether their taxes should be increased rather than simply having town leaders make the decision for them. Many towns routinely have overrides every few years.

Paolillo said it's the residents who drive what services are provided in Municipal Government. The Belmont Structural Change Impact Group came up with many ideas to reduce expenses for delivery of services.

Aaron Pikilingis thinks residents need more education about the structural deficit.

Paolillo said the Collins Center report suggested that we need to address the issues that led to the structural deficit. We can't rely on state aid to balance our budget.

FY2024 Preliminary Revenue Forecast

- There will be a more solid number by the next Budget Summit in December.
- Enterprise receipts for water and sewer indirects will be refined before December. In addition, the Town is considering engaging with a consultant to review water and sewer rates to confirm they are adequate to support both operating and capital expenses.

Weiss asked what available funds and revenue offset mean? Hewitt said she has a detailed revenue report that she will release for the December summit. Available funds are funds on hand that could support the budget (parking funds, capital endowment fund, free cash for operating budget, sale of Town owned property, overlay surplus, general stabilization fund, etc.) Revenue Offsets are State Assessments charged on the Cherry Sheet and the Overlay, which covers abatements.

Meg Moriarty pointed out that one-time funds are different than ARPA funds, which are meant for COVID needs.

Jeff Liberty said it's hard to say you can't spend money on a position that is needed when the money is available.

Superintendent Phelan presented slides about enrollment's effect on the FY24 budget process.

K-12 Enrollment (2018-2022)

- Enrollment was going up by 200 students per year from 2012 to 2019 until COVID pandemic stopped that growth.

K-12 Enrollment (2020-2022)

- The three-year view shows aggregate reduction of 54 students in enrollment from October 2020 to 2022.
- Lowest enrollment cohort is kindergarten.
- Last year they did not reduce number of teachers, because it was decided to keep lower class sizes during COVID years because of heightened student needs.

Jack Weiss asked if we know the enrollment numbers needed for Chapter 70 increases. Supt. Phelan said Chapter 70 funding can't go down in Belmont, but enrollment would have to grow by 300 students before we get any Chapter 70 increases.

English Learners (EL)

- EL students currently comprise 10% of the overall school population.
- The three-year Increase in EL was 92 students.
- 60% of the 300 kindergarten students have a second language spoken in the home.

Weiss explained that an English Learner is a student who cannot do grade level work in English. Supt. Phelan said that the district is obligated to test every student who checks the box about second language being spoken in the home.

Special Education (in-district)

- In-district Special Education numbers went up 156 students from 2018 to 2022.
- Special Education students make up 15% of the overall population in Pre-K – 12 as opposed to 11% in 2018.

Special Education (OOD)

- Out-of-district numbers increased in the last three years by 35 students.

COMMENTS about Special Education

Weiss commented that the one-year change from 2021-22 seems high. Phelan replied that this may be attributed to the challenges experienced by children during COVID and an increase in the number of students placed outside the district. LABBB students are considered out-of-district (OOD) placements.

Ann Helgen said that she did a DESE numbers analysis that showed that students with disabilities went up 17% last year in 2021. All other disabilities in comparable cohort schools had gone down. Phelan said he could produce a breakout of LABBB vs. private day placement vs. overnight placement to explore the reason for this statistic.

Weiss asked if out-of-district placements can change through the school cycle? Elizabeth Dionne replied that in her experience as a Special Education attorney it is unusual for a child to go in and out of services. She feels that LABBB is the best Special Education collaborative so we are fortunate to be able to access that service.

Jeff Liberty said what seems to be true is that we have a higher number of students with increasing needs.

Jack Weiss said trend data probably can't be used for high needs students because needs and numbers change.

Vocational Enrollment FY22, FY23

- Belmont is no longer a member of the Minuteman network but students can still be placed there and at Medford Vocational High School.

COMMENTS about Vocational Enrollment

Paolillo asked Supt. Phelan how Minuteman and Medford compare. Phelan said both come to visit 8th grade students to inform them about their programs, and we are currently working with Cambridge Rindge and Latin, Waltham and Watertown to tap into their vocational options.

Supt. Phelan noted that starting in 2023 High School programming will offer more hands-on classes, but they won't replace vocational programs. Those who want to be in the trades are encourage to apply to Vocational School.

Hewitt said she worked closely with Minuteman when she was in in Lexington. She said that high demands force them to admit applicants from member communities over non-member communities.

Chris Doyle suggested we get more data on this subject before further discussion is undertaken.

School Budget Process

- FY24 budget process memo was presented on October 4, 2022 with the School Committee and again with the Warrant Committee on October 12th.
- The FY24 budget will be developed through the lens of the General Fund, Federally funded positions, and the opening of the new Middle School.
- Phelan said the General Fund process will involve a rollover of employees, and updating salaries based on the approved contracts, steps and lanes to produce a net dollar amount.

COMMENTS about General Fund

Phelan said they entered into agreements with all unions and COLA was increased by roughly 2.5%.

Lubien said the TASK Force 2 set a guideline of 4% for rollover. Epstein said it would be useful to determine if the 4% rollover is still a viable number. Supt. Phelan said he would talk to Tony DiCologero about that

Matt Taylor commented that the term "level services" is used two ways. He thinks that the Warrant Committee and the community does not define this term in a consistent way. Mr. Taylor feels that we need to use data to explain to the community what we mean by level services.

Phelan said that as School Superintendent he interprets level services as providing quality service to the same cohort in the new budget year. So if needs or numbers grow, resources need to grow.

Mr. Taylor said that many residents are suspicious of the school budget and he thinks we need to be clearer about what changes year to year.

Paolillo says the delivery of the services change over time. He agreed we need to articulate to the community what those changes will be. Our residents have expectations and we do our best to deliver the services they ask for. Paolillo said we are trying to be more accessible and open in the budget process, but some Town Meeting members don't pay attention until the last minute.

Chris Doyle is hoping that with the Town moving back the budget process timetable, more details on the budget will be available for community evaluation. There is a lot of data that we could convey to the community to help them understand the budget process.

Federal funded positions

- Review all federally funded positions and programs and determine which positions still provide level service for the needs of remaining students.
- Produce a “net” number of positions needed for FY24.

COMMENTS about federally funded positions

Weiss said conversely, he hopes that an assessment will be made about COVID related services that are no longer needed, even if these needs are level service in the budget. Phelan agreed.

New School

- Middle School opening is September 2023.
- This means adding a 7th school to Belmont.
- With a separate building now, FTEs will need to be reanalyzed.
- The issue will be discussed at the School Budget meeting next Tuesday night.
- An organizational chart was made for every position in each grade and each building. The analysis of this chart will be used to determine the actual FTE number for FY24.

Special Education Budget Projections

Phelan reported that the Special Education out-of-district plan for FY24 budget will be done earlier than usual in December 2022.

Jennifer Hewitt presented slides on the Municipal Budget Process.

Municipal Budget Process

- Town is not replacing the five staff positions eliminated in FY22 after failed override.
- Town Administration started projecting payroll expenses centrally. Matt Haskell was responsible for this project, which will help with collective bargaining and ensure consistency across departments.
- Rather than projecting levels of missing positions at the levels of previous staff salaries, the Town will project based on an entry-level basis.
- FY24 expenses are based on level services from FY23 and projections for FY25 and FY26 will be requested to identify known increases.
- Department budget deadlines are next week, internal budget meetings will begin in mid-November, and Select Board budget hearings will be held the week of Dec. 5th. Warrant Committee subcommittees will meet with departments in February and March 2023.
- Capital Budget Committee is transitioning to Comprehensive Capital Budget Committee. This committee will help to project out-years to incorporate into budget projections.
- Hewitt said capital needs far exceed available funds. We have to balance capital and operating budgets on real time basis. One-time revenue sources should be dedicated to capital needs and it would be appropriate to put the revenue into a stabilization fund.

COMMENTS about the municipal budget process.

Weiss said it's appropriate to budget lower for positions that are being filled. Weiss thinks that if we developing methodology for projections would decrease the amount of turnbacks.

Epstein agreed with Weiss. Lubien noted that the current job market may force us to increase salaries for some positions.

Jeff Liberty said he has hired many teachers and it's good to have models, but it's not good if it gets in the way of hiring an ideal candidate for our students. There always has to be wiggle room. You have to think of them as people, not just numbers. He said we should not allow process improvement to affect our kids.

Chris Doyle said that one of the Structural Change Impact Group recommendations was that every department report back during the budget process about which recommendations they think can be successfully implemented.

Patrice Garvin replied that the department heads are doing the best they can with limited staff and she said even though she likes the idea of having department heads provide feedback on the Structural Change Impact Group recommendations, they don't have the time right now to address that recommendation.

Mike Crowley asked when we were going to decide whether we should add back the five open staff positions.

Hewitt replied that they are asking departments to process level service budgets, but they also have the opportunity this year to advocate for extra staff.

Paolillo said we do need to look at Structural Change Impact Group suggestions because it's important to look at things in a different way.

Elizabeth Dionne said she has worked with Town staff and they are understaffed and overworked. We are placing an unfair burden on them. We are losing staff to towns who pay more money.

Paul Rickter, Structural Change Implementation Committee member said that ideas will be hard to implement without having an advocate in Town to push the ideas forward.

Fall Town Meeting Potential Topics

- Hewitt reviewed the Fall Town meeting topics and dates for the next budget meetings.

GENERAL COMMENTS

Elizabeth Dionne, Community Preservation Committee Chair, said that the Town Hall roof has been deemed an emergency situation. The Town got a single bid for \$330K. They submitted an off-cycle request of \$230K and are hoping we get this done before the summer.

Laurie Slap is pleased that we are focusing on revenue to drive the budget. We have to understand what a failed override means.

Margaret Callanan asked if the Superintendent could provide an estimate about what additional expenses to the debt exclusion have been incurred above what the taxpayers supported. What operating costs might be incurred with new buildings?

Phelan replied that each budget year, they have projected forward the costs for staffing the new schools. That discussion had been happening until COVID and now that are recalibrating that amount.

PJ Looney, Town Meeting member, pct. 7 asked what would happen to the modulars after Middle and High School are online. Phelan said that the Town will make the decision of what happens to them once they are no longer needed.

Next Budget Summit Meetings:

December 14, 2022 Meeting • Updates on Revenue Projections and Shared Service budgets • Initial Revenue Allocation for FY2024 • Three-Year Projection – Revenue and Spending (preliminary)

January 12, 2023 Meeting • High-Level School Budget for FY2024 • Refined Revenue Allocation for FY202

Motion was made to adjourn the Warrant Committee and approved by a quorum roll call vote.

Motion was made to adjourn the Select Board and approved with a vote of 3-0.

Submitted by

Virginia Quinn

Recording Secretary