

Finance Committee Report-2017

Throughout the fall budget cycle members of the Finance Committee have attended meetings of the School Board, Select Board, Library Trustees, and the Meriden Library Building Committee (other?) to understand the proposed budgets and the factors that influenced their development.

Proposed School Board Budget

Article 1: Offsetting revenue

The proposed FY 2018/2019 budget is \$6,790,958. a *net increase* of 4.02% over actual expenditures for the last fiscal year. This is a rather large increase, the result, primarily, of four factors;

- A \$67,801 decrease of expected non-tax revenues (i.e., revenues coming from other sources than local taxes, e.g., state funds, grants, etc.).
- A \$110,000 increase in major, non-budgeted, non-offset expenses from FY 2017/2018 carried over to the proposed FY 2018/2019 budget. This represents a new special education out of district placement and additional para-educator.
- A \$220,000 increase expenses for the proposed budget for benefits, special education out-of-district placement, and an incremental para-educator.
- A total of \$120,000 in additional changes for the proposed budget drive by the “Budget Principals” defined by the board and school administration including;
 - New materials for math and reading programs (\$13,500),
 - An additional \$15,651 for discretionary professional development (focused on competency-based education, which is a state requirement.
 - Discretionary staff changes (guidance, library and office administration) totaling \$59,934
 - Investment in Chromebooks for all 6th, 7th and 8th graders (\$37,500).

Although there is general support for the process followed by the parties in the development of this budget and we understand the logic of the subsequent requests there is concern, among some committee members, about the ever increasing (consistently higher than the rate of inflation) budgets and the rate of innovation / evolution that might bring per pupil cost of education more into the mainstream. As a community we are paying a premium for education at PES which may have been acceptable in the short term, as enrollment declined, but perhaps should not be the permanent obligation of all our residents.

Additionally, a number of separate warrant articles have been proposed;

Article 2. \$14,000 Contractually-mandated increases from the approved contract between the School system and the Plainfield Support Staff Association (PSSA) for 2018/2019. The Finance committee supports the article.

Article 3. \$40,715 Contractually-mandated expenses (increases, not including step and column changes) from the approved contract between the School system and the Plainfield Education Association (PEA) for 2018/2019. The Finance committee supports the article.

Article 4. \$30,000 for the replacement and improvement of flooring in the school building. This is the next step in the multi-year process of moving to the terrazzo flooring. Finance committee has been persuaded in the past that the move to terrazzo, although costly, represented a reasonable choice for the school, and therefore the current group supports this request.

Article 5. The sum of \$50,000 is requested to fund a special education Tuition Trust. Historically the Finance Committee has supported the use of reserve funds as a means of smoothing potentially volatile expenses. This article is consistent with that thinking.

Proposed Town Operating budget

This budget, exclusive of warrant articles, of \$2,335,085 represents an increase of \$80,467, or 3.6%.

Notable drivers of the Operating budget increase are;

- Staff costs, primarily health care and retirement contributions, have added more than \$37,000 to next years' costs.
- Based on a sample stone repair project the Cemetery Trustees have suggested that we are not properly budgeting for the maintenance of our cemeteries and as a result that line item was increased \$8,000.
- Ambulance services from Lebanon have increased \$6,500. Alternative arrangements are under review.
- Highways & Streets expenses are up \$16,772.
- Principal and Interest lines are down \$13,075 due to the retiring of the bond for the Phillip Read Memorial Library.

Additionally, requested outlays for capital items have increased 6.1%, or \$68,000.

Significant Capital Outlay changes are:

- Article 5: A review of our equipment reserve fund indicated that we were potentially underfunding, based on projected equipment replacement costs. That line item has been increased \$25,000 to get the fund in line with expectations. The committee supports the use of reserve funds and recognizes that the amounts will vary based on expected expenses.
- Article 6: With new municipal fire department responsibilities comes the need to plan for future equipment replacement, so a new dedicated fund has been created and the budget includes the first annual contribution of \$25,000. The Committee supports the use of a reserve fund for this purpose.
- Article 7: Meriden Library Fund – The Meriden Library Building Committee met over the past year and has recommended that the most cost effective method to achieve the goals of the community will be to replace the facility. The final cost of the project will be offset by current funds, a future bond, and private fundraising. Beginning to set aside funds to cover the anticipated public portion of the project has led to the creation of this reserve fund and the initial deposit. The Committee supports the use of a reserve fund and that the public should have an opportunity to demonstrate support for a project of this scale

These increases are offset a small amount by a projected increase in revenue of \$43,294.

The net of this budget, with the passage of Articles 5,6,7 will require an additional \$105,173 in tax dollars, or \$0.40 added to the tax rate.

Comments on the Town Budget:

- Costs related to healthcare and retirement benefits continue to drive budget increases. As these benefits become increasingly costly we support the periodic review of our compensation practices to ensure we control costs where possible, while compensating staff appropriately.
- Reserve funding is an effective method to level larger expenses. The requested level of funding should be the result of an appropriate review of expected expenses. The requested change in the highway equipment fund is an example of the right way to use these funds.
- The Committee would like to acknowledge that the discussion regarding the brine program represents the type of review that all new programs should have. This allows the community to try new things to address a need, and only continue the expense if the results are deemed worthwhile. This process should encourage innovation and efficiency in the context of prudent budgeting.

Conclusion

As previous Finance Committees have noted, there are no right answers to where we should draw the budgetary lines except the answers provided by the community itself. Our neighbors can take some comfort from the fact that even in an era where everyone's discretionary time is precious there are still individuals who volunteer their time to participate in town governance, including the vital (if occasionally dry) process of annual budgeting. Like-wise you can be assured that the professionals who act on our behalf throughout the year to prepare these budgets, take the

process seriously and do their best to listen to feedback from the community. It is ever more important that all of us support the many volunteers on our Boards and committees by attending meetings, giving them input and participating in the decision making process. We urge all community members to come to the School and Town Annual Meetings and vote!

Brad Atwater and *Mark Hary* Co-Chairs Finance Committee