

FINANCE COMMITTEE REPORT

The Finance Committee, consisting of 6 members, is authorized by the voters and appointed each year by the Town Moderator to advise the Select Board and other officers of the town in the prudential affairs of the town.

Finance Committee members attended all School Board and Select Board meetings and public hearings related to the budget. In addition, separate Finance Committee meetings were held with public participation to discuss budget related issues.

Summary of Town and School Finances

To say the least, 2020 has been a challenging year. The Covid-19 pandemic had significant impacts on the school program and its budget. More importantly, it had a significant impact on the students and parents and school staff who were trying to make the best of an unprecedented situation. The pandemic continues to create uncertainty about future school programs, state funding and the financial needs of our community. Please keep this in mind as you review and consider the Town and School budget proposals. The perspective of the Finance Committee is that both the Town and School officials have worked tirelessly to make good projections, cut expenses where they could and minimize the pandemic's impact on taxpayers while still maintaining the services that this community expects.

The town budget, including warrant articles, would increase the tax rate by about \$0.28 which would add \$70 in taxes for a property assessed at \$250,000. In addition, the school budget, including warrant articles, would increase the tax rate by \$1.38 which would add \$345.00 in taxes for a property assessed at \$250,000.

Town Budget

Meriden Library – Article 2

The Library Trustees bring to the town a warrant to raise and appropriate a sum of \$1,150,000 for the replacement of the Meriden Library Building, and to authorize a withdrawal of \$55,000 from the town's ADA Capital Reserve Fund, \$17,761 from the town's Meriden Library Replacement Fund, and accept the remaining balance of \$1,077,239 in donations from the Meriden Library Building Fund and the Meriden Library Foundation.

The project will bring a new building and community space to the town that will be energy efficient and in compliance with the town's "Ready for 100" initiative. The new library building will also be ADA compliant.

Tax Impact: None. No additional dollars \$0.00 will be raised by taxation.

The finance committee supports this article. (Vote 6-0)

Operating Budget – Article 3

The operating budget request for \$2,466,662 represents an increase of \$56,662 or 2.4% from last year. The largest increases in the budget were the contracts for solid waste collection and disposal accounts (\$42,500) and dispatch services (\$7,000). In addition, revenues from the State are uncertain as a result of the pandemic. However, we believe that the projections and line-item decisions made by the Select Board are reasonable and should be supported.

Tax Impact: The operating budget, exclusive of other warrant articles, accounts for \$4.51 of the tax rate or \$1,127.50 for a property assessed at \$250,000.

The finance committee supports this article. (Vote 6-0)

Reserve Funds - Article 4

Reserve funds are taxes collected by the town for specific identified future expenses. The use of these funds has served the community well by preventing large fluctuations in the tax rate from year to year. The requested allocation of \$257,500 is unchanged from last year.

The finance committee strongly recommends that the leasing option be evaluated by the Select Board and the CIP be provided to voters before supporting any future allocations to these funds. (See Recommendation below)

Tax Impact: Support for the reserve funds' allocations would account for \$.83 of the tax rate or \$207.50 for a property assessed at \$250,000.

The finance committee supports this article. (Vote 6-0)

VNA (Petitioned Article)

Although there are three visiting nurse associations which serve Plainfield families, the Town has traditionally supported the VNA and Hospice of NH & VT with a contribution as recommended by our Community Resource Director. This year, the VNA placed petitions in the Meriden and Plainfield stores to allocate \$8,500 to that organization which is nearly twice the amount recommended by the CR Director. The petitions were duly signed by Plainfield residents and are reflected in Article 5. However, the Finance Committee believes that the allocation of limited funds in the Health budget to a particular service organization is best left to the Community Resource Director and Select Board where it can be considered in light of other competing needs and, further, that any request for additional funds by a health service organization should be directed to those offices.

Tax Impact: This article would add \$.03 to the tax rate or \$7.50 for a property assessed at \$250,000.

The Finance Committee does not support this article (Vote 6-0)

School Budget Commendation

The Finance Committee commends the Plainfield Elementary School (PES) Administration, Staff, and School Board for successfully re-opening PES to 5-day, full time instruction during the COVID-19 pandemic. Their efforts have allowed the children of Plainfield to continue to learn and grow despite the crisis surrounding the community and have enabled Plainfield families to continue their employment in a very challenging time. The Finance Committee cannot express enough appreciation for everything PES is doing this year to keep Plainfield kids safe and in school.

Operating Budget – Article 2

The School Board began this budget process by asking the Administration for two budget choices: one planning for a ‘normal’ school year with students in school and one planning for a ‘Covid-19 year’ requiring a remote learning program, the latter being much more expensive because of extra curriculum costs and staffing. After much discussion, the School Board chose to move forward with the less expensive, ‘normal’ budget in combination with the ‘insurance’ offered by Article 7. We believe that this was a prudent decision on the part of the School Board. The operating budget request of \$7,298,336 represents an increase of \$417,828 or 6.07% over the previous year. This results primarily from increases in tuition expense (more students going to Lebanon), employee benefits and required contributions to the NH retirement system combined with a reduction of non-tax revenue. Non-tuition, non-benefit expenses increased less than 0.3% (\$8,244). After multiple meetings, including a public hearing, the School Board reduced the initial budget request by over \$148,000 with no new programs planned for next year. However, the budget request results in a 6.4% increase in tax dollars needed. While this has a significant impact on taxpayers, we believe that the School Board and administration have worked diligently to control costs where possible and still maintain the quality of the program which the community expects.

Tax Impact: This article would account for \$16.64 of the tax rate or \$4,160 for a property assessed at \$250,000.

The Finance Committee supports this article. (Vote 6-0)

Negotiated Contracts

The School Board has negotiated three-year contracts with both the support staff and teaching staff. Note that the figures below apply only to the base salaries and do not reflect the yearly step increases received by employees who are not at the top of the salary scale. The resulting salary increases will keep Plainfield’s school employees near the mid-range of comparable salaries for our cohort districts: Claremont, Grantham, Lyme and Lebanon. We believe that it is in the school’s interest to maintain competitive salaries and that the contracts should be supported.

PSSA Contract – Article 3

The support staff contract provides yearly increases to the base salary of 1%, 1.5% and 2% during the three years. The associated cost increases are \$10,978 – FY2022, \$12,211 – FY2023, and \$12,850 – FY2024. Although approval of this article applies to all three years, only the first year’s expense is included in this budget.

Tax Impact: This article would add \$.04 to the tax rate or \$10.00 for a property valued at \$250,000.

The Finance Committee supports this article. (Vote 6-0)

PSA Contract – Article 5

The teacher contract provides yearly increases to the base salary of 2.25%, 2.25% and 2% during the three years. The associated cost increases are \$49,590 in FY2022, \$50,706 in FY 2023, and \$46,085 in FY2024. Although approval of this article applies to all three years, only the first year's expense is included in this budget.

Tax impact: This article would add \$.16 to the tax rate or \$40.00 for a property valued at \$250,000.

The Finance Committee supports this article. (Vote 6-0)

Change Purpose of Tuition/Special Education Reserve Fund – Article 7

In making the decision to move forward with a budget designed to support a return to full time attendance for all students, the School Board is fully aware that the future impact of the pandemic is out of their control. Based on the past year's experience, the cost of moving back to a fully remote organization could approach \$300,000. The Tuition/Special Education reserve fund has a balance of \$344,000 at present. By changing the purpose to include pandemic expenses, this fund could be used in an emergency to cover those unexpected costs. Note that the change is for one year only.

Tax Impact: None

The Finance Committee supports this article. (Vote 6-0)

Contingency Fund – Article 8

RSA 198:4-b allows the School Board carry over a certain amount of unassigned balance for use in the following fiscal year. While it sounds similar, this is quite different than the rights the Town (a municipality) has to build an unassigned reserve fund over a period of years.

- Funds to be carried over are limited to 5% of the net assessment (total expense budget minus revenue and State aid). However, the amount available is limited by the funds left over at the end of the fiscal year. (For Plainfield that would be the total surplus minus any unused tuition which the School Board has committed to return to taxpayers.)
- The decision to place funds in the contingency account would likely occur in September following the close of the fiscal year on July 1 and would be at the discretion of the School Board. Any funds put into the contingency fund would reduce the amount that would have been returned to taxpayers.
- The funds put in the contingency reserve are held for one year only. Any unused funds are returned to the taxpayers at the end of the year so the reserve will not build over time.
- The School Board must have a public hearing before any contingency funds can be used. Note: The Board is required to give notice of a planned expense, but it is not required to get permission to continue its plan.
- The advantage of a contingency fund would be the flexibility to mitigate the impact of unexpected expenses e.g. an influx of students over the summer which requires an additional teacher.

The Finance Committee understands the benefit of adding flexibility to address unexpected expenses. However, the school has always been able to adjust its budget to accommodate all but the largest expenses; and the Tuition/Special Education reserve fund exists to help manage the most likely exceptions. We also understand that this is an unusual year. Assuming the passage of Article 7, the funds in the Tuition/Special Education/Pandemic Reserve would be committed in three different ways, any one of which could empty the reserve. Given the significant increase in the school budget, we are reluctant to add an unknown expense.

Tax Impact: The tax impact is unknown since the contingency reserve would not be funded until later in the year.

The Finance Committee does not support this article. (Vote 6-0)

Add \$25k to Tuition/Special Education Reserve Fund – Article 9

While many unknowns exist this year, the current Fund balance of \$344,000 exceeds the goal set by the School Board for Tuition/Special Education Reserve (\$325,000) and is sufficient to cover the estimated costs of returning to a remote learning model (\$300,000 +/-).

Tax Impact: This article would add \$.08 to the tax rate or \$20.00 to a property valued at \$250,000.

The Finance Committee does not support this article. (Vote: 6-0)

AREA Agreement – Article 11

The Authorized Regional Enrollment Area (AREA) Agreement determines the tuition Lebanon charges to Grantham and Plainfield and guarantees placement of Plainfield students at Lebanon High School. The current agreement was negotiated in 2010 and has saved the taxpayers thousands of dollars by providing lower tuition rates and preventing tuition spikes greater than the percent increase in the Lebanon school budget. The agreement was for ten years and has now been revised. There are minor adjustments to the agreement, but the most important economic incentives for Plainfield remain. The basic formula for determining tuition rates includes ‘the cap’ which limits the percentage increase of tuition in a given year and the three-year rolling average for student daily membership which limits sharp fluctuations in tuition based on changes in student census. It is in the taxpayers’ interest to continue this agreement. The Finance Committee supports this article. (Vote 6-0)

Recommendations

Donations to community organizations: It came to our attention that some money authorized for community organizations at previous District Meetings was not spent because the recipients did not send an invoice to the Town. We recommend that the Town make every effort to contact each organization designated to receive funds regarding the Town’s requirements for completing the distributions approved by the voters.

Town Reserve Funds: Several municipalities in NH have adopted a leasing program for capital equipment in lieu of or in conjunction with a smaller reserve program. In addition, the current Capital Improvement Program (CIP) is being revised and updated. A summary of the Town CIP (and School CIP) should be included in the Town Report to give voters an overview of future expenses and the leasing option should be evaluated by the Select Board before supporting any future allocations to these funds.

Town Spending on Clean Energy: At the 2018 town meeting, the Town set a goal of having 100% reliance on renewable energy sources by 2050. Since then, the Energy Committee has worked tirelessly to provide resources to help the community achieve that goal, and we commend their efforts. However, we see a need to develop a Clean Energy Plan for the Town which sets priorities and guides decisions about which projects and expenditures are most cost effective (i.e., of highest value) as we work toward a clean energy future. We further recommend that the town consider establishing a Clean Energy reserve fund which could be used to support the Plan as it matures and spawns actionable investments. The use of a reserve fund would provide visibility and give the tax payers a voice in future spending.

Mike Sutherland Chair, Finance Committee