

Joint HW Tri-Board Meeting
Wenham Finance Committee
Hamilton Finance Committee & Board of Selectmen
Hamilton-Wenham Regional School Committee
Joint Meeting of February 10, 2021

Pursuant to the Open Meeting Law, M.G.L. Chapter 30 A, §§ 18-25, written notice posted by the Town Clerk delivered to all board/committee members, a meeting of the Hamilton Wenham Regional School Committee (HWRSC) was held jointly with the Wenham Board Selectmen (WBOS) & Finance Advisory Committee (WFC), and the Hamilton Board of Selectmen (HBOS) & Finance Advisory Committee (HFC) on Wednesday February 10, 2021 at 7 pm. *Due to the COVID19 Virus pandemic, and restrictions concerning in-person gatherings ordered by the Governor, this meeting took place virtually on Zoom. The meeting was recorded.*

- Open meeting

Ms. Bailey called the HWRSC meeting to order at 7:03pm.

School Committee members present; Michelle Bailey, Chair; Dana Allara, Julia Campbell, Michelle Horgan; David Polito; Anna Siedzik; Peter Wolczik. Also Present: Mary Beth Banios, HWRSD Superintendent; Vincent Leone, Assistant Superintendent of Finance & Administration; Mahala Lettvin, Recording Secretary

Mr. Purdy called the Wenham Finance Committee meeting to order at 7:03 pm.

Finance Committee present: Jim Purdy, Chair; Alex Begin, David Molitano, Susan Mehlin; Carrie Jelsma
Also present: Tom Younger, Interim Town Administrator; Jackie Bresnahan, Director of Administrative Services; Yeimi Colon, Finance Director; Selectman Gary Cheeseman, Chair; Catherine Tinsley, Recording Secretary

Mr. Farrell called the Hamilton Selectmen meeting to order at 7:04pm

Mr. Pruellage called the Hamilton Finance Committee meeting to order 7:04pm

Selectmen present: Shawn Farrell, Chair; Darcy Dale; James Knudsen. Rosemary Kennedy; William Olson.

Finance Committee present: John Pruellage, Chair; Christina Schenk Hargrove; Valarie McCormack; David Wagner; Nick Tensen

Also present: Joseph Domelowicz Jr., Town Manager; Marisa Batista, Finance Director

Abbreviations

OPEB – Other Post-Employment Benefits

SOA – Student Opportunity Act

DESE Department of Elementary and Secondary Education

Michelle Bailey moderated the meeting. Each entity gave an overview of their FY22 budget challenges, concerns, and numbers, after which a lengthy discussion ensued consisting of questions, comments, and review.

Portions of the presentations are noted in the minutes. The slide deck presentations are public information.

HW School District – Presenting: Superintendent Banios and Mr. Leone

➤ Superintendent’s Tentative FY22 Budget as of February 3, 2021

“Developing a budget is a series of decision that represent an organizations’ values, its priorities for achieving its foals, and its needs – within the constraints of what is possible.”

- Budget Realities

Level service is 3%

Chapter 70 funding is uncertain

No surplus Excess & Deficiency (E&D)

Looming facilities issues

- Budget Assumptions

Budgeted at FY21 actuals

Chapter 70 budgeted at 95%; Transportation reimbursement at 90%; Circuit Breaker 90%

Contract negotiations

No SOA funding

Return of normal operations (staff, faculty, transportation, cafe (no remote learning for FY22)

- Breakdown of 1.8 M Budget Increase

55% Level Services (\$1M); 40% Recovery (\$734k); 5%OPEB (\$100k)

- FY22 Budget Priorities

Critical need to restore teaching / learning leadership, middle school model

Implement a systemic intervention model

Respond to Enrollment needs, fiscal realities of the towns

- Summary of DESE Category

Regional Schools are required to pass a budget according to the form

Total Tentative Budget request for the HWRSD: \$38.8M (\$ 1.8M /5.02% increase over last year)

Budgets are detailed by school, location, debt and operating break down.

- Budget Motion as approved by the School Committee at their previous meeting.

The HWRSD voted to approve the tentative FY22 General Fund Expenditures Budget of \$37, 652,010. This amount includes General Fund operating expenses. After offsets in the amount of \$37, 076,516 and General Fund Debt Service expenses in the amount of \$575, 494; furthermore, the gross Operating Expense of the district before offsets, have been allocated by the DESE defined Chart of Accounts according to the Summary by DESE Category Chart included in this budget presentation as detailed in the exhibit.”

- Combined Operating & Debt Service Town Assessments as of February 3, 2021

Hamilton: \$21,696,861 - increase \$1,205,124 / 5.88%

Wenham: \$11,973,004 increase \$376,208 / 3.24%

Total increase over FY21 – \$1,581,332 / 4.93%

Town of Wenham - Presenting: Jackie Bresnahan

➤ Wenham Budget Update – FY22 In Progress, February 10, 2021

- Current & past budget drivers

HWRSD budget

Limited Revenue growth

Increases to required spending including Covid-19 response related costs

Lack of capital and infrastructure investment

Possible general spending freeze

- Prior budget strategies – Past practices

Use of free Cash

No significant capital investment or funding

No investment or resources or contribution to stabilization fund

Habitual use of reserve fund, grants to subsidize operating budget

- Where we are now in budget process

- FY22 Current budget forecast

Structural deficit \$975,000 includes no free cash and capital being funded

Free cash certified at \$826178 (trending down) available balance \$576,178

- Use of Free cash and excess and deficiency chart

- FY22 Challenges

Fleet replacements for vehicles beyond usual life/repair

Certified Free Cash is lower than Fy21

Limited revenue

Concern about an appetite for override

Town of Hamilton – Presenting: Joseph Domelowicz Jr.

➤ Town of Hamilton FY22 Budget Preview

- FY22 Budget Goals

Work with HWRSD on a balanced budget to avoid failed budget or override

Recognize current state of fiscal capacity of the towns and properly provide for towns and the schools

Build Trust in the Community and work together on long -range needs.

- FY 22 projections

Less than \$850K total revenue growth (estimated at \$200K – Proposition 2 ½ is \$749,799)
Potential Override \$191,943 despite Hamilton reducing the town budget by another \$250K

- Challenges

The Town of Hamilton would need to pass an override for anything above the projected \$850K increase of total revenues
The ongoing pandemic has created economic uncertainty and both towns noted concern of impacts on residents and homeowners; this is not the time to pursue a larger tax increase.

The School District increase to Hamilton is \$1.2m more than last year an \$350k more than the town's entire projected revenue growth this year

- Historical expense increase trends

School assessment grew by 2.4% between Fiscal years 2016-2018 but between fiscal years 2018 – 2021 the budget grew 11.4%
Proposed budget is another 5.9% this year compared to the 3% is what the town can sustain.
The request is for the School District to cut 1% of the budget this year.

- FY 22 HWRSD budget characteristics

Transparency, creative problem solving; Commitment to fund OPEB; Replace positions with lower cost alternatives

- FY 22 Hamilton Requests of HWRSD

recognize current conditions the towns are facing and that the towns do not have capacity to raise additional revenues
Consider modest cuts and revisit revenue projections for non-local funding.
Reduce the amount of funding from the towns by 1% or roughly \$400,000 to avoid override.

- FY22 Budget Outcomes

Support the request of the towns to avoid overrides, failed budget, and establish collaborative approach

- Discussion

Mr. Purdy echoed Hamilton's comments citing Wenham is also in a similar situation making tough decisions to live within the town's budget. Wenham is also committed to work collaboratively.

Ms. Baily spoke on the reduction of state aid and asked for others to reach out to state legislators, to not base Chapter 70 funding on a reduced enrollment due to the pandemic.

The meeting open to questions and discussions. The minutes highlight comments.

Mr. Cheeseman referenced DOR data analysis and noted that last five years Wenham's spending went up 15.8% and education increased by 32.5%. He concurred a \$400,000 reduction in the School District budget would help both towns.

Mr. Farrell echoed the same concerns in decreased revenues in both towns and asked the School District to help the town live within their means. He noted the town has a large senior population that are bearing the bulk burden and who may start voting no on some of these items. He suggested the School District be aware of the potential of a failed budget as residents may not rally this year to support an override.

A discussion ensued based on a variety of questions and comments.

Mr. Olson recalled that for FY21, the HWRSD budgeted Chapter 70 state aid at 2.9% and funding received over that would be returned to the towns. He asked that this be reviewed. Mr. Leone confirmed the School District budgeted 2.9% for FY21 because they thought Chapter 70 was being cut by 10%; the actual current Chapter 70 funds is about 3.7%.

Ms. Bailey summarized that School District would not spend any extra Chapter 70 funding but that it would flow into Excess & Deficiency (E & D) at the end of this year and be available as a reduction in the following fiscal year (FY23). The balance in the E & D Fund over 3% (of the total budget) is returned to the towns. Currently the E & D Fund is certified below 3%.

The towns questioned the savings with the implementation of special in-house programs for students that may otherwise have been transported to another district.

It was noted that technology for remote learning was not built into the FY22; if the School District must do remote learning, it will have an impact on the FY22 budget.

Ms. Banios Superintendent noted cuts were made to the FY22 budget and any additional cuts would start to encroach the fundamental services, even so, the budget continues to be reviewed.

It was note that Wenham had overrides in the past few years to support the School District and, for the first-time last year, had an operational override for the town to meet baseline operations needs.

Both towns stressed that their tax rates were rising quickly, and approaching the \$25 assessment cap; Hamilton's tax rate is over \$18 per \$1000 real estate evaluation and Wenham's tax rate is over \$20 per \$1000 real estate evaluation.

Approved 2.24.21

The School District is considering asking families returning to the district (post Covid) in the fall of 2021, to fill out a registration for the School District to better understand budget needs during the budget planning.

Athletic sport fees were mentioned and it was noted that this impacts a smaller group of students. This year the split is set at 75/25 with families paying 75% of the cost. Ms. Bailey noted the fee subsidy cannot be removed; a 100 % user fee is considered the School District not funding their program. One year the accreditation assessment the district was cited; colleges look to see if a student is from an accredited high school.

There was a lengthy discussion on the SOA (Student Opportunity Act) that the School Committee did not vote to support. It was noted that DESE (Department of Elementary and Secondary Education) has extend the deadline for applications; the HWRSD is eligible for \$162,000. The School Committee was asked to reconsider the application process and not "leave money on the table".

Hamilton has begun their Master Plan; Wenham has the funding for a Master Plan in the budget for consideration.

In closing, Mr. Younger observed that both towns have revenue challenges that will continue for the foreseeable future of at least 3 to 5 years. He encouraged the Towns and School District to recognize this is a long-term issue that won't be resorbed in one-year ad opined this was not the year for an override.

The School District and School Committee were recognized and thanked for their in-depth analysis, communication, and transparency on the FY22 budget.

- **Calendar:**

The School Budget Public Hearing is February 17.

Final vote on the FY22 budget is March 10.

- **Adjournment:** *The Wenham Finance Committee and Hamilton Board of Selectmen adjourned by roll call at 8:52 pm.*

The Hamilton Finance Committee lost quorum during the meeting.

The HWRSD continued their 6 PM meeting.

Respectfully Submitted By

Catherine Tinsley

2.12.21