

Town of Concord
Finance Committee – Guidelines Subcommittee
Meeting Minutes – January 7, 2021

Present: Ray Andrews, Dean Banfield, Kathy Cuocolo, Greg Guarriello, Mary Hartman, John Hickling, Richard Jamison, Dee Ortner, Parashar Patel, Christine Reynolds, Wade Rubinstein, Phil Swain, Lois Wasoff and Andrea Zall

Absent: Brian Taylor

Others Present: School Committee Members Cynthia Rainey, Court Booth, Heather Bout, Fatima Mezdad and Sara Wilson (Carlisle); School Superintendent Laurie Hunter; Director of Finance & Operations Jared Stanton; Asst. Business Manager Ian Rhames; Town Manager Stephen Crane; Chief Financial Officer Kerry Lafleur; Recording Secretary Anita Tekle

Open Meeting

Ms. Reynolds called the meeting to order at 7:00 pm with a roll call vote, with the following voting in the affirmative: Guarriello, Patel, Cuocolo, Hartman, Hickling, Andrews, Rubinstein, Wasoff, Banfield, Jamison, Ortner, Swain and Reynolds. The meeting was held via Zoom using the Webinar format, and broadcast via MMN. She noted that the meeting was being recorded.

CPS/CCRSD Response to FY22 Guidelines Information Request

Dr. Hunter and Mr. Stanton provided an overview of the CPS FY22 budget process, preliminary estimates and concerns. It was emphasized that there have been a lot of changes to the budget due to the pandemic, so “rebuilding” the budget has been essential. This is an ongoing process. The good news is that the schools have remained open. It is unknown whether the introduction of the vaccine this winter and spring will have much of an impact on the schools, since at this time there is no approved vaccine for students. As a minimum, it is anticipated that an in-person hybrid scenario will continue through the fall. It will be difficult to compare budgets year-to-year in the short term, due to the significant COVID-related changes in FY20 and FY21. In response to a question, Dr. Hunter noted that per-diem substitute teachers are not being hired due to COVID. This has resulted in more long-term subs.

Mr. Stanton reviewed the FY22 budget timeline, with a preliminary budget presentation anticipated for the Finance Committee (FC) on February 4. Mr. Stanton reviewed the FY20 budget transfers that were made in order to meet the unique budget needs during the pandemic. All FY20 appropriated funds (\$39,390,163) were expended, with no funds returned to the Town. He noted that the balance in circuit breaker funds (state SPED money) was put into the revolving account, which is carried over to the following year. He noted that food service expenditures were charged to the General Fund in order to start FY21 in as strong a position as possible. He was confident that the CPS budget ended FY20 in a good place, which will help with the unknowns going forward.

Mr. Stanton reported that there are 387.09 budgeted FTE positions in CPS for FY21, noting that some of the positions are split between CPS and CCRSD. In response to a question, he noted that all positions are currently filled, so this is the actual number of FTEs. In addition, CPS has added some tutors due to the pandemic. He reviewed the timing of collective bargaining, with five labor contracts expiring on June 30, 2021. He noted that three of these are joint contracts with CCRSD. Budget requests will be due prior to the completion of negotiations. In response to a question from

Ms. Reynolds, Mr. Stanton indicated that negotiations with the Concord Teachers' Association won't be completed until the end of May, so it may be necessary to return to the FC prior to Town Meeting for further budget adjustments.

Dr. Hunter reported that SPED expenditures continue to decline, with more SPED students being served in-house. The increased in-house SPED programs are paying off. At present, there are 22 CPS SPED students being served OOD, which is dramatically fewer than past years. She reviewed the OOD expenditures for CPS as follows:

Funding Source	FY18 SPED Tuitions	FY19 SPED Tuitions	FY20 SPED Tuitions
General Fund	1,628,124	1,431,689	1,196,233
Circuit Breaker	858,809	718,671	544,997
IDEA Grant	503,681	493,382	468,762
CPS Totals	2,990,614	2,643,742	2,209,992

Mr. Stanton reported that the FY21 CPS Capital Plan includes the following:

Project Description	Amount
Elementary Energy Recovery Replacements (ERUs)	
Elementary ERUs	690,000
Willard Elementary School	
AC Chiller Replacement	40,000
Peabody Building	
Reserved for life safety and health	50,000
Sanborn Building	
Reserved for life safety and health	50,000
FY21 Totals	830,000

Mr. Stanton reviewed funding received from the CARES Act for CPS, as follows:

Grant Name	Grant Budget	Expended	Encumbered	Remaining Balance
CARES Act (DESE)	467,775	329,423.38	138,351.62	0
CARES Act (Municipal)	126,825	126,825.00	0	0
DESE Emergency Relief	112,379	0	0	112,379
DESE Emergency Relief II	112,379	0	0	112,379
CPS Total	819,358	456,248.38	138,351.62	224,758

He noted that the deadline for expending the first line of funding has been extended to December 31, 2022 (originally December 31, 2020). He anticipates receipt of another round of funding which will provide funding of approximately 3.8 times higher than the first round. The funds may be used for any COVID-related expenditures, including software, extra staff, PPE equipment, supplies, etc. In response to a question from Mr. Rubinstein, Mr. Stanton indicated that restrictions for using DESE Emergency Relief II funds will be more flexible than Round I.

In response to a question, Dr. Hunter noted that a consultant hired last summer reported that the air quality was good with the exception of in the Peabody, Sanborn and Ripley buildings. Air purifiers have been acquired for those buildings, and air quality testing is ongoing. In response to a question from Ms. Hartman about electric buses, Mr. Stanton indicated that the procurement of one new bus occurred over the summer. He is awaiting the start of a new round of funding before applying for a new grant to fund the two electric buses that were approved at the September 2020 Annual Town Meeting. In response to a question from Ms. Ortner, Mr. Stanton indicated that if a substitute teacher or staff member is required to fill in for someone who is absent due to COVID, then the salary of the substitute may be charged to the grant. In response to a question from Ms. Ortner, Dr.

Hunter indicated that it is difficult to segregate COVID costs for SPED students vs. non-SPED students. She also noted that while all offsite professional development has been cancelled, there are a lot of online classes available for staff, so the FY22 budget will be viewed with that in mind.

Dr. Hunter and Mr. Stanton provided an overview of the CCRSF FY22 budget process, preliminary estimates and concerns, many of which were similar to that presented for CPS. Mr. Stanton reported that all FY20 surplus funds were transferred to the Excess & Deficiency (E&D) line after June 30, 2020. He reviewed the internal transfers made during FY20 in order to meet the budget needs under the pandemic. He was pleased to report that FY20 ended in a comfortable place financially. The June 30, 2020 OPEB balance is \$5,282,637 (one of the highest in the Commonwealth in terms of progress of funding towards liability—27.40% funded as of June 30, 2019). Some of the school lunch expenses were charged to the General Fund (rather than to the Revolving Fund), in order to provide for more flexibility going forward.

Mr. Stanton reported his projections for FY21 CCRSD External Revenue, which is required prior to his determining assessments to Concord and Carlisle, as follows:

Funding Source	FY20 Budget	FY20 Actual	FY21 Budget	FY21 Projected	Difference
Circuit Breaker	860,469	1,065,259	656,371	801,021	144,650
Chapter 70	2,568,503	2,700,821	2,747,217	2,747,217	0
Chapter 71	531,028	717,643	550,000	617,440	67,440
Charter School Reimbursement	4,963	3,285	5,440	938	-4,502
Federal Grants	326,039	468,679	768,527	748,336	-20,191
Interest Earnings	100,000	121,263	100,000	105,000	5,000
METCO	357,440	389,163	389,163	389,163	0
Miscellaneous Revenue	80,000	141,651	30,000	30,000	0
Rental of School Facilities	30,000	17,556	20,000	5,000	-15,000

Mr. Stanton reviewed the impact of the FY21 Governor’s Budget for CCRSD revenue for Chapter 70, Chapter 71 and Charter Reimbursement, as well as CCRSD assessments for School Choice Sending Tuition and Charter Schools. He also reviewed FY21 CCRSD FTEs, which are at 208.16 budgeted positions. He noted that there are some fluctuations due to the pandemic, and some positions are split between CPS and CCRSD. The FTE number does not include 15-20 transportation drivers. He noted that five out of six collective bargaining agreements will expire on June 30, 2021 and are scheduled for negotiations this winter and spring. Three of those are joint with CPS. The only contract that extends to June 30, 2022 is the Concord-Carlisle Tutors union.

Mr. Stanton reviewed the OPEB funding progress as follows:

FISCAL YEAR	Required Contribution	Actual/Proposed Contribution
2018	711,862	735,499
2019	676,103	600,000
2020	593,540	563,444
2021	548,087	550,500
2022	487,953	TBD

Mr. Stanton reported that the E&D balance as of June 30, 2019 was \$1,376,858 (3.90%). The estimated E&D balance for June 30, 2020 is \$1,714,602 (4.99%). The projected FY20 balance bodes well going into the many unknowns for FY21 and FY22.

Mr. Stanton reported that SPED expenditures continue to decline, with more SPED students being served in-house. At present, there are 28 SPED students being served OOD, which is dramatically fewer than past years. He reviewed the OOD expenditures for CCRSD as follows:

Funding Source	FY18 SPED Tuitions	FY19 SPED Tuitions	FY20 SPED Tuitions
General Fund	2,202,877	2,992,188	2,275,152
Circuit Breaker	902,218	470,000	605,832
IDEA Grant	352,995	308,817	369,242
CCRSD Totals	3,458,090	3,771,005	3,250,226

Mr. Stanton reviewed the health insurance costs, which increased 3% from FY19 to FY20 for active employees, and by 4% for retirees. The impact of the rate changes for FY21 are still unknown, but he anticipates some positive results. He credited Ms. Lafleur with encouraging employees to accept higher co-pays and deductibles in exchange for lower premiums.

Mr. Stanton reviewed funding received from the CARES Act for CCRSD, as follows:

Grant Name	Grant Budget	Expended	Encumbered	Remaining Balance
CARES Act (DESE)	297,000	209,350	87,650	0
DESE Emergency Relief	26,263	0	0	26,263
DESE Emergency Relief II	26,263	0	0	26,263
CCRSD Total	349,526	209,350	87,650	52,526

He anticipates that the next round of funding for the CARES Act will be 3.8 times as high as the first round. There will be a significant budget shift between Concord and Carlisle in FY22 (based on 10.1.2020 enrollment), which will result in an increase of \$426,646 in Concord's assessment. The revised split between Concord and Carlisle will be 77.32% (Concord) vs. 22.68% (Carlisle). In response to a question from Ms. Reynolds, Mr. Stanton indicated that the Governor's preliminary budget numbers are generally known by the fourth week of January, but he anticipates that will be delayed this year. With Concord's Annual Town Meeting being delayed until June 2021, there will be more realistic and accurate budget numbers for FY22. He does not anticipate a reduction in Chapter 70 funds, but there will possibly be a reduction in Chapter 71 funds (transportation).

In discussing the timing of receipt of the FY22 guideline from the FC, Dr. Hunter noted that the later the guideline can be finalized, the better. She prefers to have the guideline number closer to when state funding is known. In response to a question from Ms. Reynolds, Mr. Stanton indicated that he does not anticipate having any difficulty spending the full amount of the CARES Act grant within the required timelines (18-24 months from when the grant is finalized). He hopes that there will be a broader scope of how the funds can be used in the next round of funding. Dr. Hunter confirmed that the funds cannot be used to offset lost revenue.

Mr. Banfield noted that Concord's assessment for Minuteman Regional School is based on a three-year moving average enrollment. Noting the significant impact of a small enrollment shift on Concord's assessment, he urged the CCRSD School Committee to initiate a discussion of amending the regional CCRSD agreement so that a moving average enrollment can be used in order to mitigate one-year spikes. Mr. Stanton was asked to include the number of students in the FTE budget charts, and he agreed to do that in the future. ***Follow-up Item***

In response to a question from Ms. Reynolds, Dr. Hunter indicated that she does not anticipate any CCRSD capital budget requests for FY22. She anticipates funding some smaller capital projects in the general fund, but there will be no large capital budget requests. The roadway still needs to be completed at some point, but there are no plans to do so this coming year. Ms. Reynolds thanked Dr. Hunter and Mr. Stanton for their presentations and cooperation in setting the groundwork for the FY22 budget. She anticipates issuing a preliminary guideline at the end of January. The FC will look at the preliminary guideline in terms of what the Town can afford to pay.

Several FC members indicated that the budget numbers as presented were overwhelming, and asked whether the issues that require more focused attention could be identified. Ms. Reynolds indicated that the FC will get a better idea of the “big bucket” budget drivers at the February meeting. It was suggested that perhaps the FC could focus on the cost per student, along with the context of some of the budget decisions. Ms. Reynolds agreed to discuss this with Mr. Stanton prior to the February presentation, and will try to identify what data would be helpful to the FC. There was some concern about getting lost in the details. Mr. Andrews also asked that the presentation be available in advance of the meeting, which would provide newer members with an opportunity to be more prepared. He also commented that it would have been nice to know which costs are attributable to the pandemic, and which are due to delivery of services or policy changes. Ms. Reynolds noted that with the lower free cash balance, the FC will not have a lot of wiggle room with the guideline.

On a **MOTION** made by Ms. Ortner and duly seconded, and on a roll call vote (with Cuocolo, Jamison, Ortner, Hartman, Andrews, Banfield, Guarriello, Rubinstein, Swain, Hickling, Wasoff, Patel, Zall and Reynolds all voting in the affirmative), it was **VOTED** to adjourn the meeting at 8:54 pm.

Respectfully submitted,
Anita S. Tekle
Recording Secretary

Documents Used or Referenced at Meeting:

- Presentation—Annual Budget Data Request FY22 Guidelines for CPS and CCRSD