

**FINANCIAL PLANNING COMMITTEE MEETING**

Wednesday, May 20, 2020 – 5:30pm

Virtual meeting:

<https://zoom.us/j/97838624740?pwd=N2tHMmtkZ0x4SmlPaFV0SkkvVEV6QT09>

Meeting ID: 978 3862 4740

Password: 576009

One tap mobile +13126266799,,97838624740#,,#,576009# US (Chicago)

+19292056099,,97838624740#,,#,576009# US (New York)

**MEETING MINUTES**

This meeting has been properly posted as required by law.

**MEMBERS PRESENT:**

Karen Adelman-Foster, Select Board representative

Cathi Collins, School Committee representative

Jonathan Freedman, Select Board representative

Melissa Malone, Town Administrator

Julie McDonough, School Committee representative

Anna Nolin, Superintendent of Schools (left at 7:00pm)

Dan Sullivan, Finance Committee representative

Linda Wollschlager, Finance Committee representative

**NOTABLE ATTENDEES:**

Frank Foss, Town Moderator

Henry Haugland, School Committee

Rick Jennett, Select Board

Tony Lista, Finance Committee

Tim Luff, Assistant Superintendent of Student Services, NPS

Donna McKenzie, School Committee

Susan Salamoff, Select Board

John Townsend, Deputy Town Administrator/Finance Director

Kristine Van Amsterdam, Finance Committee

**AGENDA:**

1. Open Session
  - a. Call to order
2. Updates and Discussion

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- a. Updates regarding revenue and expense projections
- b. Updates and discussion regarding process, timelines, and impacts pertaining to FY 2021
- c. Questions for meetings, including outstanding questions
- d. Updates regarding revenue and expense projections for FY 2020

### 3. Meeting Minutes

#### **OPEN SESSION**

Meeting was called to order at 5:35 p.m. by Jonathan Freedman.

#### **UPDATES AND DISCUSSION**

Mr. Freedman remarked that he would like to get back to the core mission and charge of the FPC, which is to work together to generate solutions which can be taken back to our respective boards for further consideration. He mentioned that former Selectman Paul Joseph has recently encouraged us to not pursue traditional methods and think outside the box.

Mr. Freedman set ground rules using a few norms referenced by Dr. Nolin at last night's School Committee meeting: there's no such thing as a bad idea, ideas are not presented as something that must happen, ideas need to be understood in context of their impacts and should be used in constructive ways, ideas may evolve as more info becomes available.

Ms. Wollschlager asked for clarification about the objectives of the discussion. Mr. Freedman indicated that he is hoping to come up with ideas to bridge the gap between revenues and expenses. He expressed hope that we could collaborate better than we have.

Ms. Wollschlager asked about what barriers to collaboration exist now. Ms. Adelman-Foster replied that on the Select Board side, there is insufficient understanding of the implications of any cuts. She felt that School Committee meetings seemed too much like rallying the base to be productive.

Ms. Adelman-Foster indicated that she is excited about the potential for the CARES Act to fund expenses for both municipal and school departments.

Ms. McDonough reported that a slide presented at the School Committee meeting laid out the budget numbers and summarized savings realized during closure. She would like to talk about the revenue picture and ways we can work together to reduce costs. She referenced a presentation by the Facilities Director which detailed some realized savings.

Mr. Freedman asked if there were some things that would help us work together better, perhaps meetings with different people or different frequencies. Dr. Nolin mentioned that everyone is pulling long hours and is in constant preparation for the next formal meeting with our boards. The FPC meetings have been seen as an opportunity to have conversations to clarify information

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presented at the board meetings. She referenced something posted by Mr. Sullivan which likened the process to putting a puzzle together without all the pieces. She indicated that other meetings are conducted at a higher level, without actual numbers.

Mr. Sullivan provided further explanation of his puzzle analogy and indicated that the FY21 budget is complicated and completely different than anything we've experienced previously. He wondered if there was a time when everyone, including Dr. Nolin, could meet at the same time. Dr. Nolin stated that there are meetings that she is a part of, and that she is well represented by Mr. Gray at departmental meetings.

Ms. Collins asked for clarification on the budget gap – is it the \$1.5M gap between FY20 spend and expected revenues? Are the schools funded at FY20 levels or is there an additional \$970K expected? Ms. McDonough added that they've been guessing about what the school's appropriation might be and then talking about how to fill the gap.

Ms. Malone stated that she is trying to land FY20 by taking savings from municipal department that would otherwise fall to free cash. \$1.5 million takes into account that there's no confirmation that school savings will be treated the same way as municipal departments. She mentioned how difficult it is to produce a line by line budget, especially with so many unknowns. She would like to focus on solutions such as the CARES Act and how we can creatively utilize these funds. One example might be for the increased costs of trash and recycling due to more people staying at home.

Ms. Malone stated the \$970K could potentially be covered by FY20 school savings which would mean the Town Meeting appropriation would be at FY20 levels. Mr. Freedman summarized that he is hearing that FY20 is not the right starting point to figure out the gap. Ms. McDonough concurred and stated that it is difficult to know about reductions when we don't have full information on both sides. Ms. Nolin stated that details about the numbers and the assumptions behind them need to be known to get on the same page. She added that large group meetings are not conducive to getting into details.

Ms. McDonough asked if the savings identified in the facilities presentation were included in the FY21 budget.

Mr. Luff cautioned that CARES Act funds cannot be used for currently budgeted services. Compensatory services are not known and this is one area being contemplated for usage of FY20 savings. The CARES Act specifies that the services be delivered in a remote distance or alternative location so it may not apply if we're back in school. Further conversation with DLS is needed. He stressed the importance of providing accurate statements to the community and making sure we are all on the same page.

Mr. Jennett described his understanding of the budget. Ms. Malone used the FY20 budget of \$67.8M for schools, \$38.6M for municipal, \$49.7 for shared services and Keefe Tech at, and \$5.7M for other. Against expected revenues of \$160M, this results in a \$1.5M shortfall, which was apportioned 36%

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town, 64% schools, leaving a school budget of \$66.8M, and municipal budget of \$38M. This matches the budgeted expected revenues of \$160.3M. The January budget included \$71.2 for the schools, leaving a shortfall of \$4.4M. On the municipal side, the January budget was \$38.5M, leaving a \$429K shortfall. If the schools turn back \$2M, using the 36/64 split, the town will end up above the January FY21 number and the schools will have a lot less. Mr. Jennett encouraged the schools to turn back funds and not prepay SPED expenses.

Mr. Sullivan referenced the pro forma document Ms. Collins provided and thought it is important to understand that the municipal department has a decrease from FY21 vs. FY20. He asked to clarify his understanding that if the schools turn back \$970K, then their town meeting appropriation would be at FY20 levels. Ms. Malone stated the if the turn back was \$2M, then a portion of that could be used to offset the \$970K.

Mr. Haugland pointed out that the FY20 School Department budget was \$829K more than the town meeting appropriation and he hasn't heard anything tonight about a way that the department can avoid huge cuts.

Ms. Wollschlager suggested that one of the ways to decrease the shortfall would be to take a hard look at the revenue numbers. During the 2009/10 recession, Chapter 70 funding was not cut. Ms. Malone indicated that she doesn't see any change based on the information she has seen. Ms. Wollschlager clarified that there should be different % reductions for Chapter 70 vs. other state aid.

Mr. Townsend pointed out that Cherry Sheet adjustments would have to be gone through line by line and didn't know if forecasting to that level of detail would be worthwhile.

Ms. McDonough asked if the \$970 is given back to the town for free cash, then could the remaining \$1.1 be put toward the FY21 school budget. Ms. Wollschlager asked if turn backs can be applied to the FY21 budget before a Fall Town Meeting allocation. Ms. Malone stated that there is legislation that would not require waiting until the fall for free cash to be certified.

Ms. McDonough stated that even if the FY20 savings were kept, there is still a \$2.6M school budget deficit. She is not sure how that level of cut can be absorbed and thinks we need to discuss. Ms. Malone said it's important to understand where all the revenues are from sources such as grants and revolving accounts.

Mr. Jennett stated that if the \$2M were returned, there needs to be a recommended final split so there is a final budget number. He pointed out that the lower FY21 municipal budget was the recommendation of the Town Administrator. He recommends that we don't cut staff and suggests focusing on the January FY21 budget as a goal because that's what is needed to run the town. Mr. Jennett hopes his numbers accurate and will be supported by the administration.

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Ms. Nolin asked about the process to determine how the \$2M savings can be used in the FY21 budget under the new legislation. Ms. Malone thought that only 3 months prepayment may be allowed, but she wasn't certain. DLS and DOR will expedite free cash so we don't have to wait until fall. Mr. Townsend doesn't see a problem with using the \$2M in the first quarter, either through the 1/12 budget mechanism, which uses the FY20 budget as the floor, or with permission from DLS. If the 1/12 budget is implemented, any FY21 budget deficits would be made up at Fall Town Meeting.

Mr. Luff clarified that the schools are allowed to prepay for one quarter's worth of private tuitions but a full year of collaborative tuitions. He wondered if there was some way to meet in the middle and return some funds that the town needs while prepaying some tuitions. Ms. Adelman-Foster stated that the idea of prepaying tuitions, as Senator Spilka recommended, makes sense to her. She hopes that cuts that are made can be easily pivoted from if things improve.

Mr. Sullivan stated that mid- year hiring might not be as difficult as it has historically been as may be many teachers looking for work.

Ms. Salamoff said the timing of programs is important, especially for school department staffing. There may be more collaboration that might support schools or municipal departments.

Elise Gorseth wondered if we are looking at the town budget as a whole. She is curious about what would happen if the deficit were spread across the town instead of putting so much on the schools and how savings could be found on the municipal side.

David Margil stated that until we have all the municipal impacts on the table so we as a community can understand and evaluate them against the school impacts, he doesn't want to see the schools given a budget number. He wants to ensure that cuts are shared, minimized and reversible.

Kate Flathers asked about how the realities of COVID-19 will factor into the budget. How are we thinking about what reopening will look like in terms of how we budget.

Mr. Freedman stated that a group of municipal officials are working with other town organizations to address reopening. Mr. Luff said that there is a Natick School Safety Initiative Team that will be addressing what school reopening will look like. The Commission on Education indicated that they will be providing guidance on about 85% of the plan and we will have autonomy over the remaining 15%.

Domenic Mallozzi asked if Johnson School were closed, how would the 200 students be accommodated in other schools, given the public health concerns. Ms. McDonough said that all the options will need to be evaluated in terms of public health.

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Kristin Reichman stated that the arts can still be alive in a remote environment. She is concerned that there is no cohesiveness of the town working together and wants to make sure we are looking at everything.

**MEETING MINUTES**

Move to approve May 13, 2020 minutes:

Moved/Motioned by:	Ms. Collins
Seconded by:	Mr. Sullivan
Motion approved:	7-0-0

Roll call:

Karen Adelman-Foster	Y
Cathi Collins	Y
Jonathan Freedman	Y
Melissa Malone	Y
Julie McDonough	Y
Dan Sullivan	Y
Linda Wollschlager	Y

**ADJOURN**

Moved/Motioned by:	Ms. Collins
Seconded by:	Ms. Wollschlager
Motion approved:	7-0-0

Roll call:

Karen Adelman-Foster	Y
Cathi Collins	Y
Jonathan Freedman	Y
Melissa Malone	Y
Julie McDonough	Y
Dan Sullivan	Y
Linda Wollschlager	Y

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Meeting adjourned at 7:34pm.