

## ALG Minutes

February 2, 2009

Present: Bart Wendell, facilitator; Jon Chinitz, Heather Harer, SC; Paulina Knibbe, Lauren Rosenzweig, BoS; Steve Noone, Herman Kabakoff, FC; Bill Ryan, Marie Altieri, Steve Ledoux & John Murray, staff.

Audience: Mary Ann Ashton, Steve Barrett, Tess Summers, Chris Whitbeck, Clint Seward, Dick Callendrella, Bob Graham, Charlie Kadlec, and Bob Hertz.

8. Other –Lauren asked that there be some idea of the budget numbers for the Saturday budget session.

1. Minutes approved

2. FY 09 Town/school/state budget & revenue update

**Steve L.** Reported that the Governor's cut in state aid will be \$169,500. He has set aside \$565k from the FY 09 budget in expenditures---some from capital articles and from a freeze. "We are in good shape."

**Bill** reported that his cuts and freeze left the schools in good shape as well

### Discussion:

John Murray noted that the deficit was covered and the budget balanced without these cuts.

Herman asked what contributions from free cash could be made to the FY 10 budget. It was suggested that we wait until the snow season was over.

3. FY 10 Town/school/state budget revenue update

**Extra info:** Mass DOR division of local services aid estimates; E & D certification; Governor's emergency recovery plan; summary of Governor's House 1 budget recommendations

**Steve L:** local aid cuts (lottery included) are \$497k it is expected that there will be additional \$165k revenue from additional meals tax & \$32k from a rooms tax. Steve is not sure that the Town should count on these extra revenues & that will be discussed at the Saturday budget meeting.

**Bill:** the good news is that Ch. 70 is level funded. Based on the ALG plan, there will be fewer cuts than anticipated in the level services budget

There are significant cuts in circuit breaker by 70% (72% for FY'09 & 70% for FY'10); reduction in original transportation aid but the biggest is in the reimbursement for Charter schools---this is not a big significant impact on Acton.

The Governor is going to push for towns to join the state health program (GIC) & has filed legislation for this. Towns can be exempt if they have the savings [in their plan] as required by the GIC. The buy in for changes by the union is 50% rather than the 70% now required.

### Discussion

Steve N: could the GIC be an adverse [fiscal disadvantage] in the plan design?

Steve L: There is some latitude in the plan design....

Spreadsheet questions—the recopied spreadsheet where all the numbers were in the proper columns. He questions posed by Steve N. were in the overall percentage decreases in the two budgets.

Jon: take the \$24.611m divide by the school's portion 55.374 & the percent is 4.2%  
The town is the same math  
The last spreadsheet had the percentage increase at 4.5%  
There is a \$430k reduction in APS & \$234k in AB  
The town's level service, which includes the APS debt, went up by \$500k  
The spreadsheet ties in the SBAB, debt exclusion & Cops in schools program  
Bill we are using House I numbers  
Jon: five weeks ago the deficit was \$1.9m now it is \$816---there have been adjustments in expenses, the House I Ch 70 numbers and a slight increase in the excise tax.  
Steve N asked that these lines be broken out [for Saturday budget session]

**Bart: Are we going to use the Governor's numbers for the meals & room taxes?**

Paulina: I'm reluctant to count on numbers we have not even talked about.

Steve L: there are two options---one statewide; the second local

Bill: this has to go through a legislative process---there has to be a joint resolution for support and there are a lot of assumptions.

**Bart: so should we follow House I on this?**

Herman: this is highly speculative & in the realm of politics

Steve L: we will have to do a similar exercise for FY 10

**Bart: so shall we go with House I for now?**

Steve N; I think we need to discuss [the use of] reserves

Jon: the picture has not changed---I do not want a tectonic shift three days before we have to vote the AB assessment

Bill: the only changes could come from the US House stimulus package.

On the school side there are two categories that could affect the Town: more money for construction---\$120k divided so APS gets \$74k & AB \$60k; funding of the federal IDEA program for SPED students [it has never been fully funded]---we will may know in March by the end of February if we will get an increase in SPED IDEA grants. The problem is using the grant money to off set the operating budget. & since the ends of the fiscal years are different---the grants can be used for FY 10. If this comes through---it will help dramatically with solving the budget shortfall and building reserves.

Jon: the \$816 deficit---the schools will absorb 70%.

Paulina: the 30% of the Town's part will be covered by budget cuts---all need to pass the approval of the boards

#### 4. Multiyear Financial Plan

**Discussion:**

Steve N.: what are the assumptions for 11 & 12?

John M: there is no point in doing 11 & 12 until we know what's in the stimulus package. Steve said he needed to put something in the warrant

Jon: next year the schools will be in negotiation, we do not know what the economy will be doing—we can present three models for the different cases; we should know more in about three weeks.

Steve N: we cannot present a picture of doom & gloom at Town Meeting---we cannot control the revenues, we can control the spending.

Bart: I heard a suggestion to delay for three weeks---Feb 27<sup>th</sup> ALG?

Steve N: we can delay the revenue discussion; do not want to delay the expenses

Paulina: we find ourselves in a difficult position, negotiations are confidential---it is not at all clear that we will have the salaries ready for Town Meeting—that's the biggest ticket & we have limited control

Steve L: Two labor unions have filed for mediation—after Feb 13, we expect the third will be the same. The answer for the salaries could take up to a year.

Jon: use the model we have in place. There are 4-5 categories on expenses—do a set of three estimates 3%, 1% and 0% But showing expenses without revenues means nothing. Ignore Prop 2.5 (increases) leave the tax bill flat for the next three years---produce the different scenarios—it is just the normative standard deviation.

John M: If the town & schools agree to numbers, the unions will charge unfair labor practice

Steve N: I understand in part. What I'm hearing is that the ALG will not participate—the FC will lay out the assumptions

Herman: Two-three weeks is not enough time to set out three scenarios we need to meet the bylaw for the three year budget plan

Jon: I do not know of such a bylaw---the FC is supposed to do a long-range plan—if you want support for this plan you need to discuss it with the SC

Paulina: I understand the FC has the expertise but it should be the ALG that takes the lead---we need to go back to our boards ---perhaps we need to have a joint meeting with all board members---it could be on the 26<sup>th</sup> and have the ALG meeting on the 27<sup>th</sup>

Bart: is this agreeable?

Herman: I'm concerned about the timing [lack of time]---the warrant goes to the printer March 9<sup>th</sup>

Steve N: we will, present to both boards

Paulina: you have the expertise; we will give you as much time as you need

Jon: That is precisely my concern. The best thing to do is what was suggested---a middle ground with standard deviations on either side

## 5. HIT

Clint: I have looked over the budgets & at the three-year plan—we come up against the thing we think we cannot control---we don't talk about the economic dilemma & the years that we will need the reserves to get over the gap. Giving raises at this time is not appropriate. These are political decisions—the people do not want to see an increase in their taxes---those people with the most political power need to be reasonable

## 6. Telecast ALG meetings

**Discussion:**

Lauren: this matter was brought forward at the request of Dick Callendrella---should we televise ALG meetings?

Bart: This question is brought up every year. In the past it was founds that the committee is just advisory and not legislative. People thought that when televised the sessions would become more formal and stop participants from fully discussing their opinions.

Herman: I have never found that TV hinders me from discussing my opinions. I think we need to televise these sessions. It may not be legislative, but in practice, the ALG is continually mentioned at Town Meeting---so people do think it is

Steve N: I think these are unique meetings & we are here to problem-solve. We look at things on a town-wide basis. Some people who are running for office see that it is limiting in effectiveness—I find that is not the case, we have good inter board communications & TV cameras are not helpful when trying to moderate opinions.

Heather: Transparency is important---this committee has been successful in the past & I do not think that TV will be a benefit

Paulina: I see the risk of TV driving the discussions that go on around this table into less public venues.

Dick Callendrella; I want to thank you for changing the seating [the horseshoe shape for the tables now facing the audience] > To get the meetings on TV we do need to have a paid technician . The cameras can be put on auto mode.

John M: we should not make the mistake of Not having an ALG consensus that then goes back to the boards---we have to make sure we stay at the advisory level.

Herman: it looks as if a majority of these ALG members do not want to have TV. I suggest that when we make the rules for the next session., the subject comes up again

**7. Timetable review**

Lauren we need to make sure that we get the best budget info possible into the warrant. A lot will come from budget Saturday.

**8. Other**

Superintendent search is in the final stages. The selection committee has sent the names of Dr. Mills, Worcester & Dr. Hoffman, Ashburnham to the school committee for the public interview sessions. Dr. Mills will be interviewed on Feb 4th Dr. Hoffman on Feb 9<sup>th</sup>, both men are finalists in other communities.

Bill: There are three finalists in the search for the new principal for McCarthy-Towne  
Last Friday, Bob Ingram received the community service award from the Chamber of Commerce

Bart: there is one item on the next agenda: Town Meeting warrant report.

Adjourned 8:58

Ann Chang  
Next meeting Feb, 27th