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Budget Minutes 10/24/2008

Approved by the Budget Subcommittee on 2/13/2009

*The Arlington School Committee
Budget Subcommittee Meeting
Friday, October 24, 2008*

Members present:

Ron Spangler, Chair
Denise Burns

Member absent:

Joe Curran

Also present:

Richard Fanning, Finance Committee
Kathy Bodie, Interim Superintendent
Sue Mazzarella, Chief Financial Officer
John Bilafer, former Town Treasurer
Mary Ronan, Finance Committee

The meeting was called to order at 3:38 PM.

1. Approval of minutes: On a motion by Ms. Burns, seconded by Mr. Spangler, it was VOTED 2-0 to approve the minutes of the July 29, 2008 Budget Subcommittee meeting.

2. FY10 Fiscal Outlook: Ms. Mazzarella explained the impact on the FY09 budget of the recent 9c cuts made by the Governor. The Special Education circuit breaker reimbursement rate was budgeted at 75% (of every dollar of cost over \$35K per student), but has been reduced to 72%. Overall impact about \$65,000. Ms. Mazzarella expressed disappointment that the SpEd transportation circuit breaker pilot was eliminated, as Arlington was well positioned to qualify for this funding, which would have been additive to our FY09 revenues. Ms. Mazzarella also stated that our METCO grant for FY09 had been cut slightly, by \$1900 (from \$501K).

Mr. Spangler said his estimates suggested a deficit of \$1.4—\$2.3 million in FY10 if the town adhered to the 5 year plan, and that this would grow to \$2.5—\$3.8 million if the schools' FY10 allocation were level-funded vs. FY09.

Ms. Bodie said that the Town Manager had advised her that FY10 allocations will be considerably less than the 5 year plan numbers, and could possibly even decrease vs. FY09. Mr. Spangler asked if the Town would use excess reserves to adhere to the 5 year plan agreement. Ms. Burns said the schools should impose a hiring freeze. Ms. Bodie said we are doing something like that. Ms. Burns asked if we are looking at consultant budgets, and Ms. Bodie said yes. Mr. Spangler reminded everyone that the schools have dealt with a \$3 million structural deficit in the last 3 fiscal years, unlike the town side, and we should not feel compelled to match every budget move the town side makes. Ms. Bodie said we can't freeze Special Education. Ms. Burns said the Town has already stepped up to help us with Special Education costs. Mr. Spangler said he was not aware of any such assistance.

3. Possible Revenue Enhancements and Cost Savings: Mr. Spangler presented a list of possible revenue enhancements and cost savings, a version of which had originally been presented to the full committee by the former Superintendent in June (attached

hereto as Exhibit A).

Mr. Spangler noted that the deadline to enter the Group Insurance Commission plan had been extended to December 1st. Ms. Bodie said the savings could be nil or as much as \$3 million in FY10. Ms. Burns said there has been movement with the unions. Mr. Bilafer said the Selectmen don't think the 12/1 deadline is achievable. Ms. Bodie said the Massachusetts Interlocal Insurance Association (MIIA) remains an option, and their deadline is 12/31.

Mr. Spangler asked if we could do more with Community Education, make it a revenue source. Ms. Bodie said Donna Eidson is already looking at expanding the summer school options, but she (Ms. Bodie) does not want to budget this revenue.

Ms. Burns asked whether the reduction in Minuteman assessment was realistic. She said people are thinking about sending their kids to Minuteman because they don't face the same budget pressures as we do. Mr. Spangler said the former Superintendent had told him the Minuteman Superintendent was hoping to reduce the assessment. Mr. Spangler encouraged Ms. Bodie to reach out to the Minuteman Superintendent to see if this can happen.

Ms. Bodie and Ms. Mazzarella presented a list of possible revenue enhancements and savings totaling \$1.225 million, including savings from reducing out of district special education costs, new revenues from foreign students on F-1 visas, funds from LABBB and other sources.

Mr. Spangler asked if the grant writing firm we had hired was on track to achieve the \$300K in new revenues, and expressed concern that they are not. He said he expected them to bring in a substantial amount of corporate grant money to support the STEM initiatives, but that doesn't seem to be happening. He asked if it is time to cut them loose. Ms. Burns said we should let them complete their contract before any final evaluation of their performance.

Ms. Bodie explained that foreign students on F-1 visas pay the foundation budget amount of \$11,400 in tuition, which is a good source of revenue. (This does not apply to students on J-1 visas.) She hopes to have at least 9 students enroll at AHS for the 2009-10 school year.

4. Budget Adoption Timeline: Mr. Spangler noted that the timeline proposed by the Subcommittee on June 17th, and adopted by the full committee on June 24th, had quickly become obsolete due to the change in leadership and the deteriorating fiscal situation. He suggested a need to revise the timeline. There was some discussion, but no resolution of this issue.

5. Other Business: Mr. Bilafer asked if the school committee intended to budget for the full cost of ongoing arbitrations in FY10. He asked why the committee had not done a full audit of the school books following Mr. Levenson's resignation. Mr. Spangler said the departure was not due to any financial impropriety, and he was otherwise reluctant to get into a discussion of this issue without advice of counsel.

On a motion by Ms. Burns, seconded by Mr. Spangler, it was VOTED 2-0 to adjourn the meeting at 5:01 PM.

Budget Subcommittee Meeting
Friday, October 24, 2008

Potential FY10 Cost Savings and Revenue Enhancements for Prioritization

Cost/Revenue Element	ROM \$
Increasing Revenue Options	
1.) Enter GIC health insurance.	\$0 - \$1,000,000
2.) Expand after-school programs and bring some under Community Ed.	\$100,000 - \$300,000
3.) Increase fees.	???
4.) Community Ed as profit center	\$50,000
5.) Retroactive Medicare Reimbursement	\$300,000 - 1,200,000
6.) Reduce Minuteman assessment (impact on APS)	\$300,000
<i>others?</i>	
Cost Saving Options	
7.) Accelerate opening in-house [SpEd] programs to reduce the out-of-district costs and special ed transportation costs. This would require extra spending in FY09 and some capital costs as well.	\$0 - \$300,000 plus
8.) Recruit more students from other districts as tuition-paying [SpEd] students into our special ed programs.	\$0 - \$150,000
9.) Reduce reliance on special ed teaching assistants.	\$0 - \$100,000
10.) Tighter cost-containment efforts at LABBB Collaborative.	\$300,000 - 500,000
11.) Change [custodial] overtime contract language or procedures.	\$100,000
12.) Subcontract some custodial or maintenance	???
13.) Reduce net costs of METCO	???
14.) Traffic Supervisors to Town (Public Safety)	\$0 - \$200,000
<i>others?</i>	

Note: These items were presented for discussion only. No action was taken by the subcommittee. No recommendations were made to the full committee.