Minutes

Town of Norwich Finance Committee Meeting

Tuesday, January 25, 2011 Tracy Hall, Norwich, Vermont

Members present: Cheryl. Lindberg (Chair), James Dwinell, Jim Mackall (arrived 4:30), Keith Moran (Vice Chair), Evan Pierce (left at 4:45 and returned at 5:15), Stephen Flanders (Secretary)

Members absent: Christopher Rhim

Also Present: Neil Odell, Henry Scheier, Linda Cook

Chair Lindberg called the meeting to order at 4:10 PM.

Agenda Items Discussed

1. Review/Amendment of Agenda:

Chair Lindberg introduced the agenda.

2. Norwich School Budget:

Overview – Lindberg summarized the status of the Marion Cross School expenditure budget, which together with the Dresden assessment and paying down the previous deficit, is a component of the Norwich School District expenditure budget. Flanders suggested that NFC members give their initial thoughts in order to get the sense of the committee. Lindberg queried each member in turn, who contributed the following thoughts:

Mackall – In advance of his arrival, Lindberg read an e-mail to the NFC outlining Mackall's support for the NSD budget. His main points were:

- The NFC guidelines should not be used as a mandate. The Norwich School Board has many factors to consider in formulating its budget, including, the CLA, Dresden assessment, areas/positions that may be cut, negotiations, etc.
- There were few supporters for cuts within the audience at school board meetings, which suggests little sentiment in that direction.
- Norwich residents have high expectations from the school, which in many cases is why they live here.
- The judgment of NFC members on educational matters is not more credible than that of the education professionals formulating the curriculum. The NFC is better qualified to weigh the cost-effectiveness of purchases and salaries.
- If the NSB should embark on extravagant curriculum models, then the NFC should object. However, the NSB has shown prudence in formulating its budget.

Later during the meeting, Mackall emphasized that further budgetary cuts in education would seriously harm the curriculum and not fulfill the expectations of parents.

Pierce – Pierce said that he basically supports the budget. He made the following points:

- He felt that it is generally a responsible budget. However, he felt that the increase in staff for kindergarten could have been better thought out—it might have been possible to achieve the same results with better use of the existing staff.
- As to the NFC guidelines, issued in September, he suggested that the NFC need not rigidly stick to them, once the budget is known.
- He expressed concern that the teachers' contract has not been settled at the time of the budget.

Moran – Moran felt that the guidelines were still applicable at this juncture. He made the following points:

- He felt that the quality of education could be delivered less expensively. So he was concerned about add-backs of cuts in teaching hours.
- He emphasized that labor costs are the most expensive component of the budget. This is the most effective area of cost control.
- He is concerned about the proper assessment of Special Education costs at the Dresden School District level on which the NSD relies for reimbursement and income.
- He felt that the pro-budget voices are more organized.

Flanders – Flanders agreed that the Norwich School Board had worked hard to achieve a flat budget that maintains the educational standards that parents expect. He suggested that, absent a teachers' contract, the budgetary costs aren't yet final.

- He pointed out that the guidelines offered to the NSB need not be the same as the advice to the voters, once the budget has been developed. Whereas the guidelines represent a judgment about reasonable cost increases and an assessment of what voters will support. The budget statement to voters is an assessment of whether the budget offers good value for the level of service provided.
- He suggested that the NSB has three options, if there is a settlement that is more costly than this budget accommodates:
 - 1. Forego spending items that are in the current budget in order to pay for the contract settlement.
 - 2. Incur a deficit to cover the contract expense.
 - 3. Hold a town vote to approve the cost of the settlement in time for a revised budgetary statement to be submitted to the Vermont Education Department.

If the first is possible, then it should have been done already to meet the NFC criterion. The second kicks the problem down the road and makes it worse. The third demonstrates that we don't truly know what the expense of the school budget is at this point. He expressed discomfort with any of these options.

Dwinell – Dwinell recommended that the NFC stick with its guidelines.

Lindberg – Lindberg said that she was not convinced that the reinstated cuts would have been negative to education and that this is not a favorable way to address a two-year deficit situation She felt that with respect to contract negotiations, she hoped that teachers would be

more supportive of negotiating a zero wage/benefit contract, which would compare favorably with area businesses. She noted that both wages and benefits are key to controlling costs under the next contract. She noted that the current step and track system cannot achieve this goal. Lindberg expressed concern that the 2009-10 deficit that arose from inadequate state revenues from the tracking the Special Education (SPED) costs attributable to Norwich students is part of the Dresden School District F/Y10 fund balance.

Motion: Dwinell moved not to support the Marion Cross School budget. Moran seconded the motion.

Discussion:

Odell – Odell and Flanders explained the elements of the 2009-10 budget deficit, which happened when actual SPED expenses were substantially less those budgeted, which meant state reimbursements were less than budgeted. Odell noted the long lead-time for budgeting SPED expenses. He emphasized that the NSB is a form of representative democracy, which has to base its decisions on the input from those who speak before it. He noted that the NSB has only four votes on the Dresden School Board (compared with seven Hanover voting members).

Scheier – Scheier felt that it would be counterproductive for the NFC to be confrontational. His impression from a school board member was that individual would not lower the budget until it is voted down. He would have provided a caveat on tax-rate-based guidelines to reflect what is known at the time as the budget is formulated.

The motion passed four to two (Mackall and Pierce dissenting).

3. Norwich School Budget Statement:

Overview – Lindberg made note of a draft budget statement, prepared by Flanders that reflected possible reasons for voting on either side of the issue.

Motion: Flanders moved to empower the chair (Lindberg) to finalize the NFC's Norwich School District budget statement with input from the members of the NFC. Dwinell seconded the motion.

Discussion – Mackall asked that the tone be non-adversarial. Pierce wanted to ensure that the NFC's opinion was respectful and well-supported. Lindberg stated that there has not been an adversarial or disrespectful opinion written for the Town Report as that would not be appropriate. She suggested that NFC members go back and read prior statements included in previous town reports.

The motion passed unanimously.

Action: Lindberg to redraft NFC statement, based on NFC input.

4. Adjournment:

Motion: Dwinell moved and Moran seconded that the NFC adjourn

The motion passed unanimously.

Adjournment: 5:25 PM

Tentative future meeting date (5 PM in Tracy Hall):

Tuesday, February 15, 2011