

TOWN OF HOPKINTON
Budget Committee Meeting
Portions of the Meeting were with the Hopkinton School Board
Wednesday, May 27, 2020, via Zoom
APPROVED

BUDGET COMMITTEE MEMBERS IN ATTENDANCE

Mark Zankel, Rich Houston, Steve Reddy, Jonathan Cohen, Ginni Haines, Ken Traum, Norm Goupil, Don Houston, Thomas Lipoma, and Janet Krzyzaniak.

PUBLIC PRESENT

There was a range of 73-110 participants listening to the meeting, depending on the time.

SWEARING IN OF THE NEWLY ELECTED BUDGET COMMITTEE MEMBERS

Ken Traum administered the Budget Committee Oath of Office to Steve Reddy and Rich Houston, the newly elected Budget Committee Members. Both Mr. Reddy and Mr. Houston affirmed their position.

CALL TO ORDER

Janet Krzyzaniak called the Budget Committee Meeting to order at 5:30 pm. Jim O'Brien led the Pledge of Allegiance.

APPROVAL OF BUDGET COMMITTEE, MARCH 4, 2020, DRAFT MINUTES

Ken Traum motioned to approve the March 4, 2020, Meeting Minutes. Thomas Lipoma seconded the motion. Mrs. Krzyzaniak asked for any corrections or discussion. A vote was taken to approve the March 4, 2020, minutes. The vote passed with 8 affirmatives, 2 abstained - because they were not present at the meeting.

SELECTION OF CHAIR AND VICE CHAIR

Chair nominations and vote:

Rich Houston nominated Janet Krzyzaniak; Don Houston seconded the motion.
Jonathan Cohen nominated Mark Zankel; Ken Traum seconded the motion.
Mark Zankel was elected as the new Chair of the Hopkinton Budget Committee with a 6-4 vote.

Vice Chair nomination and vote:

Ken Traum nominated Rich Houston; Mark Zankel seconded the motion.
Rich Houston was elected Vice Chair of the Hopkinton Budget Committee by unanimous vote, 10-0.

Mark Zankel, new Chair of the Hopkinton Budget Committee took over the meeting at this point.

Mark Zankel thanked Janet Krzyzaniak for her many years as Chair of the Budget Committee.

There were some technical difficulties that needed addressing before the presentation could be made.

From the Budget Committee - Thomas Lipoma voted to move forward with the presentation, since there were over 100 viewers via phone and Zoom. Johnathan Cohen seconded the motion. Janet Krzyzaniak suggested stopping the meeting and scheduling it for another time, because there were some people who were having trouble accessing the meeting.

From the School Board – Jim O’Brien suggested that the meeting move forward because there are many people accessing the information through the available avenue. Rob Nadeau, Andrea Folsom agreed.

Mark Zankel proposed that the meeting move forward. Neal Cass monitored the access points to make sure there was no further problems. The meeting was recorded and can be accessed through the Town of Hopkinton web site at any time.

PRESENTATION BY THE SCHOOL BOARD OF AN AMENDMENT TO ARTICLE 3, MOTION 6, OF THE SCHOOL WARRANT

Norm Goupil presented a slide show. Beginning with 5/27/20 standings.

Article	Tax Impact of SB and BC proposed budget	Tax Impact following 5/16 vote	Applying \$240,000 of fund balance	Effect of proposed reductions 5/21
3	\$0.75	\$0.75	\$0.44	???*
4	\$0.40	0	0	0
6	\$0.02	\$0.02	\$0.02	\$0.02
8	\$0.19	0	0	0
9	\$0.18	\$0.18	\$0.18	\$0.18
10	\$0.05	\$0.05	\$0.05	\$0.05
11	\$0.02	\$0.02	\$0.02	\$0.02
Total	\$1.61	\$1.02	\$0.71	\$0.27

*\$337,500 needed to get \$0 tax rate impact on operating budget

Saved with distant learning

Salaries and benefits	\$ 59,700.00
Transportation	\$151,892.25
Professional Learning	\$ 8,288.00
Supplies	\$ 6,500.00
Utilities	\$ 12,800.00
Misc.	<u>\$ 2,350.00</u>
Total	\$241,530.25

Fund Balance as of 5/12/20

Budgeted Fund Balance	\$150,000
Distance Learning Savings	\$241,530
Accrued Savings	<u>\$260,000</u>
Total	\$649,924

PRESENTATION BY THE SCHOOL BOARD OF AN AMENDMENT TO ARTICLE 3, MOTION 6, OF THE SCHOOL WARRANT, continued

Potential Utilization of Fund Balance

Article X Tax Stabilization	\$220,000
Reduce tax rate	\$391,530
Un-Obligated	<u>\$ 40,000</u>
Total	\$646,924

Superintendent's Reductions for Consideration

Personnel	Savings
No raises for salaried staff and pool for hourly cut to 2%	\$32,601.89
Eliminate additional days (2) individual	\$7,378.13
Reduce Special .15 FTE additional (MSS)	\$13,201.31
English .10 (HMHS)	\$9,370.79
PE .10 (HMS)	\$6,620.70
English .10 (HMH)	\$9,370.79
Health Insurance reduction due to lower rate	\$45,000.00
UA Wood (HMHS)	\$20,000.00
HMS Art	\$3,679.06
Support Position Secondary (HESS)	\$30,474.82
Staffing Change	\$8,241.87

Equipment	Savings
Elementary Projectors	\$4,800.00
HMS Chromebook cuts	\$7,750.00
MSS Chromebook cuts	\$6,500.00
MSS Library computer cut	\$4,000.00
Supplies – general	\$15,000.00

Utilities	Savings
HSD Heating Fuel	\$25,713.00
HSD Propane	\$2,460.00

Additional	Savings
Demonstrated Success	\$2,111.85
Dreambox	\$7,500.00
Star	\$12,000.00
Special Education Teacher	\$100,824.70

TOTAL \$374,598.

***\$337,500 NEEDED TO GET TO A \$0 TAX RATE IMPACT ON THE OPERATING BUDGET**

Facility Project Principles

- The School Board supports moving forward with the Facility Project, in its entirety and on the same time frame as was put forth and agreed upon by 72% of the voters last year.

Facility Project Principles, continued

- Our facilities and our programs are each essential component to ensuring a high quality of education. Both require adequate funding and should not be in competition with each other.
- Providing the financing for the project is the Board's responsibility, and the Board is committed to finding a financing approach that meets the needs of the project and considers the tax impact on the tax rate.

Proposed Phased Financing of the Facility Project

Objectives:

- Spread out cost of borrowing \$9.76M to not hit budget all in one year.
- Provide financial relief in FY21 and FY22 as District faces uncertainties.
- Provide full project funding.
- Stay on schedule and not delay deliverables.

Current Plan – \$9.76M, 15 years, at 1.76% (*figures from NH Municipal Bond Bank for all payments and tax impacts)

FY	Bond Amount	Payment	Tax Rate Impact
21 (July 2020)	\$9.76M	\$249,815	\$0.32
22 (July 2021)	\$9.76M	\$823,334	\$1.06
23 (July 2022)	\$9.76M	\$810,100	\$1.04
24	\$9.76M	\$798,572	\$1.01

- This plan has District borrowing all project dollars at once, although spending will occur over life of the project.
- If we achieve a zero-tax impact (or close to it) budget in FY21, tax rate will spike in FY22 with bond. This may put more pressure on additional program/staff reductions following a budget that will have made significant cuts already.
- District has increased uncertainties with economic situation, and how school activities will be affected in the future.

2 Phased Financing Approach

Bond 1 - \$5M, 15 years, at 1.76%*

FY	Bond Amount	Payment	Tax Rate Impact
21	\$5M	\$127,500	\$0.16
22	\$5M	\$420,052	\$0.54
23	\$5M	\$414,156	\$0.53
24	\$5M	\$808,260	\$0.53

Bond 2 \$4.796M, 15 year, at 2.75% (included higher rate on Bond #2 for planning)

FY	Bond Amount	Payment	Tax Rate Impact
21			
22	\$4.796M	\$122,316	\$0.16
23	\$4.796M	\$449,178	\$0.58
24	\$4.796M	\$438,663	\$0.56

- Allows for full bonding of \$9.7M in two bond sales.
- Provided immediate savings in FY21 budget that can be used to offset some proposed reductions.

2 Phased Financing Approach, continued

- Lessens the spike in tax rate for FY22. Helps with economic uncertainty and potential loss of state revenue.
- Saves on initial interest payments as district would not be paying cost for holding entire \$9.7M.
- Will require additional financial/construction management as Building Committee would need to manage available cash. Bond Bank does provide assistance to districts to assist in borrowing/cash management.

Phased approach (comparison adds payments and tax rates for the 2 bonds). See page 4 for the current plan that this is being compared to.

FY	Total Bond	Payment	Tax Rate	\$ Savings vs Current Plan
21	\$5M	\$127,500	\$0.16	\$122,316
22	\$9.76M	\$542,368	\$0.70	\$280,967
23	\$9.76M	\$863,334	\$1.11	-\$53,234
24	\$9.76M	\$846,923	\$1.09	-\$48,351

- Phased Financing provides significant savings in FY21 and FY22 budgets, providing a relief value in uncertain times.
- Would provide the full \$9.76M voted on at the District Meeting for the building project without construction delay.

The School Board's Final Proposal is:

Personnel	Savings
No raises for salaried staff and pool for hourly cut to 2%	\$32,601.89
Eliminate additional days (2) individual	\$7,378.13
Reduce Special .15 FTE additional (MSS)	\$13,201.31
PE .10 (HMS)	\$6,620.70
English .10 (HMH)	\$9,370.79
Health Insurance reduction due to lower rate	\$45,000.00
UA Wood (HMHS)	\$20,000.00
HMS Art	\$3,679.06
Support Position Secondary (HESS)	\$30,474.82
Staffing Change	\$8,241.87

Personnel – Addition	Expenditure
Elementary Library Media Assistant	\$31,033

Equipment	Savings
Elementary Projectors	\$4,800.00
HMS Chromebook cuts	\$7,750.00
MSS Chromebook cuts	\$6,500.00
MSS Library computer cut	\$4,000.00
Supplies – general	\$15,000.00

The School Board's Final Proposal, continued.

Utilities	Savings
HSD Heating Fuel	\$25,713.00
HSD Propane	\$2,460.00

Additional	Savings
Demonstrated Success	\$2,111.85
Dreambox	\$7,500.00
2 Phased Financing Savings	\$122,265.00

TOTAL \$343,635

***\$337,500 NEEDED TO GET TO A \$0 TAX RATE IMPACT ON THE OPERATING BUDGET**

Result of this proposal on FY21 Operating Budget and Warrant

Article	Tax Impact of SB and BC proposed budget	Tax Impact following 5/16 vote	Applying \$240,000 of fund balance	Effect of proposed reductions 5/21
3	\$0.75	\$0.75	\$0.44	\$(0.01)*
4	\$0.40	0	0	0
6	\$0.02	\$0.02	\$0.02	\$0.02
8	\$0.19	0	0	0
9	\$0.18	\$0.18	\$0.18	\$0.18
10	\$0.05	\$0.05	\$0.05	\$0.05
11	\$0.02	\$0.02	\$0.02	\$0.02
Total	\$1.61	\$1.02	\$0.71	\$0.26

*\$337,500 needed to get \$0 tax rate impact on operating budget

The School Board Members made some additional comments in support of this amendment. Each of them was concerned with the tax rate and the impact on the community they are serving. They feel that they have put together an amendment as responsibly as they can and still take care of their budget and the building project.

Budget Committee Questions/Concerns/Comments:

Don Houston explained that under normal circumstances, a \$0.26 increase on the School District's tax rate would be fantastic. Don Houston asked what it would take to get this proposal down another \$242,000, so that there would be a \$0.00 increase, and no increase in taxes. The purpose is not to drain funds that were supposed be used next year. Mr. Houston expressed concern because we are not where we were a few months ago, this virus has impacted many people.

Norm Goupil responded that warrants were voted on by the townspeople and they approved the \$2.6M. He asked Mr. Houston if he was looking to reduce the amount that was already voted on and approved? Or if he is looking to see what the School Board could reduce to get to the \$0.00 increase?

Mr. Houston explained that the way business and expenses are done will be changed because of the virus and its impact on families. He explained that because of the unknown impact, the ability of people being able to pay their taxes and worry about paying their taxes, should be considered when

Budget Committee Questions/Concerns/Comments, continued

asking for an increase. With the three new School Board members, and their perspectives, next year may look different.

Andrea Folsom wanted to warn the Budget Committee that looking at cutting another \$240,000 would mean cutting personnel. There will be 1,000 students returning to school in the fall, either remotely or in classes, and they are going to need additional supports. The numeracy and special education positions are both about \$100,000 positions. Five hundred students at MS and HM would not be able to receive additional support if the numeracy position is eliminated. And, because of the virus and its impact, emotionally on these students, the MS Special Ed position is going to be needed for support.

Jim O'Brien explained that to reduce the number, it is going to be programmatic. He is concerned that students returning to school will need extra support, because distance learning is not the same as being in a classroom. There is going to be more need in the numeracy and special education areas. He explained that these areas are not areas that should be cut, in his opinion.

Mr. Houston said these are not areas he would be looking at for cuts. They are going to be needed. There should be other areas looked at first.

Rob Nadeau explained that historically when cuts are needed you start to lose staff. Their hours are cut or reduced, and because of that you start to lose classes. This makes it difficult, especially at HMHS because the students need to carry a full load to meet graduation requirements. It is hard to hire part-time staff when they are looking for full-time positions.

Jonathan Cohen asked if the class sizes increase, doesn't that disproportionately affect the students with special needs? They are the ones that get left behind in a larger class size.

Mr. Nadeau agreed that it becomes more difficult to address the students with special needs in a large classroom. He explained that sections would be lost if you increase the class size to 28-30 instead of 23-25.

Steve Chamberlin explained that the Governor announced an executive order regarding special needs. The order says that every special need student needs to have a meeting within 30 days of returning to school. He explained that scaling the special need position would not allow for this to happen. Assessing, diagnosing, and meeting the needs of these students, after all these events, will take a lot of work.

Thomas Lipoma explained that we voted on a budget before all of this happened but now, we are in a spot where we are going to have a much different budget situation. The voters decided two weeks ago not to accept any of the proposed cuts. He explained that the voters have made it clear that they want a cut.

Norm Goupil explained that the interest rate and bond term options will be discussed at an upcoming Facilities Project Meeting.

Budget Committee Questions/Concerns/Comments, continued

Jim O'Brien explained that the proposals being discussed have the bond rates from last fall and the interest rates will be looked at with the newest bond run when things begin to move forward. Mr. O'Brien explained the risks and benefits of the two types of bond proposals.

Mark Zankel asked what the net difference would be to the taxpayers over the entire 15 years of the bond, with each of the plans.

Michelle Clark explained that over the course of the 15 years, the interest paid for the all at once plan would be \$1,540,395 and the interest for the 2-phase plan would be \$1,895,645. She also explained that the interest rate on the 2-phase plan could be less.

Mr. O'Brien explained that these figures are based on a 15-year bond, but the Building Committee could recommend a 20-year bond for one or both 2-phase plans. The School Board will take the proposals in to consideration and vote on it next month.

Mark Zankel asked what the School Board's comfort level is with the phased approach of the bond and if the School Board is committed to the 2-phase approach.

Norm Goupil explained that the School Board is committed to move forward as scheduled. The 2-phase approach is to mainly to alleviate the tax burden in the first year. Mr. Goupil explained that there is already so much invested in it, the Town voted for it, and the School Board is committed to completing this project in its entirety, in the same time frame, and on schedule. The bid packages are coming back and with the cost of supplies and labor being quite low right now, he is certain there will be additional cost savings.

Rob Nadeau and Jim O'Brien explained that at a recent School Board meeting, the pushing out of the second part of the 2-phase plan had been discussed but the School Board voted unanimously to the 2-phase plan presented at this meeting, so that the project could be completed on time. The project is going to begin, and they need to make sure the financing is all set to make sure payments can be made on time.

Thomas Lipoma expressed concern about the 2-phase plan. He suggested that the original plan of taking the loan for the full amount, at the low interest rates available now, would result in savings in the long run and it should be strongly considered.

Rich Houston expressed his concern about how Article 3, Motion 6, will appear on the ballot. He explained that it is deceiving to the voter because it is a decrease of the increase. He referred to a summary sheet that Don Houston prepared that shows the actual numbers. He explained that this new proposed budget is a 2.69% or \$519,651 increase.

Jim O'Brien explained that the School Board votes on the number to be included in the motion and then that number is given to the Moderator to write the motion. He explained that the Budget Committee's role is to give input on the amendment and then vote to support or not to support this amendment. The number going to the Moderator will be what the School Board has proposed.

Budget Committee Questions/Concerns/Comments, continued

Ginni Haines asked if the adequacy funds set for this year? It is her understanding that the formula is based on tax revenue from the State. Do you know when that formula will be addressed?

Michelle Clark and Jim O'Brien explained that there has not been anything on this addressed at the State level. Mr. O'Brien explained that the Legislature has not met since March and the Governor has not indicated that there would be a change to the formulas for the funding. Steve Chamberlin explained that there is a specified amount received per student, by law.

Rob Nadeau explained the updated process for voting.

Norm Goupil explained that the new School Board members are eager to work with the Budget Committee and he understands that it is going to be a really long process moving forward. He explained that this School Board has not developed its own budget yet. These School Board members really want to make a difference, they want to start on the next budget as soon as this current one gets passed.

PUBLIC COMMENT (began at 7:52 pm)

Amanda Gilman - She expressed her concern that the proposal is an increase not an actual decrease. She would like to see further cost savings found in the budget. She sees one major fatal flaw in the proposal. The creative financing of deferring half the bond saves us \$140,000 this year. However, risking a higher interest rate next year of next year, over the life of a 15-year bond on the additional \$4.96M. Michelle Clark's amortization numbers presented tonight said we would cost us \$350,000 in additional interest. Ms. Gilman's amortization numbers showed it closer to \$395,000 in additional interest. She asks both boards not to be short sighted, the temptation to save the \$140,000 this year and applying it to this curriculum, is playing with the next 15 years.

Steve Lux - He is concerned about the verbiage that is differing from was in the mailing that the School Board sent out and what is printed on the School's Website. One says the tax rate decrease of -\$0.01 and the other says a tax decrease of -\$0.01. The School District has not, in the past, put any statement regarding a tax rate impact on any of their motions. He feels this might be a little disingenuous to those who are reading this for the first time. His recommendation is to remove that statement entirely and let those who need to do the research to understand what the true amended article will be, will be able to do the research and not rely on this tax rate decrease statement as their deciding factor.

Jim O'Brien explained that the motion made was a Board motion and it was voted on. What appears on the ballot will be up to the Moderator.

Steve Chamberlin explained that Michelle Clark usually prepares a warrant summary in the budget bulletin and in the town report, that does include the tax piece, but the warrant does not usually include the tax change information. He is sure that the Moderator will honor the typical warrant that has appeared in the past.

Jeff Donohoe - He asked if there is difference in issuance costs for the bonds if we do two bond issues versus one?

PUBLIC COMMENT, continued

Steve Chamberlin explained that they have looked at the fees. The Bond Bank does fees based on the total loan. There is a \$2,000-\$3,000 fee to have the documents reviewed, not recreated, at the closing.

Ralph Case - He asked if the budget that is being proposed the total amount for the Operating Budget?

Norm Goupil replied that the total Operating Budget is \$21,072,696.

Ralph Case asked how this compared to the 2019-2020 budget.

Norm Goupil replied that there is an increase of \$500,000.

Ralph Case asked how this number was chosen? He is concerned that there was a motion that failed that was very close to the \$500,000 motion, which was least popular to the voters. He asked why this is viewed as a good number to be brought back to the voters.

Norm Goupil replied that the School Board charged the Superintendent to look for reductions to the budget and to come back with a \$0.00 tax impact.

Ralph Case asked if there is any projection for future budgets, for planning purposes?

Norm Goupil replied that they understand where they stand with the Building Project, knowing that there is going to be a significant impact on us moving forward. The Board has not looked at what the future holds. He explained that they just established a Finance Committee.

Jim O'Brien explained that the School Board came to a consensus that they wanted to come back with a \$0.00 tax rate impact. They charged the Superintendent to make the cuts necessary that would be least harmful educational impact. He explained that they have a lot of work to do as they start to get into a budget planning process, just on operations, to get the students back to school safely.

Arnold Coda - You have reduced costs and found new revenue. On the revenue side, that's not new revenue is it? Aren't you drawing from current reserve funds? What exactly is this new revenue?

Steve Chamberlin explained that they are not taking anything from reserves.

Andrea Folsom explained that because they are making this budget so much later in the process. The earlier budget was made from assumptions 6 months out. Now they have real figures that are real to be able to put into the current budget.

Arnold Coda asked if anyone knew what the past due taxes are in town? He then provided the amount past due, because Neal Cass did not have the numbers available, as \$585,477.15. There is one taxpayer whose unpaid taxes go back to 2010. He explained that there must be some

PUBLIC COMMENT, continued

consideration for those struggling to pay their taxes in town. Do we have an amount of how much has been saved with the early retirements, over the past couple of years?

Steve Chamberlin explained that it would take some work to find those numbers, but they verified that it does save money through the program.

Marcia Shell - She asks when the failed Article 4 will be addressed? What is the process if Article 3 does not pass?

Jim O'Brien explained that the Board is meeting regarding the teacher's contracts, but they have not met with the union. If Article 3 fails, it is up to the Moderator for the next steps.

Amelia Feudner - She asked if we are borrowing more money to save the people in town from an increased tax rate?

Norm Goupil explained that they are not borrowing money, they are returning money. The savings from distant learning and there is additional savings from the budget process last year. He explained that there is an overall increase of \$500,00.

Diane Lachance - She wants to address the \$500,000 increase over last years budget and the one-time State Adequacy grant of approximately \$641,000. There needs to be a clearer explanation of what the \$500,000 is paying for.

Jim O'Brien explained that the Annual Report has all the major increases listed at the time the original budget was voted by the School Board and the Budget Committee. He explained that some of these increases have gone down now that actual costs have come in. He explained that one major driver is the payment of the debt, that was budgeted to be \$240,000, it is now reduced but that will still be a driver at about \$127,000.

Steve Chamberlin explained that the health insurance went down by approximately \$45,000 because there were some plan changes, special education/transportation is still in the budget as \$80,000, dental and some other benefits are increased by \$20,000. The major drivers (80-90%) for the increase are salaries, benefits, and special ed/transportation.

Rick Macmillan - There was confusion in the wording of the amendments to many voters. There is a large group of people who will need to leave town if the School Budget continues to increase like it has been over the past few years.

Jim O'Brien explained the bond vote was a ballot vote.

Andrea Kane - She is concerned about where the budget cuts are going being made.

Diane Lachance - She is concerned that the idea that spending the one time grant to increase spending this year. Will there be a tax impact next year?

PUBLIC COMMENT, continued

Jim O'Brien agreed that the District received an additional revenue from the state that was put in the proposed budget, and the Budget Committee approved. He explained that as the School Board puts together the future budget, that is a reality that they will need to address.

Steve Chamberlin explained that building up the tax rate stabilization funds as much as possible is a way to help defray the lack of state funding.

Becky Whitley - There has been a whole lot community participation. Where we are is a compromise. There are some painful reductions in the budget. Kids and teachers are going to feel the reductions. There is a group of people that will not support any more cuts. There are several conservative estimates in the budget being presented. Funding coming from the State should be in the Revenue column.

Judi Case - This budget is a \$519,651 increase over last years. She asks that the Moderator be asked to put this motion in clear terms that everyone can understand and vote accordingly.

Mark Zankel explained that there can be two things that seem in conflict to be true. One is that the School Board's proposed budget is a \$519,000 increase over last year and the second things is that the School Board has achieved its goal of a \$0.00 increase in the tax rate impact. The reason that they are both true is that the School Board has found additional revenue to helps achieve that.

Rick Macmillan - We should not take out any bonds over 10 years, that way people voting for these expenses will live here long enough to help pay it back.

Cheryl Morse - You cannot count on state revenues, especially this year. The revenues are not what they have been. You need to keep a close eye on this. Would you seek counsel, if needed, for openness and transparency to allow you to give further explanation, as an amendment, on the ballot? What is the difference between the tax rate stabilization fund versus the end of year fund balance? Who puts a limit on it?

Norm Goupil explained that there is a cap that they can put into Article 10.

Steve Chamberlin explained that 2.5% of the districts net assessment. For FY19 it was \$376,000, the \$220,000 will get it close to the cap of \$376,000. The tax stabilization fund was voted on by the town in March of 2013.

Mr. O'Brien explained that the differences is that the Article X funds is a legislative, non-lapsing account and can only be used for tax rate stabilization or tax rate reduction.

Tom Congoran - The world has changed since the first bond vote was passed. If the same vote had been done this year, the results would be entirely different. It is irresponsible to suggest that the building project will be finished on time because things may get even worse. If the building committee is not flexible enough to adjust because things may get even worse, that is a terrible thing. Whenever there is mention of cutting the budget, someone on the School Board always goes to Special Education, that is not the area is asking to cut.

PUBLIC COMMENT, continued

Bonnie Christie - It makes sense to borrow all the money at the low interest that is available now.

Sabrina Dunlap - She wanted to let Arnold Coda know that it is very common, at this time of year, to have outstanding tax payments. She wanted to make it clear that the proposed budget presented and voted to approve by the School Board and the Budget Committee does have decrease after decrease now.

Candie Garvin - The bond needs to go for less than 15 years so that the parents with kids can share the costs. She is so happy that both Boards are so open to having conversations and questions. Your job is to come up with the hard choices that is necessary to get the budget to pass.

9:15 pm time check by Mark Zankel, with at least 5 people in the queue.

Kimberly Saunders - Doesn't the amended budget need to appear on the warrant in relation to the initial proposed budget? Is your CARES ACT allocation over \$600,000? What was the unencumbered fund balance last year? What are the unanticipated expenses due to remote learning? What are you going to encumber for estimated compensatory services for the time March through June, because of the lack of services and/or if the students did not make sufficient progress? Could you, potentially, have a liability for these students?

Jim O'Brien explained that they have received notification from the state, about a month ago, that the allocation for the CARES ACT would be \$46,000. The \$650,000 is a combination of already budgeted fund balance, distance learning savings, and accrued savings over the year.

Michelle Clark reported that the unencumbered fund balance from last year was \$464,637. She explained that the unanticipated expenses due to remote learning through June 30 is about \$100,000, but that is lots of components.

Steve Chamberlin said that they have not developed an estimate of compensatory educational needs. They have begun initial discussions with the Director of Student Services as to how to assess the students.

Catharine Ledoux Matteo - She would suggest that the \$92,400 expense for the elevator repairs be put into Facilities Repairs. She wants to see the bond funded in full, now, with the lower interest rates, it would save a lot of money in the long run. She also asked if the Special Ed position listed in the potential cuts is a new position?

Mr. Chamberlin explained that the Special Ed position that is in the budget, and was staffed, but it is not a currently filled position.

Catharine Ledoux Matteo. Directed to the Budget Committee – We are in a pandemic, we are in a ton of economic uncertainty, people are facing serious economic perils. Is it a -\$0.01 impact, yes, but it is an increase of \$539,000 more than last year? We are a small town, we cannot afford it, you have got to use the budget you had last year.

PUBLIC COMMENT, continued

Amanda Gilman - Does the School Board still have the option of returning unreserved fund balance to the taxpayers at the end of each year?

Steve Chamberlin answered that there is a plan to return \$390,000 of unreserved fund balance back to the tax rate stabilization.

Ken Wasson - If this budget is passes, as proposed, with the bond that has been passed on May 16, 2020, it is a \$737,115 increase to the budget. If we include the \$640,000 from the state, that we do not know if we will get again – that makes it a \$1.3M increase in this year's budget. There are many other things that need to be funded in this town besides the school. Nine out of the last ten years the school's budget has come in at over a \$1M increase every year. We need to start thinking about our police force, fire department, EMS, and road works. We need to fund our schools, but we also need to have the funds to take care of the other expenses needed in our town.

Matt Lane - The town has spoken through the initial votes taken. These schools are our number one essential service and it is our biggest expense in town, he hopes the voters support this proposed motion.

Ron Noyes - The votes showed that the voters wanted a reduction or a flat budget.

Vickie Bram - Asked that the Budget Committee would honor the work of the School Board and support this amendment as written.

PUBLIC COMMENT ENDED 9:45 PM

SCHOOL BOARD MOTION, DISCUSSION, AND VOTE

Jim O'Brien suggested that the School Board members put forward a motion and then vote.

Norm Goupil's motion was made, "That the Hopkinton School Board recommends to the School District Moderator to amend the proposed operating budget to \$21,072,696 (a decrease of \$343,735) from the proposed Budget Committee budget) for the 2020-2021 budget. This represents a tax rate impact of (\$0.01)." The motion was seconded by Rob Nadeau. Mr. O'Brien asked for discussion or changes to the motion.

The School Board discussed the different comments made by the public and the feasibility of some of the requests regarding the bond options due to the hard-economic times. Mr. O'Brien expressed his concern that there are not many other places where reductions could be taken, if this is what the decision comes to.

Mr. O'Brien asked the Budget Committee members if they had and comments or concerns regarding the motion.

Don Houston is still concerned with the wording being misleading. He explained that there is no place on the spreadsheets, provided by the School Board, that shows that (\$0.01) reduction.

SCHOOL BOARD MOTION, DISCUSSION, AND VOTE, continued

Mr. O'Brien suggested adding the word, "on Article 3", to make it more accurate. The School Board agreed with that suggestion.

Janet Krzyzaniak asked if on the Superintendent's Reductions for Consideration, it says no raises for salaried staff and pool for hourly cut to 2%, does that include the SAU also?

Steve Chamberlin explained that the salary freeze would include all salaried building administrators.

Mr. O'Brien explained that the merit pool increases are still to be determined for this year. The School Board has not had that conversation yet about this year's current budget. Mr. O'Brien explained that the merit pool increases are included as part of the reductions for the FY20-21 budget.

Steve Chamberlin explained that there would be no opportunity for either a cost of living increase or a merit increases in next year's budget for any salaried employee in the Hopkinton School District.

A School Board vote was taken, "That the Hopkinton School Board recommends to the School District Moderator to amend the proposed operating budget to \$21,072,696 (a decrease of \$343,735) from the proposed Budget Committee budget) for the 2020-2021 budget. This represents a tax rate impact of (\$0.01) on Article 3." There was a roll call vote. The vote passed 5-0.

BUDGET COMMITTEE MOTION, DISCUSSION, AND VOTE

Mark Zankel asked the Budget Committee if they wanted to vote to endorse the School Board's amendment. Discussion took place on whether to endorse the amendment or not.

The Budget Committee took a vote to see if they wanted to support the School Board's amendment.
The vote passed 9-1.

Comments and perspectives from the Budget Committee

Rich Houston explained that a lot has happened since the last vote, in February. Unemployment is at or equal to a great depression. A lot of people have lost their jobs, over 40% may not have a job to return to or if they can return, they may have reduced hours. His concern about the article is that it is still a 2.96% increase. What that means is that the one-time savings being used now to make this number to a \$0.00 increase is artificial. Next year the savings being realized this year will not be available. The budget is unsustainable. Fifty-three percent of the people voted for SB2, which means most people in the community want to see some sort of default budget if the budget that we voted on does not pass.

Rich Houston is proposing that, based on what most voters in our town said, that we go back to a default budget, plus contractual obligations. That would mean \$19,350,451 (last year's default budget), \$52,320 (2nd year of the HESS contracts), and \$200,000 (estimated new payment on the loan). Therefore, the new figure on the Operating Budget would be \$19,602,771 on the total general funds. This would mean \$20,805,365 for a bottom-line figure, or a reduction of \$610,000 on the budget. This would amount to a 1.3% increase instead of a 2.96% increase. \$267,000 less in

Comments and perspectives from the Budget Committee, continued

spending from the \$519,000. This will put us back on a train to sustainability. We cannot afford, next year, to be hit with a \$900,000 in new spending plus a bad economy.

Thomas Lipoma is concerned that the number Rich Houston is presenting is very close to two of the amendments that were voted on and the town turned down.

Michelle Clark explained that the number that Rich Houston presented does not include food service, federal projects, or fund 8. She explained that number Mr. Houston is less than last year's budget. Last year's amount was \$20,553,245 (She explained that this number would have been Article 3, if there was an Article 3 last year).

Norm Goupil asked Steve Chamberlin how the District would look with this reduction.

Steve Chamberlin explained that this reduction would mean further program reductions, larger class sizes, and extra-curricular activities cut. He explained that it would be a totally different district.

Norm Goupil explained that when the School Board recommends cuts, they know and understand where those cuts will be. He is concerned that just giving a number and not telling the School Board where the cuts should be made, is reckless. The magnitude of this recommended reduction would impact our schools.

Steve Reddy recommends that the Budget Committee vote to support the motion, send a signal to the community, that this is what we can do this year to reduce the tax rate without hurting the programs or staffing for our current students.

A Budget Committee vote was taken on the School Board's proposal, "That the Hopkinton School Board recommends to the School District Moderator to amend the proposed operating budget to \$21,072,696 (a decrease of \$343,735) from the proposed Budget Committee budget) for the 2020-2021 budget. This represents a tax rate impact of (\$0.01) on Article 3." There was a roll call vote. The vote passed 8 Yes, 1 No, 1 Abstain.

Jim O'Brien thanked everyone for their time, effort and input that was put into tonight's meeting.

ANY OTHER BUSINESS TO COME BEFORE THE BOARD

Ken Traum reported that the Town Meeting, tentatively, July 18. He suggested that a similar meeting will need to be held between the Select Board and the Budget Committee to discuss some reductions that may be made to help reduce the tax rate impact.

Mark Zankel suggested that a Budget Committee meeting be held, tentatively, on Wednesday, July 8.

MOTION TO ADJOURN

Rich Houston motioned to adjourn at 10:30 pm. Thomas Lipoma seconded the motion. There was no further discussion. A vote was taken. All Board Committee Members approved. The vote passed.

Respectfully submitted,
Tammy Clay