

## **TOWN OF LAKEVILLE**

### **Joint Meeting with Lakeville Board of Selectmen and Lakeville Finance Committee; Freetown Board of Selectmen and Freetown Finance Committee; and Regional School District Committee March 31, 2014 6:30 PM Freetown Senior Center**

On March 31, 2014, a Special Joint Board Meeting was held at the Freetown Senior Center. The Lakeville Finance Committee Meeting was called to order by Chairman Petruzzo at 6:10 PM. Members present: Michael Petruzzo, Ted Bunn, Donna Winters, and Maureen Candito. The Freetown Finance Committee called their meeting to order at 6:11 PM. Members present: Robert Alderson, Paul Deneault, Brad Paiva, Kathleen Paiva, Kent Wilkins, and Philip Falzarano. The Freetown Board of Selectmen called their meeting to order at 6:11 PM. Members present: Paul Sadeck and Lisa Pacheco. The Regional School District Committee called their meeting to order at 6:12 PM. Members present: Robert Clark, David Brown, Robert Nogueira, Carolyn Gomes, David Goodfellow, Bret Kulakovich (enter 7:22 PM), Michael McCue and David Davenport. The Lakeville Board of Selectmen called their meeting to order at 6:34 PM. Members present: John Powderly, Scott Belliveau (enter 6:29 PM), and Aaron Burke (enter 6:34 PM). Also present: Richard Brown, Freetown Town Administrator, Ali Golz, Administrative Assistant, Aimee Manzoni, Executive Secretary to the Regional School Committee and Christine Weston, Recording Secretary for Lakeville Committees. LakeCAM, Paul Sadeck and Matthew Ferreira from the Middleboro Gazette were recording the meeting. Also present: Dr. Kristine Nash, Interim Regional School Superintendent, and Fred Baker, Regional School Business Manager.

### **Attend joint meeting with Freetown Board of Selectmen, Freetown Finance Committee and Lakeville Finance Committee**

Dr. Nash thanked everyone for attending to listen to her abbreviated budget presentation. She stated that the budget process started last fall, and she has forwarded the PowerPoint Presentation to everyone which she will be going into detail about this Thursday. The School Committee, in January, received a preliminary presentation from the Administration and herself with respect to the preliminary budget requests. From the middle to late fall she had asked for a directive from the School Committee for the building of the FY 15 Budget, whether it was to be a Level Funded Budget, a Level Services Budget or an Additional Needs Budget. A Level Funded Budget is a reduction budget. The School Committee asked not to build a budget with a reduction in services. (Hand-outs were provided to the committee members) The first level is the Minimum Level Services Budget that simply covers contractual obligations and any other obligations regarding contracts and teachers' salaries. This is the last year of their contract. It includes steps, COLAs (Cost of Living Adjustments), contractual obligations for retirement, special education tuition, and special education services. SPED tuitions are \$760,000, which is above and beyond 2013's budget. It is not a projection; it is based on current costs. That increase is \$1,357,240.00 additional. The School Committee and the Superintendent recognize the difficulty to continually fund budgets when everyone is looking for the same money. This budget does not address staffing needs. She wants to make that very clear. Therefore, there are no additional new positions. Positions have changed due to reorganization or transfers in staff to create a different way of providing services, and this is funded in the budget.

The School Committee received the recommended Level Services Budget. There are areas in the budget that present challenges, but there no new staff is included. The staff accounts were found to be either underfunded or not adequately meeting the needs of the students. The instructional supplies and texts are from the needs of the Principals in the buildings, and the resources that they need, such as instructional supplies, and workbooks for K-12. The High School costs were \$48,000, which consisted of the replacement of books. With Professional Development, it includes \$50,000 above and beyond what it had last year. This will help deal with new initiatives, such as the new teacher evaluation system, articulation due to the common core which started in 2010 in ELA (English Language Arts) and math. ELL (English Language Learners) training is required for all state that will come into contact with an ELL, since the Region has been identified as a Level 3 district. Technology hardware installation will continue with the purchasing that has already been done this year. Carts and Chrome books were purchased and are being used for PARCC (Partnership for Readiness of College & Careers) testing. A little over \$900,000 was spent in restructured debt to upgrade the infrastructure, but not the technology across the district. It will allow the Region to move forward. \$211,000 has been slated for part of recommended services. That puts money back into line items of the budget accounts of \$3,500-\$4,000 for minor maintenance of the buildings. Then the Region has been starting to look at security needs. \$75,000 will not do all of it, but it helps the Region move forward with cameras, gates, security glass, etc. The other piece is \$65,000 for the legal account. When the Superintendent came into the District, it was observed that the legal line item was extremely low. There was no line item for SPED legal, so any costs associated for that came out of the general legal budgeted line item. The School Committee will start negotiations for the teachers' contracts soon. The \$65,000 will be spent anyway, so it is appropriate to put that line item in there. The line item will be a little over \$90,000. That may seem to be a lot of money, but it really isn't when you are checking with legal counsel to make sure that you are making appropriate decisions. The total is \$1,788,039, and that is what the Region is looking for both Towns to support.

Mr. Sadeck asked about the \$34,000. Is there a 5% increase, then additional items? The Superintendent responded in the affirmative. The School District struggled with the offsets. Since the Towns supported the budget on both ends, it was looked at what could be used to offset, recognizing that some are ongoing offsets, such as the circuit breaker, and others are one time. An adjustment was made for level services. The FY14 budget had some new positions, such as Technology Integrators, etc. But when looking at the Special Education budget, it was seen that some of the services were not met for the IEP services for students, so an additional \$250,000-\$300,000 was used of the \$517,000 that was part of the new monies. The Region had to recall a lot of positions, since the negotiations with the Paras had not been met. There was \$300,000 that had been earmarked for the new positions that was still there. That is \$294,000 in the budget which could then be used to offset. The budget was not reduced by that amount, so that amount was used for the foundation of the budget. That money will pre-buy items, which the Region will use in its next year. The other two (2) areas that were talked about is the circuit breaker and a percentage is received back. It has been about \$420,000 typically. The Region is not using all of it to offset tuitions, since it is not typical to do that. Next year the Region could easily get a SPED cost that is a result of a settlement. A move in or a change can run anywhere from \$100,000 and up. One placement was created in the budget, plus some additional funds.

The third potential offset is the E&D (Excess and Deficiency) account. In the past, only Regional School Districts were able to set aside 5% in 5-7 member districts. Now any school

can set aside 5% of the budget. The E&D account in this region was as low as \$500 and as high as \$1.4 million. There is \$1.1 million in it presently. The Region is looking to take some money from there, since it is not to be used to sustain a budget, but can be set aside. The total of \$900,000 will offset the total costs to both Towns with this budget. The net as a result of the offset is a 2.54% increase overall if the Towns vote to support the level services budget, and that is the minimum that the Region is looking to be requested.

Selectman Powderly asked about the 2% wage increase for 2015. Is that included in the steps and COLA? The Superintendent responded that it was. The COLA is the 2%, and the steps are the other figure. It is depending on the Governor's budget, and assuming that there will not be any dramatic increases in utilities. The Region is able to cover its increases in health insurance based on information from MIIA, since some individuals were not hired that were projected to be, and some people did not join some anticipated plans. Also, it is hoped not to get any "magic" growth. If everyone comes to look at the Power Point Presentation that will be given on Wednesday evening, it is based on class size. The Region is making some transfers, since one (1) class in Freetown is small, and there will also be some retirements. As a result of class sizes changing, those changes are taking place. This should be looked at to do every year. It is hoped that the circuit breaker will be level funded. It is further hoped that the SPED tuitions do not change anymore. As of last week, there are 2.5 Para positions being added. The good thing is that the Region is bringing students back in, but then that means another position in the District and possibly some health benefits. Transportation is also hoped to remain the same. Any change in any of those assumptions will change the budget one way or another.

Mr. Sadeck asked Mr. Nogueira if he could tell everyone what they most likely will be looking at; is it the \$33 million with a 5.4% increase over last year. It is felt that everyone has been real transparent. The school did not fill positions, and so they are not creating a huge burden on the towns every year. Ms. Pacheco stated that when the override was done, it was on a premise that we were following an educational plan. Now we are going in another direction, and soon we will have another Superintendent and will then follow another Superintendent's direction. It is hard to sit on one side of the table and then to back track, after you start to feel good about a plan. Mr. Nogueira stated that the schools are still restructuring to get better use of the teachers, technology integration, redistricting (looking at use of the buildings and making sure to maximize that), and there will be a fresh look with the new Superintendent. There is hope to move students between the two (2) Towns depending on where they live, in order to share resources better. Ms. Pacheco asked if they are looking at closing Assawompset. Mr. Nogueira responded that they were not.

Dr. Nash further explained that the minimum Level Services Budget gets the Region in a position so that it is not laying off staff, but trading in some positions to get something else that is better. If you look at the budget, it goes up more than 2.5%, since that is contracts and salaries. There is a need to negotiate budgets that stay within that framework. The biggest piece of any budget is the employees. They get a COLA and a step. She did flatten out steps to 3% when she was in Hanover, and that is something that needs to be done here. It will allow you to keep staff. The High School is not driven by class size. It is driven by programs. The High School's Program of Studies does not meet the state's Common Core of Learning. That does not mean adding staff. You look at the current staff, and see how you can move them in order to meet your needs. Mr. Baker stated that the Administration did not start off by trying to change the Plan. There were costs that were legally mandated. Those tuitions and the extra staff needed

for students were provided. So there is not a conscious effort to change the Plan. Dr. Nash added that this does not mean it was not a good Plan. It just had to be put on hold. She has not shown you the Additional Needs Budget, but that is over \$2 million, and that starts to attack the needs.

Mr. Powderly stated that Lakeville did an override for \$1.5 million for the FY14 operating budget, and it has to be put that into the FY15 operating budget. That somewhat addresses the Schools. If we look at the numbers given to us, there is \$582,000 for teacher steps and raises, which is each and every year. That contractual obligation was set by the School Committee, and it is obvious to me that they are not up to the task, if they really want to control expenses. They have given away the farm. We have not gone after their real contract, which is 85% of the pie. With the steps and levels, just step one with a bachelors degree, it is a 6.92% raise. These raises are beyond me. When the contract was signed, it tied the Town's hands financially to function. He was told by a School Committee Member that we had two (2) choices, an override or layoffs. We chose in Lakeville to do an override. The third and correct choice is, don't spend money you don't have, and that was never an option given by the School Committee. Whatever we give the schools above the 2.5% mandate goes on the back of other Town employees. When we bring this up to the School Committee, they say it is due to unfunded mandates. Selectmen Powderly felt it was due to percentage increases and contractual obligations negotiated by the School Committee. We have funded through an override last year and the plan is to continue to fund the schools \$1.5 million in lieu of an additional override.

Mr. Belliveau asked to address what we have here. Last year we did an override in Lakeville and gave the schools \$1.5 million and funded net school spending \$140,000, plus \$210,000 over that. They used the Governor's numbers. It was supposed to be \$110,000. So, \$340,000 was used to fund that, so we actually gave them \$1.6 million. We gave them money for their Capital Budget of \$250,000. \$140,000 from Lakeville and \$110,000 from Freetown, which was to be for capital items, but it went into the operational budget, not the Capital Budget. That makes it already over inflated from last year, and that has to be backed out. There are six (6) of us on the Regional Finance Committee, and we started working on this in July of 2012. We said it had to be a three (3) tier approach. The Towns and the Schools do their work, and we need concessions from the unions. The Towns did their share, but we never saw any concession from the unions. So, the problem he had is that \$900,000 is one time money, and that will be put on the Towns for FY16. That will continue to be put on the Towns each year after that. We are already giving \$250,000, so the figures are all wrong already. Mr. Sadeck asked if Lakeville is saying that it is out of the question. Mr. Belliveau responded that Lakeville is using the \$1.5 million, and our numbers are okay right now, but we don't know where it will end up. We have also included an additional \$37,000 for the schools. Then the NSS (Net School Spending) will not be close to this figure. That still leaves us \$700,000. He suggested the \$1.5 million override for Lakeville and structured it to get two (2) years out of it. They already took money for this year last year.

Mr. Clark stated that if you have a budget item that is 85%-89% of the total budget, the only way to control it is to renegotiate contracts, and if you don't do that, you will never get this under control ever. Ms. Pacheco stated that this was not talked about. We have been at Joint Town Meetings before, and she doesn't want to see one ever again. We said we would do the best we could. Since the override, we said we will do the best we can, so we are waiting to hear what your (Lakeville) starting point is. Mr. Sadeck stated that the School will get the same dollar amount that they got last year, and that is from his standpoint. Mr. Belliveau stated that it would

be a major decrease from Lakeville. Mr. Sadeck stated that \$8,371,865 is what we gave the schools in NSS plus over NSS last year. Mr. Belliveau stated that Lakeville is proposing for FY15 NSS in the amount of \$9,808,770. There was the \$1.5 million override. Added \$37,500, which is 2.5% on the \$1.5 million override. Then there is an additional \$310,442 in the budget. So Lakeville is proposing to spend 15.67% over NSS. Mr. Sadeck then said these last figures to Mr. Belliveau. \$8,371,865 is what we gave them last year, and \$9,054,088 includes transportation and debt. Dr. Nash stated that the local contribution would be less then. Mr. Belliveau stated that he did not know about transportation. Mr. Sadeck stated that Freetown paid \$394,000. Dr. Nash stated that Lakeville paid \$549,968. Freetown's share is 41% and Lakeville's share is 59%. Mr. Belliveau said that Freetown will be paying over this year. Mr. Clark stated that to arbitrarily increase salaries without any idea where the funding is coming from is ludicrous. It has been rubber stamped year after year, and it just cannot continue. Lakeville is in the position that Freetown was in 15 years ago, when we were just scraping by. The entire budget for the school system was \$7 million then, now we are at \$33 million.

Dr. Nash mentioned that workers compensation and health insurance needs to come out since that is not direct services for staff. When you compare to a public school that is non region, it is not in there. There was a brief discussion about the E&D account. Mr. Belliveau stated that if everyone goes with this budget, Freetown's increase will be \$545,996. Mr. Belliveau stated that this does not include regional transportation. Mr. Sadeck stated that it all plays a part in the bottom line. Mr. Belliveau stated that if Freetown says that it will not come up with that, then Lakeville will have to back out its portion that we have in the budget, and our number would come down substantially. Mr. Powderly stated that if you do what Mr. Sadeck does, then it will be a substantial reduction. He would not disagree with the Freetown Selectmen if they cannot come up with the operational money. So if it is a Joint Town Meeting, then it is a Joint Town Meeting. The School Committee will spend every nickel of whatever you give them. He will not suggest that you come up with a greater amount of money. You folks do what you want, and we will match that number. We are waiting for your number. Ms. Pacheco stated that Freetown just wants to know what Lakeville's number is. Mr. Sadeck asked if Lakeville wanted to match Freetown's number. Mr. Nogueira stated, let us back up the bus. We have not spent more. We are budgeting contract negotiations for next year. We have done everything we can. We have even brought in consultants to reduce health insurance costs, and the children of Lakeville and Freetown are suffering. Don't tell me we go through this every year. Mr. Powderly stated that whoever voted and signed the last contract is who has done this. Mr. Burke stated that he has not had a conversation with Mr. Belliveau or Mr. Powderly about the Schools and doesn't know what the \$310,000 is, but we can all work as a group. I think it would be better to avoid a Joint Town Meeting, but if voters need to make decisions, then they need to make the decisions. Mr. Sadeck stated that he felt that the figures that Mr. Belliveau is using are flawed. So my perspective is that we will give the same as last year. He felt that we are meeting the needs of the School Department. Ms. Pacheco stated that she has not seen his figures. Maybe both Chairs should sit down and go over the numbers.

Ms. Candito asked about the Professional Development that is increasing. In the past I know that the teachers have gone to the same Professional Development trainings more than once. She wants to make sure that they are not doing that. Dr. Nash responded that with Professional Development, it is the Assistant Superintendent and Building Principals who usually approve that. The teachers put in for Professional Development, and that is how it goes. There could be oversight, since there have been transitions in the staff. Ms. Candito stated that there is a lot of

the technology money that has not been spent yet. Mr. Baker explained that it has been encumbered using the State contracts. Ms. Candito noted how the Special Education line keeps climbing. Dr. Nash explained that there is what is defined with an IEP, which is a Substantially Separate Program, and those attending schools outside the district. We (administrators) met last week to examine that and our needs. Some (one-to-ones) will move up with the students, and some will be redesigned/assigned. Most of the Paras are one on one or one on two. For our extremely disabled students, we either mainstream with a one on one or send out of district. We are spending \$535,000 in SPED transportation right now, and to outsource it the cost would be \$650,000. It is non-union drivers, but the closest was still a \$100,000 swing.

Ms. Candito asked about textbooks and supplies. Dr. Nash responded that the issue was that the High School was not making purchases, so their text books were out of date. There should be a cycle for textbooks that you put in your budget. The Region is looking to address the immediate needs. In the future this needs to be looked at as an ongoing cost. Mr. Baker stated that the Region uses the Tech Collaborative as a cooperative in order to receive better prices and match that with the State price list to get the best price. Dr. Nash noted that the consumables are the workbooks. Unless you purchase it for technology, there is a yearly cost of a student license per student. The Region doesn't have the hardware to support the technology. The Region does have people coming in to give quotes and is working on a Capital Plan to address that over the next three (3) to five (5) years. Smart classrooms are being looked at. Ms. Candito stated that it would be beneficial to get updates on that sort of thing for the Finance Committee. Dr. Nash explained that they needed to take a step back on the technology and look at what we believe we wanted it to look like and do an audit of each of the schools. The person that follows me will continue with that work. Mr. Davenport stated that he would like to understand, since he thought he heard mixed messages. Lakeville should continue as they did last year or Freetown may want to do things differently. Last year was the last year of the contract and this was well known. The townspeople had ample time to inform themselves of the teachers' contract, and the Selectmen had the opportunity for it to go to ballot. If you want to take a different path, then it runs counter to what was just voted. Mr. Powderly responded, whatever we are doing, we will follow the lead of Freetown. Mr. Sadeck stated that Lakeville doesn't know what our figures are, and he doesn't think the figures are right. Mr. Powderly responded that that can be resolved in a few days. We will follow Freetown, and we don't object if Freetown wants to match our number. We won't pull it back. Mr. Davenport stated that negotiations are coming up and although you may well be right, and that it has been past practice, you prejudged us of giving away the farm. We are not trying to give away the farm. Mr. Powderly stated that the last contract that was voted on should be taken to task. That was the choice given to me by the School Committee, override or layoff. You should raise the money, not spend it first. So whoever signed that contract should be held accountable. If they are not on the Committee now, fine. If so, they should step back perhaps.

#### **Any other business that may properly come before the meeting**

Mr. Bunn stated that the Town cannot support the pay raises, and that is just what he wants to say with the steps and levels. He hoped that is loud and clear and that is emphasized. That should not be a surprise to anyone. It is time we take a good hard look at that with the School Committee. Dr. Nash stated that she does understand the issue. There is only so much money to go around. It gets to a point that it eventually gets into the classroom. In defense of the teachers, the contracts are structured for teachers, and they are not front loaded, but over the course of twelve (12) years they get to where the MTA says where they belong, but really that is where

they should have started. Other unions have other ways to get their benefits. It is a recognition that exists in all contracts in Massachusetts. The savings is not as great with the restructuring. You can save by flattening out the steps, plus the COLA. It is the way it has existed for years, and how unions have negotiated for years across the state. The other elephant is the insurance and the percentage of insurance. This can impact budgets certainly. The last thing she would want to do is go to a Joint Town Meeting. It would be better to meet contracts and deadlines and put things in play prior to town meeting June 2<sup>nd</sup>. Ms. Candito stated that everyone just needs to make sure that we are all committed to transparency and know where everything is going, and if lines are changing drastically, it will help the process along by knowing ahead of time of any big expenditures.

Upon a motion made by Selectman Powderly and seconded by Selectman Burke, it was

VOTED:       To adjourn the Lakeville Board of Selectmen at 8:11 PM.  
                  Unanimous in favor

All Boards and Committees of both Towns also adjourned at this time.