

**Finance Committee  
Minutes of March 16 2023**

Present from the Finance Committee: Chair Michelle Clement, Vice Chair Alyssa Nazzaro, Cori Stott, Rich Cowan, Nancy McDonald and Shawn Ashe. Also, present Town Manager Ann Vandal, Finance Director/Assistant Town Manager Victor Garofalo and Recording Secretary Samantha Carver. The meeting was held at Town Hall 62 Arlington Street, 2nd floor Dennis E. Piendak Conference Room.

Absent: Renee Plummer

The Vice Chairperson opened the meeting at 5:30 p.m. While waiting for Chair Michelle Clement to arrive, the first order of business was approval of the minutes.

Minutes

Mr. Cowan had a couple of edits of the minutes. Mr. Garofalo suggested wording to replace what was in the minutes on the chargebacks and overrides. Ms. Stott made a motion to approve the minutes as amended. Ms. Nazzaro seconded the motion. The motion carried with all members voting in favor. Ms. McDonald abstained.

Ms. Clement arrived for meeting at 5:36p. Present from the School Department were Superintendent Steve Stone, Director of Finance Operations Stefanie Fields, Assistant Director of Finance Francesco Recchia, School Committee member Alison Volpe and School Committee Chair Renee Young.

Superintendent Stone introduced his staff and began his PowerPoint presentation on the Dracut Public Schools proposed FY2024 budget.

Superintendent Stone explained how the school budget is the sum of a district's local contributions and Chapter 70 aid. The numbers change every single year. In FY2024 Governor Healy fully funded the third year of implementation for the Student Opportunity Act. Chapter 70 aid increased by a historic \$586.7 million, the largest year over year increase in aid. The law is pushing money toward schools, which puts a strain on the Town. Net School Spending numbers still reflect Dracut at the bottom in the state. The Chapter 70 Aid uptick for Dracut in year two will strain the town's budget even more. Superintendent Stone stated that he has tried to recruit and retain students in the school system. The numbers need to change and encourage more students to stay in the public school without going to the charter schools. Charter schools are a net school spending expense that comes out of the school budget. Mr. Cowan asked about the net school spending number. Mr. Garofalo indicated the Net School Spending number comes directly from DESE, and that is the number that is being carried in the budget. Mr. Cowan asked why charter reimbursement estimates were not deducted from charter school tuition assessment when estimating the chargeback cost. Mr. Garofalo indicated that this is a State revenue source and it is not netted.

Ms. Nazzaro asked if Dracut was losing a lot of money with these students going to charter schools. Superintendent Stone explained the district has to fund these students regardless. He would rather try to retain these students in Dracut.

The Committee reviewed slides of FY2021 Per Pupil Costs and the Chapter 70 Aid uptick chart for Dracut.

Superintendent Stone stated that they are in the last year of the transportation contract. They will begin the bidding process next year and he is expecting a 10% increase in costs. This will begin in the FY2025 budget year.

Mr. Garofalo stated that the Town has had some major increases to their budget as well with insurance and benefits, sick leave buybacks and solid waste. The Town pays for these costs out of one account in the budget and a portion of these are charged to the schools in the form of chargebacks. Mr. Garofalo noted that they have reviewed the 2011 Chargeback Agreement with the Superintendent and have agreed to use the 2011 agreement less the Parker School expenses. This is an increase of approximately \$30,000 from the previously published chargeback number.

Superintendent Stone also stated they would be negotiating all seven union contracts this year. There has also been a dramatic increase in students where English is not their first language. The district went from forty students to two hundred twenty students needing these services. The service load is much higher. Ms. Nazzaro asked if the increase in ESL staff mentioned in reference to the increase in students was going to be for all schools. Supt. Stone responded yes.

Superintendent Stone went through the staffing and other drivers of the increase in budget needs. In cooperation with the Town, the School will be funding the two SRO's from the school budget. There are increase costs of the special education needs in the schools. Eighteen percent of students receive some sort of special education. Ms. Nazzaro asked if there was an increase in technology. Superintendent Stone stated yes since COVID the school has had enough Chromebooks for every student. However, these need replacement every two years. The IT Department has increased staff to four people. In a school district this size, there should be six to eight people in the IT Department.

Chairperson Clement explained that in the past the Committee would listen to the presentation then go around the room for each committee member to ask questions. Ms. Clement asked Mr. Cowan if he had any questions.

Mr. Cowan deferred his first question and then asked about the last page of the school budget grand totals. Grand totals include state and federal grant funds in one column and not the other and therefore make the comparison from year to year more difficult. Superintendent Stone explained that the budget as shown can't be everything to everyone and he does his best to reflect the proposed budget. He feels that a lot of transparency is shown in this budget, and it complies with the DESE requirements and recommended templates.

Superintendent Stone stated that the budget is built on the net school spending number and that the chargebacks could change once the state finalizes their numbers. Any changes would be brought back to fall Town Meeting, and adjustments will be made at that time.

Mr. Cowan asked about the agenda for the Tri-board meeting. Ms. Vandal stated the Town will do a state of the town presentation.

Ms. McDonald asked what if the net school spending is not met? Ms. Vandal stated the Town does everything it can to meet the net school spending number, and has always met the net school spending figure.

Ms. Volpe stated that the School Committee is very happy that the bar has been raised funding Dracut's Chapter 70 aid and they understand and cooperate with the Town as much as possible to meet the funding requirements.

Mr. Ashe mentioned that inflation is most likely driving a lot of the costs up. Superintendent Stone stated they plan on a 3% increase built into the budget for costs of utilities, supplies etc. however in other areas costs have gone beyond three percent, such as health insurance.

Ms. McDonald asked about the union contracts and the length of them. Superintendent Stone stated there are seven union contracts for three-year terms. The current contracts expire June 2023 and they have already begun negotiations. Superintendent Stone stated he could not get into the details of the negotiations.

Ms. Stott asked about the out of district transportation number that went down in the budget. Superintendent Stone stated this is because the Assistant Director of Transportation has the students brought back and forth in-house saving approximately \$204,000. However, the circuit breaker benefit goes down when you do this so it has positive and negative effects on the budget.

Ms. Clement asked about the Special Education percentage of students at 18%. Superintendent Stone stated that when he was Special Education Director that figure was 11%. This teaching aspect is a huge problem to try to meet the salary needs of the teachers and be able to keep staff for some stability in teaching. Dracut is unable to compete with surrounding communities salaries.

Mr. Ashe asked about possibly sharing teachers. Superintendent Stone stated we cannot share teachers with different districts. Ms. Clement talked about the vocational schools looking at the grades of the students and feels that they need to change their requirements on how they accept students into their program. There was discussion on the vocational schools not looking to teach a trade but get the students with the best grades and prepares them for college when this wasn't the intent of a vocational school in the past.

Mr. Ashe asked how we get students to stay at the Dracut schools. Superintendent Stone mentioned the legislature and politics to try and get more funding however he also mentioned talking up the Dracut School system instead of talking it down on the side of soccer field. It is a community issue to talk about the schools in a positive light. Ms. Volpe stated that Dracut should focus on the positives of the schools and not live on happenings in the past.

Ms. McDonald asked if Staff are working on long-term budget projections with the housing developments that are being proposed to come into Town. Ms. Vandal stated that she is looking at a five to seven year forecast on all budgets. Superintendent Stone talked about the building needs if the developments proposed, such as Murphy's Farm, come into town. Ms. Vandal stated they needed to work with the Developer on this project so they have a better project in the end. This is a 40B project, which does not need the consent of the Town. Ms. Vandal noted that the Developer could bring this 40B right to the State for approvals.

The Campbell School MSBA project proposed could be a \$150 million project.

Ms. Vandal explained that with respect to increasing the budget the Town cannot market an override but there is nothing to stop a private group from trying to get it through the process.

Mr. Cowan asked about solar savings for the schools. Mr. Garofalo explained that they do have a meeting with Solar Cal to add some solar to various town buildings and how it may help the utilities however he also noted that we are benefiting already from solar through our supply cost sharing programs for the town and school buildings.

There was a discussion on the revenue growth factor and when growth is counted. Ms. Vandal explained that in order to count the growth the project has to be developed first. Dracut has very little commercial industrial, so most of its growth is residential.

Next Meeting: April 6 2023

Adjournment

Ms. Nazzaro made a motion to adjourn the meeting at 7:02p.m. Ms. McDonald seconded the motion.

Minutes approved at the April 6 2023 meeting.

**FINANCE COMMITTEE**