

The Regional School District 13 Board of Education Finance Committee met in special session on Tuesday, November 15, 2022 at 6:00 PM in the library at CRHS.

Committee members present: Mr. Armstrong, Ms. Benson, Mr. Faiella, Mr. Martinelli, Mr. Neidhardt (arrived late), Mrs. Opalacz (arrived late) and Mr. Stone  
Administration present: Mrs. Neubig, Director of Finance, and Dr. Schuch, Superintendent of Schools  
Committee members absent: Mr. Skelps  
Board members present: Mrs. Dahlheimer and Mrs. Petrella

Mrs. Petrella called the meeting to order at 6:00 PM.

### **Pledge of Allegiance**

The Pledge of Allegiance was recited.

### **Public Comment**

None.

### **Approval of Agenda**

Mrs. Petrella asked to move introductions up to item 4.

*Mr. Faiella made a motion, seconded by Mr. Armstrong, to approve the agenda, as amended.*

*In favor of approving the agenda, as amended: Mr. Armstrong, Ms. Benson, Mr. Faiella, Mr. Martinelli and Mr. Stone. Motion carried.*

### **Introductions**

The committee members introduced themselves. Nick Faiella, from Middlefield, has been in banking for 35 years. Jim Martinelli, chairman of the Board of Finance in Durham, has lived in Durham for 45 years. Jim Armstrong is a former educator, now working in finance. Lindsay Dahlheimer is the secretary of the Board of Education. Lucy Petrella is the chairman of the Board of Education. Jason Stone is the treasurer of the Board of Education and born and raised in Durham. He did accounting for the Army and was in charge of large-scale operations. Kim Neubig is the district's Director of Finance. Jennifer Benson grew up in Durham and has a background in education policy research. Doug Schuch is the Superintendent of District 13. Peter Neidhardt is from Middlefield and has a background in finance and projects. Teresa Opalacz is from Durham and is an accountant.

### **Approval of Minutes - March 3, 2022**

No amendments or corrections to the minutes of March 3, 2022. According to Robert's Rules, the minutes are deemed approved, if not amended or corrected.

### Appointment of Chair

Mrs. Petrella explained that the chair of the Board of Education appoints the chair of the Finance Committee and appointed Jason Stone as chairman. She then turned the meeting over to Mr. Stone.

### Review of 2022-2023 school budget

Mrs. Neubig reviewed that the budget is on the district's website. Mrs. Petrella explained that she wanted the committee to look at the full budget. She wanted the committee to review the budget and determine if they have any questions or need more information.

Mrs. Opalacz asked why the district's cost per pupil is so much higher than everywhere else. Mrs. Neubig explained that it is a formula provided by the state and is really enrollment-driven. As enrollment declines and the net current expenditures doesn't, the per pupil cost is hit double. Mrs. Opalacz noted that the district has always been higher. Mrs. Neubig stated that many of the district's teachers are at the max step as the district retains teachers. The per pupil cost keeps going up because they are not downsizing expenditures, but the enrollment is declining. The district is also building-rich and continues to spend money on a building that would actually move that needle down. It would take millions of dollars in reductions of expenditures to move the per pupil cost down. Mrs. Opalacz asked if Mrs. Neubig felt that it was due to salaries and transportation and Mrs. Neubig added benefits to that list as they are the biggest expenditures. Those three line items make up more than 75 percent of the budget.

Mrs. Opalacz asked if they have ever done comparisons per specific teachers and Mrs. Neubig stated that that is not typically done, here or in other districts. Mrs. Dahlheimer mentioned the costs involved with all of the buildings. Dr. Schuch added that smaller districts typically lose some efficiencies. He noted that the number of buildings being operated contributes to the number of staff that is necessary as well as maintenance and capital.

Mrs. Neubig explained that there is a comparison in back of the budget book, looking at the state average, regional school averages and the DRG-C average per pupil expenditure. Mrs. Petrella added that H-K has more students than District 13, with around 1,400 students, and they have four buildings, just recently closing Haddam Elementary. When the board first looked at closing John Lyman School, the savings was in the million-dollar range.

Mrs. Petrella explained that the board is once again looking into reconfiguring and closing some buildings. A new demographic study has been done and Silver Petrucelli has been contracted to start looking into the buildings to see what needs to be done to close at least one school. Once they receive all of the information, it will be brought to the community and will be out of the board's hands.

Mr. Armstrong thought that the state made a decision on closing John Lyman, but it was explained that the legislature never voted. The state said they didn't want to get involved in town politics.

Dr. Schuch reviewed that the new idea is to expand and renovate Memorial School to be a K-5 school for the district, which would close Lyman and repurpose Brewster to be preK and something else. If they are able to achieve that, it would drastically reduce the per pupil cost.

Mr. Stone reviewed the recommended number of students in each class, with kindergarten and first grade having 18 students. Dr. Schuch added that class sizes also drive per pupil costs. Mrs. Opalacz felt that class size is a very important thing and wants to keep class size smaller. She assumed that class sizes could be compared with other districts, but wasn't sure. Dr. Schuch felt it wouldn't be as easy to compare that. Mrs. Dahlheimer felt that anything would be doable if the committee requests it.

Mrs. Opalacz explained that these are the issues that she is hearing from the community and she would like to be able to discuss them. The cost per pupil keeps going up, yet the district's rankings keep going down. She feels that class size is a marketable item and is very important. Mrs. Petrella reminded everyone that as the enrollment goes down, it doesn't necessarily mean teachers can be cut because children are lost at all different grade levels.

Mrs. Neubig explained that page 36 shows number of students, number of teachers, projected class size and target size. The actual numbers are distributed at every board meeting. Mrs. Neubig also mentioned that the district is at approximately \$24,000 per pupil expenditure, but average regional districts are at \$23,500. Mrs. Dahlheimer reported that there were 71 kindergarten students (17, 17, 18 and 19 per class) at Brewster and 32 kindergarten students (15 and 17 per class) at Lyman in November. For first grade, there were 69 students at Brewster (4 classes) and 32 students at Lyman (2 classes) in November. Dr. Schuch explained that class sizes are Board guidelines and more for planning purposes. He added that they believe that K-5 has educational value, but it also has significant fiscal responsibility embedded into it.

Mrs. Opalacz asked why there is still school choice when it is the same curriculum being delivered. Mrs. Dahlheimer explained that there is a lot of discussion on this issue, but it needs to go. She believes that COVID had a role to play in that, but it is hard to see it still there. Mrs. Dahlheimer believes that the two programs divided the community and still does. Mrs. Opalacz completely agreed. Dr. Schuch stated that it is currently board policy to permit that choice, but a lot of work would need to be done to determine which school kids go to. He believes that the presumption was that John Lyman was going to close and the situation perpetuates itself because it hasn't closed. Mr. Stone felt that it would be a very difficult aspect to remove a choice once it's been given. Mrs. Dahlheimer added that they are going to tax out a lot of the taxpayers soon if they don't find ways to give the education that is needed at an affordable price.

A question was asked about the difference between the gross and net figures. Mrs. Neubig explained that there is revenue, such as MTA, tuition-paying students, preschool, interest income, building use fees, grants and a possible surplus. The net figure is all of the expenditures minus the revenue and is what the towns pay on. It is statutory to show the gross figures at the referendum.

Another question was asked about the primary driver of the per pupil spending numbers, salary and benefits, and building and grounds appears to be a very small slice of the pie, accounting for only 3.24 percent. Mrs. Neubig explained that some of the buildings and grounds expenses are spread out over other categories, such as operating services and supplies (like fuel and oil). She directed everyone to look at the budget by object.

Mrs. Opalacz asked what falls under "district" expenses and Mrs. Neubig explained that health insurance used to be, but the state has now asked that to be reported by building. Things like property insurance, workers comp were budgeted at district level. Those expenditures will be moved to the building level

which will make it harder to compare year to year. Mrs. Neubig added that benefits include health insurance as well as professional learning, Social Security, pension and any unemployment costs.

Responding to a question about capital, Mrs. Neubig explained that historically school districts were allowed to save 1 percent of their budget for capital and non-recurring. A couple of years ago, the legislature increased that to 2 percent, but not for regional districts. That was fixed in this most recent budget cycle. Because of the many needs in the district, they increased the amount of capital that was saved. Mrs. Neubig explained that there is \$550,000 saved for the turf, \$130,000 saved for the track, about \$600,000 for the sprinkler pump house, with a total of approximately \$2 million in capital. Mr. Stone explained that any money put in capital goes to a specific project.

Mrs. Neubig explained that the district has a capital plan of what needs to be replaced in what year and they are already way behind that. Each year, they look at what the priority is and last year, it was the pump house because it is a life safety issue. The projects are really determined by urgency. Mrs. Neubig added that the last \$6.9 million bonding included Brewster, Memorial mechanicals and roofs.

Dr. Schuch explained that Memorial is being proposed to hold K-5, but preK would remain at Brewster. It seems as though the demand for preK is only going to go up. There are a lot of out-of-the-box things in the strategic plan that would work well at Brewster for all different grade levels. The benefit would be in staffing that building.

Mrs. Opalacz felt that if you close it down and moth-ball it, that's one thing. Repurposing it leaves it open to nice programs that the district will end up paying for unless there is a business plan. She doesn't believe that the towns have the ability to think as broadly as they'd like to without the funding available. She felt that costs will still remain and the study needs to be very, very clear or it won't work. Mrs. Opalacz is a big believer in K-5, but people will feel that leaving preK-1 in Brewster and not adding on to Memorial has to be financially more feasible than leaving the building open. Mrs. Opalacz noted that people from Middlefield are supporting the idea. She believes that the elephant in the room is leaving Brewster open and dealing with it like they dealt with Korn. The problem with Brewster is they can't do anything else with it.

Mrs. Dahlheimer felt that the salaries coming out of the building will really lower the cost and make it efficient. Dr. Schuch felt that operating four schools instead of three will clearly cost more. He added that there are a lot of related arts teachers and that number would decrease. Mrs. Dahlheimer added that special needs students make up more than 28 percent of the district and the teachers and staff could be combined in one building as well. Dr. Schuch felt that people move into the district because of how well children with disabilities are serviced, but that compounds the cost per pupil. It is certainly something to be proud of, but the financial consequences need to be recognized.

Mrs. Petrella noted that they are hearing that perhaps preschool might become universal and may be mandated. Mrs. Opalacz felt that if they keep Brewster open to have mandatory three- and four-year-olds, they will need to put in another principal and other staff. Dr. Schuch has worked in places with preK centers and they didn't have a principal. Mr. Martinelli asked if the employees would have to be part of the union contract and Mrs. Neubig explained that they would be contracted teachers as they need to be certified.

Back on capital, Mrs. Neubig explained that the capital plan is at least six to seven years old, with an escalator applied for inflation. As an example, they started saving for the turf replacement at \$550,000 but that was 10 years ago. Mr. Faiella noted that the useful life of the turf is 10 to 15 years.

Mrs. Dahlheimer explained that there are years that the Board of Education zeroed the budget using the fund balance but that is not available anymore. The reason there are some many building issues now is that they didn't save for capital all those years. Mrs. Neubig added that debt service will fall off in 2024-2025 which will mean that budget line will go down, however that is also an opportunity to level fund that and borrow new money to get some of these things done without increasing that budget line. She explained that they could bond \$5 million without increasing the debt service line at all, based on information run two weeks ago.

Another question was asked if the state would cover any of the cost of the renovations to Memorial and Mrs. Neubig explained that there are two different ways to cover it. If it is a renovate-as-new, which is basically a rebuild, the state covers it at the current reimbursement rate, which presently is 53 percent. If it just an addition or alteration, the state can pick and choose what they will cover. It also needs to improve the educational aspect, not just to save the towns money. Dr. Schuch explained that Silver Petrucelli will break it down under both scenario and the cost may end up being not too different. He added that Mr. Mennone, a board member, would rather invest in a handful of state-of-the-art schools than a bunch of piece-mealed schools. Mr. Stone reviewed that, when they do go to bond, they have to ask for the full amount, regardless of reimbursement. This just emphasizes how important communication is.

Mrs. Opalacz felt that unless they fully explain what will happen with Brewster and the costs for that, the public will vote it down. She also felt that there have never really been savings from Korn School. Mrs. Neubig noted that the budget did go down 2 percent in 2016-2017 which was a reflection of closing Korn. Mrs. Opalacz felt it was more about the marketing than the actual numbers. Dr. Schuch added that there are people who have said they don't believe the enrollment forecasts and keeping Brewster would be an emergency backup if enrollment increases. He added that once a school is moth-balled, there are significant costs to bring it back up to code. Mrs. Opalacz reminded everyone that the biggest voters are not the parents.

Dr. Schuch reminded everyone that the turnout last year was incredibly low, but it was also stated that people are really starting to feel the effects of inflation and no matter what the figure is, it will take a few votes this time. Mrs. Dahlheimer felt that the people who come out to vote feel strongly about the budget, where the ones who don't vote are okay with whatever happens.

Dr. Schuch also mentioned that it is probably three budgets out, at a minimum, before they will recognize any of the savings. Mrs. Opalacz wondered if Lyman would close sooner if the intent was to do K-5 in Middlefield. Dr. Schuch didn't feel there was room for those students without expanding Memorial. Mrs. Dahlheimer added that the decline in enrollment is not at the elementary level. Mrs. Neubig reviewed that they had also discussed moving eighth grade or preK to Cuginchaug or having a nontraditional division of grades and none of those options were very popular.

The results from the Silver Petrucelli study will hopefully come in in January. They are going to start right away and a lot of the preliminary work is already done.

**Request for other school budget information**

Mrs. Dahlheimer stated that she emailed the enrollment numbers for November to everyone on the committee. Mrs. Neubig will provide the capital plan and debt service. Mr. Stone asked everyone to email him with any additional requests.

**Set meeting dates**

Mr. Stone asked if everyone could do 5:00 to 6:00 PM on the second Wednesday of every month before Board of Education meetings, at least for the budget season. Mrs. Opalacz if phone access would be possible, if needed, and Mrs. Dahlheimer stated that could happen. Everyone agreed on the second Wednesday of the month.

**Public Comment**

None.

**Adjournment**

*Mr. Armstrong made a motion, seconded by Mr. Faiella, to adjourn the meeting.*

*In favor of adjourning the meeting: Mr. Armstrong, Ms. Benson, Mr. Faiella, Mr. Martinelli, Mr. Neidhardt, Mrs. Opalacz and Mr. Stone. Motion carried unanimously.*

The meeting was adjourned at 7:14 PM.

Respectfully submitted,

Debi Waz

Debi Waz  
Alwaz First