

**TOWN OF EAST HADDAM
BOARD OF FINANCE
Budget Public Hearing**

April 22, 2014

Nathan Hale Ray High School Auditorium

The public hearing regarding the East Haddam 2014-2015 budget was opened at 7:04 p.m. by Board of Finance Chairman Susan Link.

The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:

Susan Link, Chairman
William DiCristofaro
Bruce Dutch
Harvey Thomas
Raymond Willis

Others:

Mark B. Walter, First Selectman
Nancy Haslam, Board of Education, Chair
Mary Beth Iacobelli, Superintendent of Schools
Cindy Varricchio, Finance Director
Approximately 115 people were present in the audience

2014-2015 Budget

Mrs. Link thanked and welcomed the attendees. She introduced Board of Finance members as well as the others sitting at the table identified above. She requested Board of Education members in the audience to stand.

Mrs. Link reviewed the work that went into the development of the budget for both the town and the Board of Education. Mrs. Link stated that the shared services budget falls under the town side. Mrs. Link stated that the Minimum Budget Requirement (MBR) pursuant to State Statute is a dollar figure that Boards of Finance cannot go below to fund the education. She stated that this year, due to the decline in enrollment the State would allow the Board of Finance to cut the current year Board of Education budget by \$93,000. She stated that the Board of Education brought forward a budget request with a \$700,000 increase. A power point presentation was presented to document Mrs. Links comments.

Mrs. Link noted that a thorough review that was undertaken, including the ten year capital plan, debt service for open space, schools, sewer. The town's ability to carry debt was reviewed. It was determined that \$2,300,000 was needed to be able to fund long term projects of \$15,000,000 to \$19,000,000. The Board of Finance settled on committing to \$2,300,000 of debt service annually but only reached \$2,200,000 in the proposed budget.

Mrs. Link noted that the school system, has seen an 18% decline in enrollment over the past five years, equating to about three grades. There has been a 7% reduction in teachers, however, the remainder of the staff remains the same. Mrs. Link noted it has essentially cost

the town \$5,500,000 more in expenses to educate our current enrollment over the last five years. Mrs. Link reviewed the increases that have been allocated during this time period. Mrs. Link reported that in 2005-2006 the Board of Finance put funding into reserves for large projects, by 2011-2012 it had stopped doing so due to the recession. She stated that recent budgets have relied on general fund balance to balance the budget, although the Board has been reducing that reliance each year. She stated that it is not entirely gone with the proposed budget, but has been reduced from \$300,000 in last year's budget to \$68,000 as proposed with this budget. She also noted how much that the lack of interest income has impacted the budget.

Mrs. Link stated that the Board of Finance had a lot of discussion over what increase it felt the town could absorb. She stated that it reluctantly came up with a \$1,200,000 increase and she added that they backed into the allotments by starting with items that they had no control over. For example, she cited debt service. \$296,000 more than last year is required to pay for bonding that was approved several years ago, particularly, open space and the 4-8 middle school.

Prior to opening the floor for public comment, Mrs. Link noted the upcoming schedule to move the budget to referendum.

She instructed speakers to come to the microphones, identify themselves by name and provide their address.

DJ Kelly, 3 Huntington Drive.

Mr. Kelly stated that he appreciated the hard work and dedication put into the budget. He raised concern with the reductions identified by the Board of Education. He stated that as proposed, the budget being put forward will take education a giant step backward. The impact of the budget the Board of Finance is putting forward, \$600,000 less than requested by the Board of Education, has ramifications that would necessitate increased class sizes and limit opportunities.

Dean Peletti, 63 Wickham Road.

Mr. Pelletti stated that last year his taxes went up \$500.00 and this year, as proposed with a 2.05 mill rate increase they will go up an additional \$325.00. He stated that he has a little ranch, needs a new vehicle, and has been deferring repairs on his home, because he is on a fixed income. He stated that this increase has been too much too fast. He encouraged the Board of Finance to do more to keep taxes down.

Mrs. Link stated that last year was an anomaly due to it being a revaluation year.

Joan Dill, Beebe Road

Mrs. Dill stated that she found it unconscionable to request this type of increase. She relayed frustration that the Boards have chosen not take advantage of the opportunity to reduce the floor of the Board of Education budget when it has the opportunity to do. She added that she found it to be irresponsible to increase the BOE budget by any amount. She stated that she can provide no support for this budget at all.

Jim Altieri, Town Street

Mr. Altieri questioned reduced tax revenues as indicated on page 4. He inquired how tax revenues could be less when taxes were raised last year. Mrs. Link responded that income

revenue is down. Mr. Altieri also inquired how the cost per student rose 33%. Dr. Iacobelli responded that many school expenditures are mandated and not funded, or under funded by the State. She also cited contractual obligations. Mr. Altieri stated that the cost calculated per student was the same whether or not funding was received by the state to offset those costs. He was noted to be correct by Dr. Iacobelli.

David Sloan, Beebe Road

Mr. Sloan stated that a mill rate increase of 2.05 would be the largest in 22 years (excluding revaluation years). He noted that an 8% increase would double taxes in eight years. Mr. Sloan noted the current rate of inflation, the current interest rates on money markets, CD's and by banks and he inquired how they expected the tax payer to support such a budget, particularly when the school enrollment is down 18%. Also noting the major projects on the horizon, he stated that East Haddam residents will be paying more in taxes than they are for mortgage, food and clothing. Mr. Sloan encouraged residents to vote No to what has been proposed.

Terry Dickinson, Daniel Peck Road

Mrs. Dickinson noted that the per pupil cost reported by the State of Connecticut was ? should be \$12,000 \$1,295.58 per student. She inquired how we came down 150 students but increased costs by \$3,000 per student. Mrs. Dickinson stated that in other comparable districts most do not have assistant principals, or they at least float an assistant principal between the elementary and middle school. She stated that before we cut teachers or sports, lets remove some of the weight up top.

Lisa Conroy, Westwood Road

Mrs. Conroy thanked the Boards for all of their work. She requested reasonableness and encouraged middle ground to be found between the Board of Education \$700,000 increase request and the \$100,000 the Board of Finance reduced it to. She requested that another \$200,000 be added to address contractual obligations.

MaryBeth Mordecai, Lake View Road

Mrs. Mordecai appreciated the explanations provided tonight. She also stated that she met with Mrs. Gionta and Mrs. Varricchio who answered all of her questions in a courteous fashion. Mrs. Mordecai stated that she believes that the \$700,000 increase requested by the Board of Education was way too much, however; a \$100,000 increase is way too little. She addressed the areas that the Board of Education identified, noting that many of the proposed reductions were unacceptable to her. Mrs. Mordecai concluded her remarks with a request that the Board of Finance add \$200,000 to the Board of Education budget, which would equate to an additional \$40 per household increase. She stated that when you compare East Haddam's mill rate to area towns, our mill rate is low.

There being no further comment, Mrs. Link requested a motion to close the public hearing.

Motion by Mr. Thomas; seconded by Mr. Willis to adjourn the public hearing at 8:00 pm. The motion carried unanimously.

Respectfully submitted,

Deb Denette
Town Clerk and BOF Recording Secretary