**Lenox Finance Committee Meeting Minutes**

Date: March 3, 2022

Members Present: Dave Carpenter (DC), Kristine Cass (KC), Blaise Gregory (BG), Dave Neubert (DN)

Guests: Bob Vaughan (BV), Marc Gosselin (MG), Melissa Falkowski (MF), Clarence Fanto (CF)

Absent: Michael Feder (MF), Mindi Morin (MM)

Meeting called to order at 6:00.

MG discussed the process by which the FY2023 school budget was developed. The team reviewed a five-year lookback on each line item of the budget, focusing on actually spending patterns rather than amounts originally budgeted. Line items that were over-budgeted in the were reduced to actual expenditure levels in the FY2022 budget, reducing the operating budget by about $58k.

Key changes from last year include increases in special education spending, particularly due to out-of-district placements, which are mandated by federal/state law.

Personnel is the major cost center for the district, as for all school districts. 84% of budget is salary/benefits, in line with the typical range for school districts of 80-85%. Staffing ratios in LPS have remained consistent over the last ten years.

Gross budget is 3.06% above FY2022, but net budget is 4.91% above FY2022. The discrepancy between the gross budget increase and net budget increase is attributable in part to a reduction in number of choice students during FY2022. Last year fewer students applied for choice, and LPS strategically accepted fewer choice students in FY2022 due to COVID concerns. FY2022 choice decisions impact FY2023 budget.

For FY2022, some expenses were covered by ESSR grants last year to reduce the operating budget. Those costs are added back into the budget in FY2023.

MG proposed looking into increasing admission of choice students, allowing the district to receive additional revenue, optimize student/teacher ratios, and improve educational experience for students. This would require revisiting the general guidance that has been followed for the past 6+ years of keeping school choice to maximum 40% of district and 50% of any grade. MG recommends accepting choice to get to the optimal number of students by grade level. DC asked about confidence in school choice numbers going forward and MG said that they have seen strong interest in choice for FY2023 already. DN mentioned that the school choice fees have been flat at $5000 since 1992, so the real value of choice revenue declines each year with inflation.

BV reviewed the history of school budget increases from 2009-2023. Gross budget increase has ranged from 0.61% to 4.96%, with 6 of 15 years over 3.00%. BV discussed how the guidance from the town has historically been to present a 3% level service budget, which has not allowed for adding in additional programs that the school committee and administration would like to explore.

KC asked whether 3% is a reasonable target for gross budget increases going forward, or whether that target should be reconsidered. BV suggested that 3.5% would be more reasonable and MG agreed that it should be reconsidered. MG will take a deeper look in the next budget cycle to compare the ideal program to current program. That exercise hasn’t been done in quite a while, and MG hopes to take more of a zero-based budget approach to next year’s budget. MG’s initial study suggests that Lenox could improve math and science programming to better prepare students for STEM opportunities. MG is also working on developing internal structures and policies that will help formalize the administration process. DC applauded MG for focusing on tradeoffs including programs that we might cut in addition to programs we might add.

BV expects that the 4.91% budget will be approved by the school committee at their next meeting. KC asked how the schools would respond if the town requests a budget reduction. BV and MG said that if the increase needs to be significant, a reduction in staff would likely be required because the non-salary portion of the budget is already very lean.

Meeting adjourned at 7:08.

Respectively Submitted,

Kristine Cass, Chair