

**EAST LYME BOARD OF FINANCE
PUBLIC HEARING MINUTES
FY 2015-2016 PROPOSED BUDGET
Monday, APRIL 20th, 2015**

Members In Attendance: Steve Harney, Chairman
Lisa Picarazzi, Secretary
Camille Alberti
Steve Carpenteri
Beth Hogan
Steve Kelley

FILED IN EAST LYME
CONNECTICUT
APR 30 2015 AT 10:00 AM/PM
Lesley A. Blair
EAST LYME TOWN CLERK

Also In Attendance: Mark Nickerson, First Selectman
Tim Hagen, Chairman, Board of Ed
Jeffrey Newton, Superintendent of Schools

Absent: No One

A. Call Public Hearing to Order

Chairman Harney called this Public Hearing on the FY 2015-2016 Proposed Budget of the East Lyme Board of Finance to order at 7:00 PM. He noted that the Public Hearing notice was published in the Day newspaper on April 16, 2015.

B. Pledge of Allegiance

The Pledge was observed.

Mr. Harney welcomed everyone, and said that they would first hear some comments from the Board of Education Chairman, Tim Hagen and then from the First Selectman, Mark Nickerson.

C. Comments by Board of Education Chairman

Tim Hagen, Board of Ed Chairman thanked everyone for coming and said that while the 2/9% increase is not what they would have liked that it is what they will work with. He said that he would like to introduce the new Superintendent of Schools, Jeffrey Newton.

Jeffrey Newtown, Superintendent of Schools said that he has been working to get up to speed and thanked everyone for coming this evening.

D. Comments by First Selectman

First Selectman, Mark Nickerson also thanked everyone for coming. He said that just after he took over that the meetings with the departments on the budgets started. There are no new positions being added here. The major driver is wages and benefits – especially health insurance which has been budgeted for a 10% increase and that may not even be enough as the costs keep going up. The cost of insurance for the infrastructure in Town has risen by 15%. They are always looking to try to make these numbers come down and they have worked hard on this budget.

E. Board of Finance Presentation of Proposed Budget for FY 2015-2016

Mr. Harney thanked everyone for coming, introduced the Board members and said that they all work to provide services to the Town while trying to maintain affordability. He synopsized the events that brought them to tonight noting that they have held many budget meetings prior to this evening. He further explained that they do not have any control over how the BOE allocates their money and that since the budget is not bifurcated; it gets voted on together with the Towns'.

In a Power Point presentation (attached at end of Minutes) he noted some of the major projects completed this year:

- Completion of Roof replacements at town Hall and Central Office
 - Completion of the Rest Room Facilities at Vet's Memorial Park
 - Partial Implementation of Mandatory Teacher Evaluations
 - Completion of Regional Water Interconnection Project
 - Commencement of boardwalk construction
 - District-wide Safety and Technology Infrastructure Upgrades in our Schools
 - Acquisition Program – BOE Technology and Town Vehicles and Equipment
 - Replacement of High School Tennis Courts
- Mr. Harney gave a summary of the budget process and noted that the current budget is \$65,113,598 and the budget being submitted this evening for comment is \$67,170,328 – a 3.16% increase. They estimate that it would represent around a .67 mill increase.

F. Public Discussion

Mr. Harney called for public comments and asked that speakers state their name and address for the record.

Karen Rak, 27 Black Point Road said that she has been coming to these meetings for years and that she opposes the proposed budget due to the current economic indicators – such as: 50% of renters (48% in east Lyme) spend more than one-third of their pay on rent; cost of ground beef has doubled since 2009; after adjusting for inflation median household income has fallen nearly \$5000 since 2007 (Federal data); 62% of all Americans live paycheck to paycheck and 43 million Americans have unpaid medical debt (Attached at end of Minutes). Further, the annual performance reports for the schools are contrary to the reports of 'losing our edge' that we are being told as we aren't and that term is being used to manipulate people. People are paying more in taxes than ever before. May 13 is tax day in CT – this is tied with New Jersey for having to work this long into the year to cover their tax burden. This economy is still down by 5.9M jobs and despite the continued increase in education spending over the last 50 years, according to NCES there is little to no correlation between education spending and achievement. Over a five year period the US Dept. of Education increased education spending by \$1.6B. The myth of budget cuts is just that, a myth. We do not go into the voting booth to vote on a department, specific budget or line item therefore, she asked that they present a flat or reduced spending budget.

Ron Rando, 194 Boston Post Road said that he has lived here for 79 years – a lot longer than a lot of the people. He recently heard that one of the former chairs of the finance board who educated his kids here has now moved to Waterford. He asked about the tennis courts and the final cost and if they fixed the river that runs underneath them as if not, it will happen again.

Mr. Nickerson said that they cost \$750,000 and that when they dug in, they did find the water and they fixed it – in fixing that – the lights did not happen as there was no money left for them.

Mr. Rando said that we increase our budget every year and people can't afford to pay their taxes or bills. He said that he has noticed that they do not show any of the Town or Board of Ed salaries in the budget and asked for a figure on the salaries. He said that they give the Board of Ed a bottom line figure and let them figure it out as to how they spend it. He hopes that the new superintendent will be more mindful of the people who live here. Further, they have two fire departments in the Niantic section of Town and they do not need them; there should only be one; they should also sell the water & sewer department to a private organization and regionalize the school systems and make the superintendent work for his money. He said that he was surprised with Beth Hogan as he had backed her as First Selectman but now has a totally different opinion of her. There are 1500 houses for sale in East Lyme – people are moving out as they cannot afford to live here. Also – the State is \$144M in the red so far this year.

Sarah Beaudin, 61 Terrace Ave. said that what concerned her was something in the newspaper today about the sports programs. She said she saw that a \$250,000 cut was being made and asked who will be cut from this sports program. She would like some information on it. She said that she was an educator in New London for many years and loved working there.

Mr. Newton said that he is not aware of the article and that nothing has come across his desk – he asked that she share the article with him.

Joe Mingo, 397 Boston Post Road said that what concerns him is that the Waterford School budget came in at 1.66%. He has lost count of the number of administrators here in our schools. They also have a number of unfunded liabilities that have to be taken care of and the condition of our roads is of concern to him. Any increase in the mill rate more than eats up his Social Security increase.

Maia Vargus, 18 Pontiac Drive spoke in favor of the BOE budget and asked that they not cut it any further. She said that she is an educator elsewhere and that education is not where cuts should be made. The educators here know where to make the cuts in their budget.

Gill Gallant, 167 Boston Post Road said that he is the president of the BOE Teachers Association and wants them to restore dollars to the BOE budget just as Mr. Lombardo and the BOE have said as they are the most important thing in Town and the next cuts they will make will be to the Police and Fire. The teachers need to make a decent wage and it is their position to fund education. He said that he was a teacher in Town when Beth Hogan was in office. The 2.9% increase in the budget is not enough.

Mike Schulz, Lovers Lane said that he wanted to thank the Recording Secretary for the minutes that she does as he has been reading them on-line and does not think she is given enough credit. He also thanked the Board of Finance and BOE members for their hard work and time on this budget. He wanted to speak about sports first as he has advocated that sports should be 'pay for play' and speaking of which – some kids knocked on his door with coupons for a \$20 donation – this, he said, gives him the option to pay for what he believes in. He said that parents need to get a better hold on sports activities and the associated costs as it is not the general taxpayer's responsibility to pay for them.

He said that he reviewed the teacher contracts and from what he saw no teacher will move a step – they get COLA – if they had a step – they would have had an 8% increase. The number of administrators has increased along with their salary increases – in 2014-2015 it was 1.75%; for 2015-2016 – it is 3% and 2016-2017 it's 3.25% - the cost of living is no where near this. If you are not satisfied or happy with this location – then move – but do not take it out on this Town and its' people.

Jim Lombardo, 4 Maple Street said that he has lived in three states and worked in five different school districts over the past 30 years and the taxes here are the lowest of all and the services are the best – they have an excellent educational program for very low taxes. He thanked the Board of Finance and the teachers who have been very entrepreneurial over the years with programs. The budget has increased over his time of service here some 10% and not the 45% Ms. Rak spoke of. Right now East Lyme starting salaries are low in comparison to the same type of areas. When he was superintendent he said that he would hire people at lower levels than where they should be or what they were qualified for due to the cuts. He also spoke about the Chinese program explaining that it is a 6 year program with years 4, 5, and 6 bringing 10 Chinese students here with the revenues coming in to cover the cost of the language teachers necessary for the program. He said that he thinks that the Town and school system need to work out some sort of plan on this as if it goes in as revenues to the Town there will have to be another line to take it back out for use for the program and they should not be penalized for having a good program. He also advocated to the Board of Finance that the school board had 7 meetings on the budget going line by line and they only had one meeting with the BOE and then made cuts. He appreciates that they say that they cannot affect line items.

Karen Rak, 27 Black Point Road said that she would like to comment on what Mr. Gallant has said – The Board of Finance has not been decimating the BOE budget and she further finds it disgusting that he stands up and advocates for his own salary. The BOE has been getting increases and she would like him to provide facts to back up the statements such as that which he has made.

Ron Rando, 194 Boston Post Road said that he had a few questions. He asked about the school enrollment this year versus last year.

Mr. Newton said that the projection is for them to be down by 88 students; they are down by 25 this year.

Mr. Rando said that if they are going to be down by 88 students – what happens to the money that you would have used to educate them.

Mr. Newton said that it is getting absorbed across the rest of the district for the 2800 other students as they will not lost all 88 students in any particular classroom – it will be spread out.

Mr. Rando asked how they are going to pay for the whole Resident Trooper salary as the State has been talking about.

Mr. Nickerson said that they now pay \$155,000 and to get to 100% it will be \$45,000 more. They have accounted for the potential for it in the budget and if it is not needed then it will be in the undesignated fund balance.

Mr. Rando asked if they know what they are going to get from the State.

Mr. Nickerson said that right now it looks like it will remain flat – there is a bit of a decrease in LoCIP and PILOT. He said that the CCM group meets and that they are still not sure of what the State will do. Some of the State proposals are very scary.

Barbara Senges, 17 Green Valley Lakes Road said that she has been on the BOE for one year and has lived here for 25 years. The BOE did a demographic study and there is a drop in enrollment in this State due to the aging population. She thinks that they are being short-sighted about the elderly ability to pay as the grand list is up; there is building going on and there are houses being built in her neighborhood that are costing \$350,000 to \$450,000 and people are coming here with kids that will go to the East Lyme schools. The grand list is growing because of these people coming here. She said that the BOE had said that a 3.2% increase would be a flat budget and they gave 2.97%. Taxes are a bargain – they were \$3000 per year 25 years ago for her and they are now \$5000 per year and that is a good bargain. We have an aging population because the young people are moving away. She said that she wants some money put back in the BOE budget.

Bill Derry, 212R Pennsylvania Ave. said that he is speaking in support of the BOE budget. He thanked Mr. Lombardo for sharing the problems that he said that he has had with hiring. He teaches in another Town and they had to hire under the same issues but they got a new superintendent and things changed. He said that the school system that he works for is a good one. The Town cannot afford to lose good teachers and the teachers need to feel that the Town supports them. He thinks that this Town has the potential to fix this problem.

Maia Vargus, 18 Pontiac Drive said that the BOE has meetings all the time and people do not come to them – they should so that they can be involved in the process. She also said that the parents are paying extra to support the kids and doing fundraising. She noted that she has been at BOE meetings where she has been the only one there.

Mr. Harney thanked everyone for all of their comments.

G. Board Comments

Mr. Harney called for any comments from the Board.

Ms. Hogan said that efficiencies in the budget has taken a toll and that she thinks that when the BOE builds its budget that it should be from the bottom up and not the top down as the biggest discrepancy year after year is the same dialogue. They need to stop talking about teachers not being paid enough and have a dialogue to work on that. She said that she would vote for a restoration of some funds but they would have to say that then the next year they will no longer hear about the inequity in teachers pay – that would have to be their priority. She said that she does not think that the restoration of \$100,000 is going to change anything and that the power is on the BOE side to change this inequity.

Mr. Nickerson said that the inequity in pay is not just within the BOE but across the line in Town – among all workers – however, when you compare to Waterford – they have a \$3B grand list and all sorts of associated commercial areas; which is \$1B more than ours and they can afford to pay out more. So – when comparing at least hear the facts as most of the taxes here come from us and not a Dominion etc.

Ms. Alberti thanked everyone for coming and said that she knows that most will not be satisfied with any outcome – they have to make some hard choices and they also did not just take one meeting to come up with decisions.

Mr. Harney thanked the Board members and everyone for their comments. He thanked the BOE members and said that they are all in a difficult position and in a County that is having great difficulty with economic recovery.

H. Adjournment

Mr. Harney called for a motion to close the Public Hearing.

****MOTION (1)**

Ms. Hogan moved to close this Public Hearing of the Board of Finance on the proposed FY 2015-2016 Budget at 8:40 PM.

Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Harney said that they would now go to the INTV Room and commence their Special Meeting and that everyone was welcome to attend that also.

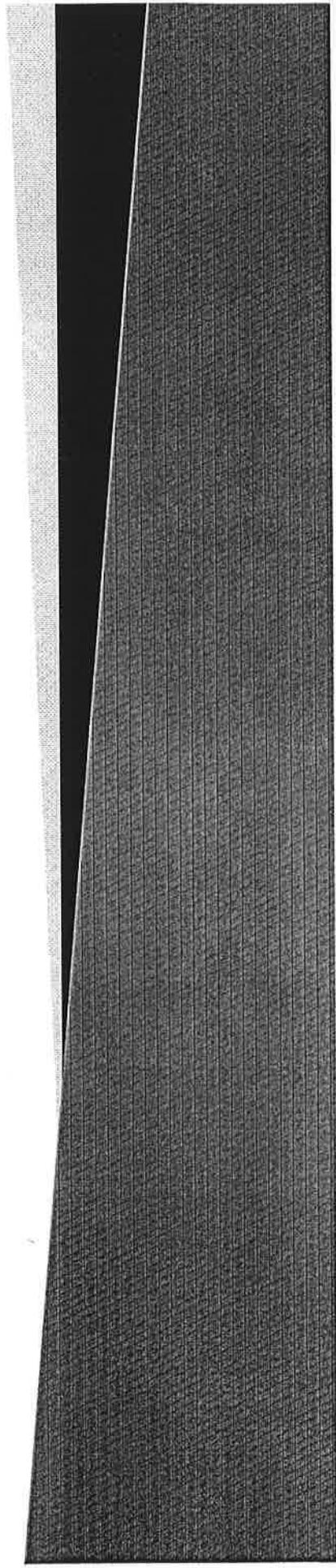
Respectfully submitted,

Karen Zmitruk,
Recording Secretary



East Lyme Board of Finance

Public Hearing on Proposed Town Budget
April 20, 2015



Attachment BA PH 4/20/15

Major Projects Completed in FY 2014-2015

- Completion of Roof replacements at Town Hall and Central Office
- Completion of the Rest Room Facilities at Vet's Memorial Park
- Partial Implementation of Mandatory Teacher Evaluations
- Completion of the Regional Water Interconnection Project
- Commencement of Boardwalk construction
- District-wide Safety and Technology Infrastructure Upgrades in our Schools
- Acquisition Program
 - BOE Technology
 - Town Vehicles and Equipment
- Replacement of High School Tennis Courts

Summary of Budget Process FY 2015-2016

- Submitted by Board of Selectmen - March 11, 2015
Overall Increase of 4.79% from FY 2014-2015
- Seven (7) meetings held to review proposed budget, meeting with all Department Heads and the Board of Education.
- Board of Finance proposes \$1,060,998 in net reductions for an overall budget increase of 3.16% and an estimated **0.67 mil increase in the current property tax rate.**
- Board of Finance will meet after tonight's Public Hearing to further finalize budget which will subsequently be voted upon at a Town Meeting and referendum.

Proposed Budget Review and Summary by Board of Finance

- Reduced General Government budget by **\$125,000**, which represents an increase of 3.52% from FYE 2015
- Reduced Capital Expenditures by **\$166,291**
- Reduced Board of Education Budget by **\$450,000**, in addition to the BOE reduction of **\$319,707**, which represents an increase of 2.90% from FYE 2015.

Major Areas of Revenue Increases

↑ Tuition other Districts \$226,563

↑ Town Fees \$23,806

↑ Insurance Carrier Equity Distribution \$22,480

\$272,849

↑ TOTAL Revenue Increase for 2015



Board of Finance Proposed Reductions in Submitted Budget

	2014/15 Adopted	2015/14 BOS	2015/16 BOF			
General Government	\$16,126,996	\$16,819,937	\$16,694,937	4.30%	(\$125,000)	3.52%
Town Aid Road			\$0		\$0	0.00%
Total General Government	\$16,126,996	\$16,819,937	\$16,694,937	4.30%	(\$125,000)	3.52%
Debt Service	5,105,149	5,317,606	5,317,606	4.16%	\$0	4.16%
Education	42,792,767	44,802,787	44,033,080	4.70%	(\$769,707)	2.90%
Buildings, Capital Equipmen	1,088,686	1,290,996	1,124,705	18.58%	(\$166,291)	3.31%
Total Expenditures	\$65,113,598	\$68,231,326	\$67,170,328	4.79%	(\$1,060,998)	3.16%

*increase
due to bonding
water sewer
regional water interconnection*

Board of Finance Proposed Reductions / Adjustments to Expenses

Budget Category/Function Description	Amount
Selectman	(\$11,000)
Various General Government Departments	(33,832)
General Government Misc.	(17,818)
Public Safety	(38,350)
Contingency	(10,000)
Acquisition Program	(78,091)
Parks and Rec	(10,000)
East Lyme Public Library	(4,000)
CNRE Revaluation	(88,200)
Town Projects - Misc.	
Total General Government Reduction	(\$291,291)
Board of Education Proposed Budget Reduction	(\$450,000)
Board of Education Reduction of Superintendent's Budget	(\$319,707)
Total Net Reductions Expenses	(\$1,060,998)

Board of Finance Proposed Budget Compared to Prior Years

Expenditures	Expended 2013-2014	Appropriated 2014-2015	Proposed 2015-2016	% Increase Decrease
Total General Government	\$15,268,861	\$16,126,996	\$16,694,937	3.52%
Debt Service	4,814,388	5,105,149	5,317,606	4.16%
Education	41,913,989	42,792,767	44,033,080	2.90%
Capital Outlay / Equipment	1,105,829	1,088,686	1,124,705	3.31%
Total Expenditures	\$63,103,067	\$65,113,598	\$67,170,328	3.16%

Bottom Line

Town of East Lyme Proposed Budget has an overall increase of 3.16% or \$2,056,730 with an estimated 0.67 mil increase in the tax rate as submitted tonight.

0.67

New Mill Rate Impact



The median home market value in the town of East Lyme falls within the range of \$200,000 to \$250,000. This translates to an average assessed value range of \$140,000 to \$175,000.

70% market value



The corresponding average annual tax increase from this year's projected mill rate adjustment will range from \$93.80/year (\$7.82/month) to \$117.20/year (\$9.77/month).

Please read.. Karen Rak 27 Black Point Rd.

- ✓ 50% of renters (48% in EL) spend more than 1/3 of pay on rent
- ✓ Price of ground beef has doubled since 2009. Overall food + bev. costs have increased 50% since 2000.
- ✓ After adjusting for inflation, median household income has fallen nearly \$5,000 since 2007. (St. Louis FED data)
- ✓ The typical American household is worth 36% less than a decade ago. (FED data)
- ✓ 47% of Americans do not have disposable income to put into savings.
- ✓ 62% of all Americans live paycheck to paycheck. (Barron's data)
- ✓ 43 million Americans have unpaid medical debt.
- ✓ 65% of all U.S. children live in a home that receives some form of assistance. (Census Bureau)
- ✓ According to End Hunger CT - East Lyme had 801 SNAP recipients in 2014.
- ✓ Cost of living (housing, clothing, food + med/health) has risen 18% since Great Recession.
- ✓ In 2014 Shoreline Soup Kitchen had 787 registered community members East Lyme
- ✓ According to Strategic School Profiles 2008 - 6.1% EL students free/reduced lunch 2012 - 11.8% East Lyme
- ✓ According to Annual Performance Reports, contrary to the comments, ELA schools are not losing their edge. CT Dept. of Ed. data
- ✓ According to ALICE report 1,530 EL households @ poverty level
- ✓ Combined govt spending (Fed, state, local) exceeds median household gross income 2012-2013

Attachment - Submitted & read by Karen Rak - 4/20/15 B07
P14

✓ People paying more in taxes than food, clothing, shelter combined (Founding Tax Freedom Day in CT May 13th tied w/ N.Jersey for the latest date)

✓ This means CT residents will work longer than other states for individuals to pay overall tax burden.

✓ Prior to Great Recession national debt was 9 Trillion, since that time it has nearly doubled

✓ Labor Force Participation rate steadily declined since 2008. (Fed St. Louis data)

✓ Total announced layoffs est. April 6, 4.77

✓ According to BLS (Bureau Labor St.), JOLTS report (labor turnover report) the "economy" is still down 6.9 m jobs

✓ According to NCES 2010-2011 data for EL school district 78% expenditures derived from local, 22% from state, 4% fed. That's taxes most all pay.

✓ Despite continued increased education spending over 50 years, according to NCES, there is little to no correlation between ed spending and achievement

✓ U.S. Dept of Ed outlays 2010 = 101.6 Billion - 2013 = 103.2 billion increase of 1.6 Billion ed. B.

✓ According to CT Dept of Ed. Finance & Grants data from 2000-2010 expenditures for EL PK-8 increased 40.26% while PK-8 enrollment decreased by 233

✓ For Grades 9-12 from 2000-2010, 102.6% increase in expenditures

Increase overall PK-12 from 2000-2010, 61%.

✓ Local government has/continues to expand and grow larger \$\$\$, despite the recession, economic indicators, and individual & taxpayers diminishing incomes.

The "myth" of budget cuts, are just that, MYTH. As once again, the proposed budget is an increase over last year's.

I oppose an increase. The voter/elector does not vote on a mill rate, percentage, specific dept or line item. The vote is on a bottom line dollar amount, not bifurcated.

I entreat the Board of Finance to present a flat (better yet, a reduced) spending amount from last year.