

**Minutes
Town of Lexington Appropriation Committee
October 30, 2007**

Place and time: Room 111, Town Office Building, 7:30 p.m.

Members present: Alan Levine (Chair), Deborah Brown, John Bartenstein (Secretary), Rod Cole (Vice-Chair), Rick Eurich, Pam Hoffman, Mike Kennealy, Susan McLeish, Eric Michelson

Also present: Tom Diaz (School Committee)

The meeting was called to order at 7:40 PM.

Special Education Budgeting Issues. Tom Diaz reported on the proposal of the School Committee that special education (SPED) out-of-district tuition and transportation costs be appropriated by Town Meeting in a line item that would be separate from the main public school line item.

He distributed a handout that was based on a report from May 30, 2007 to Town Meeting that summarized SPED costs from FYs 2005 through 2008 and that showed that total SPED costs are not only going up, they are going up faster than the rest of the school budget, i.e., they increased from about 20% of the entire school budget in FY 2005 to nearly 25% (projected) in FY 2008.

The handout also contained minutes from a meeting of the Lexington School Committee that was held in Burlington with other Lexington officials and committee members (including Deborah Brown of the Appropriation Committee) and with officials from the Town of Burlington. In FY 2004, Burlington separated SPED out-of-district tuition and transportation costs from their school budget and placed them in their municipal fixed expenses budget that is analogous to Lexington's shared expenses part of the municipal budget. The purpose of the meeting was to hear about Burlington's experiences with this budgeting practice. Tom said that the Burlington officials thought that the practice had reduced the contentiousness of supplemental appropriations for increases in the SPED out-of-district tuitions and transportation costs and had reduced the pressure to cut the regular education budget to fund unbudgeted out-of-district cost increases. Since the budgeting practice was adopted there, Burlington has indeed had to appropriate supplemental funds for their SPED out-of-district fixed-expense budget line. A partial copy of an agreement among Town of Burlington officials memorializing their new practice was distributed.

Tom noted that Burlington, unlike Lexington, does not levy its property taxes at the Proposition 2_ limit. They, of course, prefer to minimize tax increases but have not needed to obtain approval in override referenda for required spending increases for, e.g., SPED. There was discussion about whether the absence of overrides played a role in limiting the contentiousness there of supplemental funds requests.

In response to a question about the legal framework in regard to separating out certain expenses, Tom mentioned MGL Chapter 37M. This statute apparently permits some limited exceptions to the general requirement that School Committees have fiscal autonomy in managing school budgets.

The Burlington School Committee controls both the regular education budget and the fixed-expenses SPED budget. However, under the current arrangement in Burlington, the School Committee cannot transfer funds from one line to the other without Town Meeting approval. If Lexington adopts a similar practice, then similar constraints would apply. Also, the School Committee would be responsible for approving and paying all bills for both budgets. Circuit breaker funds received as reimbursements for out-of-district tuitions would be applied to a SPED shared-expense budget line.

The Lexington School Committee favors adopting this budgeting practice to increase transparency and limit the impact of out-of-district cost increases on the regular education budget. Tom Diaz stated that the Lexington School Administration is also enthusiastic.

It was pointed out that discussion of the Town's reserves policies is needed in regard to SPED expenses and the proposed SPED budget line. It was also noted that we would need to discuss how the annual allocation of "new" revenue would work if the proposed budgeting practice is adopted.

A question was raised whether the proposed budgeting arrangement might reduce the School's motivation to bring out-of-district placements into the district. It was pointed out that, although the recent expansion of autism-related in-house programs was even more successful in reducing out-of-district costs than anticipated, opportunities for additional in-district SPED programs will be limited since the economics of programs that would service small numbers of students will not be favorable.

The possible desirability of a continuing balance account arrangement for a SPED shared expense budget was noted.

There was discussion of whether non-school Town officials would want to get involved in SPED placement decisions, but it was noted that privacy considerations would undoubtedly limit such involvement.

Deborah Brown will follow up on this issue for the A.C.

Minutes. The Committee unanimously approved minutes of the meetings of October 3, 4, 10, and 17, 2007 with minor edits from JB and AML. John will take care of the edits and of sending the completed minutes to the Committee, Town Clerk, and the TMMA webmaster.

Committee Assignments. The following were confirmed as Committee assignments:

Deborah – SPED out-of-district budget line, capital
Eric – CPA
Pam, Susan – Ad Hoc Budget Timetable Committee liaisons
Susan, Alan – Selectmen’s meetings
Pam, Rick, Mike – school budget
Mike, Deborah - reserves
Pam, Rod – School Financial Review Committee liaisons
Rod – financial projections

Budget Timetable. Susan McLeish and Pam Hoffman reported on the status of deliberations by the Selectmen’s Ad Hoc Committee on the Budget Timetable. Next spring, the Town election will be held on Tuesday, March 4, 2008. The Committee is expected to recommend a timetable under which Town Meeting would start on Wednesday, March 12, and the operating budget would be brought up for debate on Monday, March 17. This schedule would allow the school budget to be determined earlier than it has for the past few years and would allow the School Administration to make hiring offers earlier in the year and thus hopefully be able to attract the better candidates. However, it would put a squeeze on the time available for this committee to review and report on the financial articles.

The Chair noted that the next meeting of the Appropriation Committee will be in conjunction with a summit meeting on November 13 at 7:30 PM in the Selectmen’s Meeting Room after which the A.C. will continue to meet on its own in G-15.

The meeting adjourned at approximately 9:50 PM.

Respectfully submitted,

Alan Levine

Approved November 13, 2007