

CITY OF NEWTON

IN BOARD OF ALDERMEN

SPECIAL JOINT MEETING OF PROGRAMS AND SERVICES
AND FINANCE COMMITTEES REPORT

WEDNESDAY, FEBRUARY 27, 2008

Present: Ald. Johnson (Chairman, Prog. & Serv.), Freedman, Hess-Mahan, Baker, Sangiolo, Brandel, Merrill, Parker, Coletti (Chairman, Finance), Gentile, Lennon, Salvucci, Schnipper

Also Present: Ald. Linsky, Harney, Albright, Fischman, Mansfield, Danberg, Swiston

Others Present: Susan Burstein (Chief Budget Officer), Sandy Pooler (Chief Administrative Officer), David Wilkinson (Comptroller), Fran Towle, (Commissioner, Parks and Rec.), Bob DeRubeis (Parks and Rec), John O'Brien (Chief of Police), Joseph LaCroix (Chief, Newton Fire Dept.), Jeff Young (Supt of Schools), Sandy Guryan (Asst. Supt for Business and Finance), Brenda Keegan (Deputy Supt of Schools), Carolyn Wyatt (Asst. Supt for Curriculum Instruction), Paul Stein (Asst. Supt for Human Resources), Mozel Berkowitz, Stephanie Powers (Interim Co-Directors of Pupil Services), Mike Cronin (Chief of Operations of Schools), Shelly Chamberlain (Coordinator of Technology for Schools), Dori Zaleznik (Chair, School Committee), Geoff Epstein, Susan Heyman, Claire Sokoloff, Reenie Murphy, Jonathan Yeo, Marc Laredo, Kurt Kusiak (School Committee Members), Nancy Perlow (Director, Library), David Turocy (Acting DPW Commissioner), David Olson (Clerk of the Board), Karyn Dean (Committee Clerk)

Chairman's Note: The Committees first met for a discussion with the School Department relative to their budget and the override items. A public meeting was then held in the Aldermanic Chamber to hear public comment on items related to the override.

REFERRED TO PROGRAMS AND SERVICES AND FINANCE COMMITTEES

#57-08 HIS HONOR THE MAYOR requesting to present the following levy limit override ballot question to the voters in accordance with the procedure prescribed by G.L. c. 59 §21C(g):

Shall the City of Newton be allowed to assess an additional \$23,900,000 in real estate and personal property taxes for the purpose of funding operating expenses for the Public Schools and the Municipal Government for the fiscal year beginning July 1, 2008. [01-29-08 @ 6:12 PM]

PROGRAMS & SERVICES HELD 8-0
FINANCE HELD 8-0

NOTE: Ald. Johnson opened the meeting by extending a warm welcome back to Ald. Coletti. He expressed his gratitude for all the kindnesses that have been shown to him and his family. He received email and blog messages and it uplifted him during a difficult time.

Ald. Johnson explained the format of the meeting. Supt. Jeff Young will first present the school budgets and then Mr. Pooler and Ms. Burstein will present the City budgets. After committee questions, the meeting will be opened for public comment.

School Committee and School Department Introduction

Ms. Zaleznik explained that instead of crafting one budget this year, they crafted three. There was the Maintenance of Effort budget, the Allocation Budget which met the bottom line number given to them by the Mayor, and the Override Budget which was a larger number that included the amount that would come to the School Department should the override, as proposed, pass.

Superintendent Young's Presentation

A document was handed out for purposes of this discussion. It is attached to this report.

Supt. Young said he would like to set the record straight on 3 points:

1. He said there was a misconception that when the last override passed in FY03, the School Dept. used that money for salaries and didn't do any of the things they promised to do; all of the expenditures and program improvements that they highlighted clearly and transparently in that override campaign fell by the wayside and were never implemented. He referenced the last 2 pages of the handout. It showed a budget history from FY02 through FY09 that clearly delineated the fact that in FY03, when the override passed, they did all the things they said they were going to do and the budget was there to prove and document that.
2. It takes a 6% annual increase to maintain effort. He said it was a fact. About 4.5% of that comes from salaries and benefits for school employees as follows: Most school employees were part of unions so their salaries and benefits were covered by collective bargaining agreements that were in force; then there were step (additional increments for working more years up to 13 steps) and degree changes (compensation for teachers who choose to educate themselves and get advanced degrees); and the third factor was benefits which tend to skyrocket in cost. The other 1.5% comes from fixed and mandated costs included utilities bills, transportation cost, contract obligations, Special Educational services that they were obligated to provide either by law or by Individualized Education Plans that were contracted between the school and the families. Those fixed and mandated costs would increase by 1% - 1.5% a year.

3. Newton is not an unchanging place. Things that worked 20 or 5 years ago did not work today. From last year to the current school year, the schools have seen a 20% increase in their English Language Learners population. These were students for whom English was not their first language. Another large area of change is in Special Education. While they have maintained their overall percentage of about 18% of kids in Newton who were on one kind of special education service or another, the number of students who were in the more severe need categories, however, has increased. The average across the state is also around 18%. In the last 5 years, there has been a 76% increase in students who were on the autism spectrum and receiving services in the schools. In Communication Disorder services there has been a 60% increase in pupils. In the area of physical health conditions services there has been a 76% increase, and in neurological impairments there has been a 57% increase in those pupils. Supt. Young said the demographic was changing and the challenges that came before the school district in educating these children with much more severe special needs as well as those for whom English was not their first language, posed all kinds of challenged to their school. He said they welcomed these students as they add so much to their community but the point was that what worked 5 years ago was not working for today.

Supt. Young referred to the handout noting that Ald. Sangiolo had suggested the 4 budgets be laid out for comparison purposes. The FY09 Maintenance of Effort Budget would keep everything level requiring an increase of 6.6% (exclusive of enrollment adjustments). There has historically been about a 6% increase each year for maintenance of effort. The extra .6% was acquired from special education costs that were incurred this year and needed to be carried forward to next year. The FY09 Override Budget came from a recommendation from the School Committee to request or require a budget increase of \$16.3M, or 10.5%. The FY09 Allocation Budget was the number they received from the Mayor assuming there was no override, and that brought them a 2.9% increase.

Maintenance of Effort Budget

This included salary and benefits as well as fixed and mandated costs. The third element was enrollment and there would be some incremental cost in educating more pupils should enrollment rise. With projected enrollment increases for FY09 the increase goes from 6.6% to 7.4%

This budget keeps things constant and deals with enrollment numbers.

Increased Enrollment/Teachers

Ald. Freedman noted that there was a projected increase of about 68 pupils, but the staff FTEs went up by about 2.3%. He asked for an explanation. Dr. Young said it was not a linear equation. When they learn where the new students will be then they how many teachers they'll need to keep class size stable in those areas. A significant portion of the additions in this area were around Special Education. Some IEPs call for the use of aides for some or part of the day depending on the specific needs. The ELL student increase

was not known as many signed up over the summer. Now they know they'll be here next year and require teachers/aides for them.

Override Budget

This should be thought of as maintenance of effort "plus". The "pluses" were improvements and restorations. These were areas that were chronically under funded or inequities. The ongoing initiatives were the other "plus" but they don't have the teaching staff to absorb any new initiatives. The ongoing initiatives of Technology, Building Maintenance, Middle School Program (BRIM) and Mathematics were being carried forward from last year. There were no new or extravagant initiatives being proposed, even in the override budget.

This budget covers maintenance of effort, all the improvements and restorations that were mentioned, increases per pupil allocation, covers elementary school staffing, provides equitable programs in health education and wellness in all the schools, takes care of issues in curriculum and instruction, professional development, books, materials, instructional supplies, software, etc., takes care of secondary education in terms of equity in the 2 high schools, takes care of pupil services by making sure that every child that is on an IEP is properly accounted for as the bills come in sooner or later. The general perception that they don't spend their full budget on maintenance and that they cut back on it when they run into a deficit situation is false.

This budget also promotes the 4 ongoing initiatives:

Middle School BRIM: The main component is to hire enough middle school teachers so that they are teaching within their primary area of certification. Shortness of staff, right now, necessitates some teachers to teach do that, which is legal, but they not the best situation.

Mathematics: They've had a successful year in instituting a math coaching program. The six schools that were targeted as having the lowest MCAS scores were targeted with math coaches to work with teachers and kids to reach and instruct the students that were at most risk in math. This budget would extend that to 2 additional schools.

Technology: This proposal comes out of a citizen staffed committee. They worked to develop a 3 year tech program, which they're required to do every 3 years and submit to the state that called for about \$1.6 M of funding per year in technology to meet this plan. Even in the override budget they won't be able to meet that goal. They would be proposing an increase of \$869,000

Building Maintenance: The supplement of \$1.1M in this budget gets them closer to the 2% level (1.6%) contemplated by the City Charter.

\$16.3 Million

Ald. Sangiolo asked how the School Committee came up with \$16.3M as the override amount. She said it seemed like the School Dept was handed a number and they used it

up in this proposed budget. Ms. Zaleznik, Chairman of the School Committee, said the number did not come from them. She said they never give a number, they just give the guidelines of what they'd like to see the programming accomplish. She said it came about, to some degree, from conversations with the Mayors office and, to some degree, from the recognition that a large wish list would not be fiscally possible and could not be supported by current staff. But they never specifically asked for a number they could have. The idea was to expand what they had, fix up some things that needed attention, spend some money on building maintenance and extend the initiatives. She wasn't exactly sure where the \$16.3M figure came from.

Allocation Budget

This budget would require significant reductions. All of the improvements and restorations would be cut and the plan to extend the 4 ongoing initiatives would be cut as well. Maintenance of effort would have to be cut as this budget only allows for a 2.9% increase in money. Please refer to the handout provided for the list of reductions across the board.

Ald. Baker asked which kinds, how many, and in what time frame, positions would be eliminated in this budget. Dr. Young said that about 100 FTEs comprised of staff across the board, not just teachers, would be affected. June 15 was the last day by which they could legally notify people that they don't have a job to return to in the fall. The time in between, however, presents a morale problem and people get nervous and start looking for other jobs and that needs to be addressed.

Dr. Young said that all school departments are competing for the same people. He noted that $\frac{3}{4}$ of the people who chose to enter the teaching profession, nationally, come from the bottom $\frac{1}{4}$ of their graduating class. The implications of this are profound. Newton is still an attractive enough community that they are still able to choose the best and the brightest. Newton has about 100 openings a year after retirements and resignation, etc. They get about 5,000 applications for those opening but they're also applying to Wellesley, and Wayland and Weston. If any of those communities are able to offer a job in May, the applicant will take it. No one is going to want to wait to see if Newton's override passes.

Special Education

Ald. Salvucci asked if the state reimbursed the School Department for any Special Education costs. Dr. Young said the state and federal governments mandate responsibilities for Special Education but don't necessarily foot the bill. These mandates were not funded to the degree that they were contemplated by statute so local communities were forced to make up the difference. Newton does receive some reimbursements called the "circuit breaker". It reimburses a certain percentage of the cost of certain kinds of out-of-district placements, but not enough. Those would be students whose needs could not be met in the system and had to go to a private or residential school.

Ald. Freedman asked if the Allocation Budget provided for the necessary increased needs in Special Education and he said it did not. Dr. Young said that he instructed his staff to be sure they did not violate the law on special education. Newton has always done better than what the law mandated but with this budget, that standard would be diminished, but will meet the legal requirements.

Ald. Danberg asked if Dr. Young was satisfied with the way in which they delivered the Special Educational services considering the number of students involved. Dr. Young said Newton has had a history of inclusion. They have tried to support children in their neighborhood schools, often with the help of an aid and with teachers modifying their curriculum. The social advantage of being with friends and learning social cues was very important to the whole child. It would be more expensive to send more students out of district. The law requires that districts pay tuition to day or residential placements which could be upwards of \$200,000/year, as well as transportation to those places. They have found that if they were less inclusive and grouped students with similar needs together there would not be significant savings. Segregating special needs students left them with an educational deficit and with costs being essentially the same; it made sense to practice inclusion.

FY02 - FY09 Budget Comparisons

This compares FY02 through FY09 with FY02 being the year before the last override. In that override there were 5 main areas they were going to improve: class size, building maintenance, literacy, technology and instruction (books, materials, supplies, professional development, etc.). They did a study of comparable communities to see where Newton was in regard to areas of excellence. They said they were going to keep pace with neighboring communities and in FY03, the year of the override, class sizes went down, building maintenance increased, literacy initiatives were doubled, technology spending was increased from \$0 to \$643,000, and the instruction initiatives across the board were increased by \$622,000.

In FY04 the increase was only 2.1%, FY05 brought an increase of 3.8%, FY06 brought 4.2%, and FY07 brought 4.5%. Since keeping pace would require about a 6% increase, these budgets all required reductions. The nine fiscal years before the override, the average increase was 6.75%. The averages have gone down and the erosions were real. For the current school year, the Mayor was able to creatively patch together some one time solutions to make the school budget whole by an increase of 7.7%. This would be maintaining the level of a budget that had been cut for 4 years, not the budget from the override. Ald. Sangiolo pointed out that any supplemental appropriations that may have come up were not included in these percentages. Dr. Young said that the only increments they've received were for utilities. He pointed out that they have also never come back at the end of the year having gone over budget and asking for more money.

Class Size, Charter Maintenance, Literacy, Technology, Instruction

Class size has remained constant, so that even when reductions have had to be made, teachers have not been cut. They have held class size as sacred. These numbers are

reflected in the handout for your review. Supt. Young said that Charter Maintenance money has been the one thing in the budget that has never been cut because it was so essential. All of the areas of improvement that were promised in the last override have been consistently delivered. The technology budget has suffered. They made the decision to stop buying equipment as they felt the students needed the technology staff to provide the infrastructure to support them. Keeping staff trumped buying equipment. In the area of instruction, in the override year they were at about \$1.6M. This area was cut so that they could keep teachers.

Supt. Young's Closing Statements

Supt. Young said that whatever budget they ended up with, they would strive, as they always did even in times of cuts, to preserve the classroom experience to the greatest extent possible. Teachers were the most direct service providers to students in the schools, but they were not the only players in the schools. Organizations were constantly changing and they were comprised of many different players with different skills and responsibilities. Those who were not teachers in the organization were the ones who planned for the future. Together they created the strength of the system. Every year, they all do more with less but eventually they will end up doing less with less. He wanted to avoid that situation.

Additional Committee Questions

Compromises

Ald. Hess-Mahan asked what they might do if they don't get the override budget or compromises needed to be made. Ms. Zaleznik said they couldn't commit to what they would or would not do if the override budget did not come through. They would have to evaluate that. She said there were areas of concern, however. Sandy Guryan has been reported to them that they have a deficit in building maintenance and special education. If they only maintain their effort from this year, they have already overspent in two accounts and risk having them be deficit areas going forward. In pupil services, the \$522,000 line item covers some things they need to fix in response to an audit from the state. Not having that money means they will not have fully responded to an audit.

Sustainability

Ald. Hess-Mahan asked how they could sustain their efforts in order to avoid this process over and over. Ms. Zaleznik said that was difficult to answer and in the last override they answered that by saying that if they received their maintenance of effort percentages of about 6% they could be sustained. Enrollment was also something that changed and was difficult to predict. The modular classrooms were added and 4 more are planned. She would hope that as a community they could look at suggestions from the Blue Ribbon Commission on increasing revenue flow.

Dr. Young said they are constantly trying to increase economies and efficiencies. For example, four years ago they reduced the staff at the Education Center by 14% and saved \$750,000 in recurring costs in that process. They have looked at better ways to arrange

the delivery of special educational services within the classrooms with clustering in the mainstream. There was no complacency in the way they try to finance the schools.

Strategic Planning

Dr. Young said strategic planning was not really geared at budget reduction. It was about what kinds of things students will need in the future in terms of skills and knowledge to be successful citizens. It takes into account the local community as well as the global community. It was also about providing regular education support to students who may be on the cusp of special regular education so that they don't have to go into special education. Regular education was less costly. Ms. Zaleznik said that while strategic planning was not to necessarily affect one year of a budget, one goal could be to choose a couple of areas in which to really excel. In doing that, there may be things that become unnecessary and there could be some balancing of costs.

Redistricting

Ald. Albright asked if redistricting could mitigate any of the increased costs. Ms. Zaleznik said that shifting among the elementary schools would not make much of a difference at this point. Redistricting will be an essential component moving forward in strategic planning, however. They did try to relieve some pressure on Bowen by moving children that moved into Avalon Bay over to Memorial Spalding. Bowen needed more classrooms and they're making some plans to do that. They've also looked into a voluntary redistricting program and after 2 years found that not many people took advantage of that.

Municipal Presentation

Sandy Pooler, Chief Administrative Officer presented the City budget. He said that he had asked 5 department heads (Police, Fire, Parks and Rec., DPW and the Library) to present what the override means to them.

Mr. Pooler said that since the last override, 5 years ago, on the municipal side of the budget, the City has lost 56.3 FTEs. A lot of what they're able to do year to year depends on the ability to raise funds themselves within the limits of Proposition 2 ½. During the years before the last override, they had seen a significant increase in State aid and billions of dollars that flowed across the State. In 2003, that aid was cut off and they lost \$4M in state aid all at once. They had an \$11.5M override that year but the loss of the \$4M brought the net effect of that down. They've been looking at the need to have other revenue sources such as the Municipal Partnership Act, taxation of telecommunications companies, meal taxes, etc. He introduced Susan Burstein, Chief Budget Officer, to present numbers for a one year override.

Revenue

Ms. Burstein referred to handouts that are attached to this report. In the handout marked "Revenue" she explained their assumptions with the 2 ½ % increase and a modest \$2M of new growth which was consistent with their trend of the last 5 years. They reviewed the other taxes and noticed some modest declines so the FY09 budget was a little lower than

what they budgeted for FY08. The \$500,000 decline in FY09 from FY08 under “Other Revenue” is really representative of their commitment to wean themselves off of free cash as a source for the operating budget of \$500,000 a year. They included in State Aid an increase of \$1M a year and they’re comfortable that they can assume the same for FY10.

Projected Budgets

Ms. Burstein then referred to the handout marked “Projected Municipal Budgets – FY09 and FY10. She pointed out that there was increase of almost \$5.8M for FY09 from FY08 which included: the wage pattern; health insurance at actual benefit levels they anticipate based on their enrollment and the current rates; pension contributions which they get from the pension board; energy which they tried to adjust particularly in the area of liquid fuels to something more than the previously assumed 3-5% to try to compensate for the increases that have been seen, and the very favorable contract they had this year; trash which included the preliminary estimate for the one-year bridge contract; debt service consistent from the plans based on the various high school scenarios; services and state assessments which were modest or level. She said these were maintenance budgets. No restorations or enhancements were included in any of these figures.

One Year Override

Referring to the handout marked “Projected Deficit – FY09 – One Year Override” Ms. Burstein pointed at that the Municipal Deficit came to about \$4M and the School Deficit to \$11.8M. If they did this as a one year instead of a two year override that has been presented in the past, and they’re still committed to spending \$5M on swing space and design costs related to Cabot and Angier, they wouldn’t have the cash. If they borrowed that \$5M the first year debt service on that would be \$450,000. They felt it was prudent, that even if that was not an expense in FY09 that it would be an operating budget expense rolling forward so they’ve included it in the override figure. All of that comes out to a \$16.4M deficit and the need for a \$16.4M override if it were for one year.

Two Year Override

Referring the handout marked “Two Year Override” Mr. Burstein said all of the assumptions were the same. However, because they were assuming that they were going to be using a significant portion of the override in the first year, the overlay is increased by the amount it would be attributed to that spending in FY09. The override is an increase to the levy limit but it doesn’t mean they have to spend it all in one year. If they have an override for \$23.9M and they have the same municipal budget as showed for FY09 and they have the same deficit for the FY09 municipal side and the same school budget but in this case they spent \$5M in cash, they would be leaving behind \$2.9M (excess levy capacity). There was no plan to spend that money. It was fully the intention that money remain as excess capacity for the future. In FY10, because the levy limit was increased in FY08, the 2 ½ calculation is now applied to the old levy limit with the \$23.9M. That leaves a budget available to spend of \$306M which would be divided into \$124M for the City and \$182.5M for the schools. In the case of the schools for FY10, they have assumed that the school budget would increase by 6.5%. This spends the entire

amount of the override as a balanced budget in FY10 and gave them the opportunity to not have to borrow the \$5M for the work on the most needed elementary schools.

Health Trust Fund

Ald. Coletti had concerns about the back-up server for the City in the event the City's records were destroyed by fire or other means. He also said that they've been hearing from the Mayor about the \$5M excess in the health insurance trusts. He would like to know if that money could be rolled into the operating budget in order to reduce the amount of the override. He said they should reduce next year's health insurance allocation by \$5M but they shouldn't give a gift to employees by not taking their contribution for 3 months so they City can save their 80% contribution.

Health Trust Fund

Mr. Pooler noted that the health trust fund does have a surplus. He said this required and deserved a longer explanation but they were monitoring that fund and making decisions based on the recommendations of the outside consultant they use and from both Tufts and Harvard based on their analysis of cost trends in the coming year. They will be looking at those again in about 2 weeks when they get some more data. He asked that they defer that discussion for Finance Committee or another time.

Overlay Surplus

Ald. Coletti noted that there was close to \$7M or \$8M in overlay surplus. He noted that he has asked Assessing Department to provide the information on how many abatements had been filed by February 1st. If money was going to be in that account and not be closed out to free cash at the end of the year, he said the Board of Aldermen should reduce the overlay allocation from 1.4% to less than 1%. There were probably less than 300 abatement applications this year and probably another \$1M that would be hidden again in that account. Between the health insurance funds and the overlay surplus there could be about \$8M and it would not affect anything. It would only take away the flexibility of the Executive Department of being able to store some money away to enhance free cash when they want to. He said he'll be asking the Assessor's to close some of that money out towards supporting the budget or else he'll to cut the money from the Assessing Department overlay reserve. Health insurance allocation should be cut as well because only the School Department is running at a deficit for their Harvard Pilgrim program. The Tufts program is running at a generous surplus. He said the taxpayers deserve the \$5M back.

Mr. Pooler said that the overlay was the amount they set aside every year in order to give abatements on property taxes. He said the overlay, by state law, is set by the Assessors alone. Neither the Board of Aldermen nor the Mayor can cut the overlay. Last year they spoke to the Assessor and she did conclude that given market conditions, it would be prudent to lower that amount somewhat. So far this year, that is not her judgment. She feels like more people are likely to file for abatements and she has not changed her recommendation that the overlay be at 1.4%. Mr. Spooler said there was a certain

amount of overlay that would be released at the end of the year, as the Assessor does every year. It then gives them the money to do things like buy back up servers.

Department Heads' Comments

Chief Joseph LaCroix, Newton Fire Department

Chief LaCroix said that the job of firefighting was very labor intensive and the need for a coordinated and properly manned attack was essential to a positive outcome. As they promised, the past few years have proven that the loss of Engine 6 did not jeopardize the safety of the firefighters or the citizens. However, he could not promise the same with the proposed cuts. He has been asked to cut \$909,789 from his operational budget. Since 95% of his budget was payroll, cuts would be in personnel. In 1972 they had 282 personnel that responded to a total of 2,531 calls with 10 Engines, 3 Ladders and 2 Rescues. Today, they have 189 personnel that have responded to 7,774 calls with 6 Engines, 3 Ladders and no Rescues. That's a decrease of 93 personnel with an increase of 5,243 runs in the 35 years, plus the loss of Engines 8, 9, 5, and 6 as well as 2 Rescues. With the increase of medical calls, HazMat calls and all other hazards associated with 35 years of growth within the City, they're being asked to cut another 4 officers and 12 firefighters positions. If they cut an Engine, that will only leave 5 for the City. A Ladder reduction will leave only 2 for the City. They were evaluating which way to go but he said some areas of the City would not get adequate coverage. This would leave to potential liability issues for the City. They can not do more with less any further nor can they accept it. The inability to mount an aggressive attack on a fire could result in greater loss of property and possibly life. This would also lead to a much greater risk to firefighter safety. He was strongly against any further reductions to the Department for all these reasons.

Chief John O'Brien, Newton Police Department

Chief O'Brien said they were being asked to cut 15 officers and 1 civilian clerk. This would amount to only one actual person as they have 13 openings and 2 retirements (1 officer and 1 civilian clerk). The Department had 13 openings because they have to wait for the Academy recruits. He was going to have a few lateral transfers and the others were going to be from the list. One the Administration told him to prepare two budgets, he decided not to hire officers only to have to lay them off. They have 152 officers in the Department and they are front line and on the street. They would have to reduce their force by one youth officer and send him/her back to patrol; traffic officers; 2 detectives; and an elder affairs officer.

Public Comment

Christopher Hill, 163 Suffolk Rd. Mr. Hill said that as co-chairs of "Move Newton Forward", he, Sara Ecker and Rob Gifford would like to urge the Board to approve a ballot question containing an operating budget sufficient to fund the proposed FY09 budgets and to jump start the renovation programs for the elementary schools. They would like this to be a single operating override providing recurring revenues to match recurring expenses as opposed to one time fixes or funding from reserves. Dozens of communities were in the midst of override debates and Newton was not alone. He said

that the cuts in services and personnel will be quite significant should the override not be approved. He said this was not about Newton North High School. These cuts will happen and the NNHS project would be entirely unaffected. He urged the Board to approve the override.

Lisa Mirabile, 12 Scribner Park. She expressed her strong belief that Newton needed an operational override to address the gap between the City's ongoing nondiscretionary expenses and its revenue. She said that the construction of the new NNHS has clouded every discussion of municipal finance in Newton. Those questions must be answered but must not obscure fundamental fiscal reality in the City. She said the City must pursue every possible way to save money and look at every measure to alleviate the impact of property tax increases on lower income citizens. However, she said it was unrealistic to expect the City to continue to provide the services necessary within the confines of Prop 2 ½ when they know that uncontrollable expenses far exceed the City's annual growth and revenues. Debt exclusion overrides at this point would be disastrous and the needs must be met in a comprehensive way. She asked the Board to push a proposal for an override that funded the core needs of the City and the schools.

Sue Flicop, 163 Suffolk Rd. She's heard that people are skeptical about the override and angry about Newton North. Her concern was that people were not drawing the distinction between the need for an override and their anger or concern about Newton North. This override is due to the simple fact that the City's revenues are not enough to cover the costs. It's not due to any one failure but to years of less than adequate increases in taxes to cover the services of the community. This override must not be another referendum on Newton North. It must provide adequate funding for the schools and city services because the alternative would have devastating consequences for all in the community. School Department increases are not extravagant but for basic services.

Emily Prenner, 189 Carleton Rd. She is the Newton Chapter Chair for "Stand for Children" which is a grassroots political group that advocates on behalf of children. They have members across the City. They are calling on the Board to support an operational override to sufficiently operate the schools and the services of the city. Newton needs a source of sustainable revenue, not one time sources, which would be fiscally irresponsible. The reserves have been put aside for specific purposes not for this purpose and would not address the longer term operational issues.

Diana Fisher Gomberg, 290 Islington Rd. She is a member of "Stand for Children". She was concerned about what will happen to class sizes at the schools should an operational override not be successful. She predicted class sizes to rise to 27 or 30 children per class. She noted that when her daughters class size dropped from 27 to 19, her daughter said she was able to get the teachers attention and she couldn't last year. They would lose too many services, the population has grown but the building and the budget have not been able to keep pace. She asked that the Board support an override to support the schools.

Sam Robbins, 300 Prince St. Mr. Robbins presented a handout which is attached to this report, marked “The financial picture – the “average” Newton family 2007”. He said the citizens of Newton can not afford an override.

Jeff Seideman, 53 Eliot Memorial Rd. Mr. Seideman is President of the Newton Taxpayers Association. He has been saying that the override will cost the average citizen about \$7,000 over the next 5 years. After listening to Ms. Burstein and Dr. Young he now believed that to be an underestimate and it could be \$10,000 in additional property taxes without the 2 ½ % increase year after year. He asked people who supported the override to think about the consequences to those citizens who could not afford it. It could force them out of the City. He asked Dr. Young to consider negotiations with the unions to fall within what the City can afford. He said teachers in Newton were among the highest paid in the state and other communities outclass Newton in evaluations. He said the Special Education program should be evaluated and that Newton North was a significant factor in driving the override as millions of dollars were set aside in the Capital Stabilization fund.

Joshua Cohen, 20 Harrison St. He said he was torn about what Newton should do about the override. He knew it took money to run the schools and services in the city and voted for the last override. He felt differently about this one because he does not want to have to pay more taxes but more than that he felt the current leadership could not be trusted to spend his money wisely. A big chunk of this override is due to Newton North. He felt the new high school was excessive. He asked that the people vote on capital items separately and when the costs are paid, the tax should end. He said they should also be told the costs of items in the operating budget.

Al Cecchinelli, 224 Chapel St. He was against the override and against building the new Newton North. He said the wants and the needs needed to be separated and felt the new high school was driving the override. Elementary schools and firehouses need to be rebuilt and they’re being neglected. He is a member of Newton for Fiscal Responsibility. He said people were fed up and they didn’t want to pay more taxes to an administration that they didn’t trust.

Simon Laskey, 223 Langley Rd. He said he was not in favor of the override. He suggested that instead of eliminating teachers, they could eliminate some higher paid administrators to save the teachers. As a senior citizen, he said he might be forced to sell his house as he has a limited income. The programs in the City to help seniors are limited. If an override is necessary something had to be done to help the senior citizens.

Brooke Lipsitt, 160 Boylston St. Ms. Lipsitt is a former Aldermen. She said the Board had a far better handle on the finances of the city than any of the audience members. The Board knew the details of the structural deficit and the extent to which the construction of Newton North has an impact on the budget. She said she had confidence that the Board would vote to put the override in front of the voters even though she didn’t know exactly

what the override details would be. She said the challenge to the Board was to educate the public on the needs, the facts and to explain why they should vote for it.

Laura Thompson, 86 Falmouth Rd. She asked that the Board lend their full support in recommending an operating override. She called upon the Mayor to be fully forthcoming

and transparent regarding the City's finances and fiscal challenges and honest about the tradeoffs they face. She has studied the City's finances and independently concluded that the City needed an operational override to sustain city services and schools programs. She said the City was currently looked for 2 new school principals and they needed to be able to attract the best candidates. Newton North High School will be funded for the next two years by the sale of bonds and from the capital stabilization fund and is not necessitating the override. She was not defending the cost of the school. She urged the Board to work with legislators to get funding and programs that have been stalled.

Janet Sterman, 120 Church St. She said the nation was in a recession and to ask the citizens to spend more money for equal services wasn't reasonable. She also said that 70% of the people in Newton do not have children that use the schools, although they use other city services. She was uncomfortable giving more money to the current administration.

Jess Wilson, 6 Juniper Lane. Her family hired a school consultant when they were moving as they were not from the area and they wanted to find the best community for education. Newton was the obvious choice. After moving here, one of their daughters was diagnosed with autistic disorder. She was accepted into the NACP and has been thriving. Without that service she would have been placed out of district and had a substantially separate learning environment. She felt that without just one of the support team their daughters experience could have been disastrously different. She noted that 1 in 160 children is diagnosed with an autism spectrum disorder so this is not a unique experience and school systems were going to have to adapt to the reality of educating these children. So many children's lives depend on these services. She asked that the Board consider the effect that the override would have on the most vulnerable population in the city – children with the need for special services.

Kyle Tager, 203 Greenwood St. He said he was a parent who moved here for the good school system and the safety. The landscape of Newton would be changed completely without the services it's been known for and people will stop seeking to live here. Costs are rising and that means that taxes need to go up as well to continue to pay. He felt there were ways to save money in the city but education was not the place to cut.

Dan Fahey, 86 Washington Park. He said he's voted for overrides in the past. He believed that Newton North has obscured the discussion. He has lost confidence in the City's administration and the cost of the new high school has him concerned. He said the Board needed to rein the Mayor in on the high school and then more people would be willing to listen to discussions of an override.

Emile Kfoury, 88 Gardner St. He said he appreciated the work of Dr. Young and the Fire and Police Departments. He noted that the City, as it stood, was not sustainable and needed to be evaluated. He felt that there was confusion about Newton North's part in the override and felt the process was opaque and said he couldn't find any related to Newton North in the budget. He supported the override and recognized that the money was needed to get to solve the current financial problems but there were not be another opportunity to ask the citizens for more.

Kurt Kusiak, 22 Ardmore Rd. He noted that it's been difficult for him to explain to those residents who do not have children in the schools, the importance of the override. Numerous studies have shown that transitions to college from municipalities that have more varied programs were much smoother. In 2006, 65.8% of high school graduates nationwide went on to college; in Massachusetts it was 79%; and in Newton it was 90.9%. Individuals that are well educated are more likely to have jobs that have benefits such as health insurance and retirement benefits and this leads to longer and healthier lives. These healthier lives in turn lead to reduced public spending in social programs reducing the cost of government - \$800-\$2000 less per person per year. College graduates are more likely to have healthier children and be more involved in their education. The incarceration rate for people with at least some post secondary education is ¼ that of those whose highest academic attainment is high school diploma – the cost of incarceration is about \$45,000 a year. He said it was no coincidence that Newton has one of the best education rates and one of the lowest crime rates. The education system brings people to Newton and housing prices in Newton have remained stable because of this. No better investment in the City can be made than in its educational system.

John Madfis, 95 Central St. When Proposition 2 ½ was proposed 26 years ago, everyone was told that there would be calamitous effects on police and fire, services and education and that hasn't happened. He said the average taxpayer pays more in taxes than for food, shelter and clothing. He said the same scare tactics are being used now and fancy or new buildings are not necessary for a good education, just good teachers. He was against the override.

Anantol Zukerman, 17 Noble St. Mr. Zukerman said that Mayor Cohen had promised in the past that there would be no override and that the expenses would be covered by new growth. They were also told that the last \$11M override would solve the problems. He said there was deliberate deception of the public and the middle and lower middle class citizens were being forced out of the city with the rising taxes. He suggested raising revenue by building up businesses around the city, over the Mass Pike and along Route 9. He didn't think the City needed an override. He said the Mayor asked for a \$5.5M override three months ago and he wanted to know how it got to \$23.9M.

Harish Chander, 676 Centre St. He said this override has been triggered by the school system. He said it didn't matter if there were more children in the classrooms and he learned well in much larger classes as a child. He noted that the thing that mattered was

how much time parents spent with their children, not the student teacher ratio. Cost and spending experts were needed to evaluate the high school. Essential services and special education must carry on but he is against the override.

Bruce Henderson, 52 Vaughn Ave. He hoped that the Board would look at the override in the context of two things: full cost of Newton North over time because it will have long term implications; and the actual costs of capital investment needed for the other schools. These costs should be put in front of the public and not make a long term capital decision based on 2 years of an override. He hoped to hear about the Sangiolo/Brandel alternate plan.

Liz Richardson, 55 Mossfield Rd. She spends a lot of time on Beacon Hill and she'll be talking to Senate Education Subcommittee on education funding and she invited the Aldermen to come. For Special Education, transportation is not paid for at all. She said there was a bill trying to get seniors exempt and they should be looking at that and they should look at all means with which to raise revenue.

Public Hearing Closed.

Finance Committee Comment

Ald. Coletti said that at budget time last year, they pulled off a magic trick by pulling together a \$15.2M budget and the smallest increase in taxes that they'd seen in 20 years. He said using creativity and finding money to bring the override down from such a large number was worth it. Every year brings new challenges and the fear he had was that if they were not going to try to restore some of the municipal cuts, and then push for the school override, they'll be forced to go with an a la carte menu or go with the Brandel/Sangiolo proposal. If a portion of the money is done with a debt exclusion, then the public knows it's for a predetermined amount of time. He would like to shape a number that helped the schools as they are the diamond of the city. He felt that the \$23.9M was a 50/50 shot at best and he wanted to review other options. Then they needed to decide to close the gap like last year or collectively decide to do an a la carte override. He felt it was important to move this serious process forward. The Finance Committee was committed to look seriously at the budget and propose cuts if they can and reallocate the money. This was the more important than Newton North as it was their bread and butter. They should go to the State to get the 30 year bond which would take care of the school and freeing up some money from Capital Stabilization and Overlay Reserves. Cut back on Overlay Reserves and take a little more from free cash and that will take them a long way towards balancing the budget. He did not feel a \$23.9M override had a very good chance and he wanted to have this done right.

Sangiolo/Brandel Proposal

Ald. Sangiolo and Ald. Brandel provided a handout with details of their plan. This was also included in the packet on February 29th.

Ald. Brandel said this plan has been derived through analysis by Ald. Sangiolo, David Wilkinson and himself. He asked Ald. Albright to provide him with any details of a \$16M override if it were her intention to propose it so that he could do the analysis of that as well.

He noted that there was a structural deficit. They were taking on expenses faster than they were generating revenue and some people don't believe that Newton North has no impact on the structural deficit. The Capital Stabilization plan was not going to offset the costs of NNHS. There was \$17M in that plan now and there will be \$7M more from MSBA reimbursements over the next two years and since Newton North costs much more than \$24M, that is obviously not true. He said the fact was that Newton North affects the operating budget and it shouldn't because it is a capital item. In figuring their plan, they looked at the two options they were given to start with: \$23.9M with 77 new hires that were not explained; and the other option was don't do anything, make the cuts and deal with it. They felt there was a lot of middle road.

The structural deficit consisted of a triangle that needed to be figured out; the taxpayer; the programs and services; and implications on the budget. The way he interpreted the Mayor's \$23M plan was heavy on programs and services vis a vis the schools and puts a lot of burden on the taxpayer. It's not good for the budget. If they're going to attack the structural deficit, they can't just run up taxes. Something needs to be done about the deficit.

Their plan involved taking the debt service for Newton North and the fire stations and breaking them out as a debt exclusion. Just by doing this, there was a dramatic impact on the operating budget. It comes down so that a \$10M override pretty much covers the next years of the budget and brings the third year (2011) much lower than it is now and lower going forward. This brings the deficit under control and doesn't allow it to continue to grow. He said that if you take the capital reserve fund and move up it's expiration to 2013 and use it dollar for dollar for the debt service that's still on the budget, the number comes down even further. The \$10M brings down the deficit in year 3 to \$6M. They found that they could maintain their programs and services at the same level by doing this. Debt exclusions imply that there are up front costs and they go down over time. Compared to the \$23M plan this was still less of a tax burden and remains so.

Breaking out the high school as its own debt exclusion gives the voters the voice to support this project, or their non support for the project. It also provides much better transparency into the budgeting process. The operating budget gets separated into it's own self then one knows the structural deficit going forward as it's been capitalized. It would be a much cleaner system going forward. This plan tries to help the school system, tries to maintain municipal services, tried to keep the burden low on taxpayers. He asked that the plan be evaluated as it came out of either a \$24M override or nothing as the alternative.

Other Proposals

Other plans may be presented at the next committee meetings. There was a plan to have discussion following the conclusion of the next full Board meeting and continued discussion on March 12th following the public hearing on the Citizens Petition.

Ald. Baker noted that David Wilkinson had prepared a handout and asked the Committee members to review this in preparation for the next meeting. It is attached to this report.

Ald. Gentile asked if there was a debt exclusion override for the fire stations and that failed, would that mean the work wouldn't be done. He would not be happy with that. He also asked if Mr. Wilkinson was endorsing one plan over another. Mr. Wilkinson said he was just providing numbers as staff support with no particular endorsement.

The Programs and Services and Finance Committees voted hold on the all the items related to the override.

#40-08 HIS HONOR THE MAYOR requesting that the Board of Aldermen call a special election to present the levy limit override ballot question to the voters. [01-29-08 @ 6:12 PM]

PROGRAMS & SERVICES HELD 8-0

FINANCE HELD 8-0

REFERRED TO PROGRAMS AND SERVICES AND FINANCE COMMITTEES

#58-08 HIS HONOR THE MAYOR requesting an appropriation in the amount of \$88,000 from Budget Reserve for the purpose of funding the costs of a special election to present the levy limit override ballot question to the voters. [01-29-08 @ 6:12]

PROGRAMS & SERVICES HELD 8-0

FINANCE HELD 8-0

PROGRAMS AND SERVICES AND FINANCE COMMITTEES

#88-08 ALD. BRANDEL, SANGIOLO AND PARKER proposing that the following question be put before Newton voters in accordance with the procedure prescribed by G.L. c. 59 §21C(g):

“Shall the City of Newton be allowed to assess an additional Ten Million Dollars in real estate and property tax for the purpose of funding operational expenses?”

[02-12-08 @ 11:13 AM]

PROGRAMS & SERVICES HELD 8-0

FINANCE HELD 8-0

REFERRED TO PROGRAMS AND SERVICES AND FINANCE COMMITTEES

#88-08(2) ALD. BRANDEL, SANGIOLO AND PARKER proposing that the following question be put before Newton voters:

“Shall the City of Newton be allowed to exempt from the provisions of Proposition 2 ½ the amounts required to pay for the bond issuance in order to fund certain capital projects?”

[02-12-08 @ 11:13 AM]

PROGRAMS & SERVICES HELD 8-0

FINANCE HELD 8-0

REFERRED TO PROGRAMS AND SERVICES AND FINANCE COMMITTEES

#23-08(2) ALD. COLETTI requesting that a non-binding ballot question regarding the city’s expenditure of over \$185 million in bond appropriations to construct a new Newton North High School be placed on the proposed override ballot for voter reaction in Spring of 2008. [01-15-08 @ 11:15 AM]

PROGRAMS & SERVICES HELD 8-0

FINANCE HELD 8-0

Respectfully Submitted,

Marcia Johnson, Chairman