

Needham Finance Committee
Minutes of Meeting of January 22, 2025
To view a recording of the meeting on YouTube:

<https://www.youtube.com/playlist?list=PL3PRZZjHC3yFvWuO8IwFGgK3KaPYkTyxK>

The meeting of the Finance Committee was called to order by Chair Carol Smith-Fachetti at approximately 7:03 pm in the Select Board Chambers at Needham Town Hall, also available via Zoom teleconferencing.

Present from the Finance Committee:

Carol Smith-Fachetti, Chair, John Connelly, Vice-Chair

Barry Coffman (via Zoom, arrived 7:28pm), Tina Burgos, Ali Blauer, Paul O'Connor, Lydia Wu

Absent from the Finance Committee:

Karen Calton, Joe Abruzese

Others Present:

David Davison, Deputy Town Manager/Director of Finance

Molly Pollard, Finance Committee Executive Secretary

Cecilia Simchak, Assistant Director of Finance

Daniel Gutekanst, Superintendent of Schools

Carmen Williams, Assistant Superintendent for Instruction & Innovation

Henry Haff, Director of Design and Construction

Louise Miller, Town Clerk

Alisa Skatrud, School Committee

Alexandra McNeil, Assistant Superintendent for Human Resources

Anne Gulati, Assistant Superintendent for Finance and Operations

Elizabeth Lee, School Committee, Chair

Kathryn Copley, Administrative Specialist for Building Design and Construction

Josh Levy, Select Board

Michael Greis, School Committee

Citizen Request to Address the Finance Committee

None

Approval of Minutes of Prior Meetings

MOVED: By Mr. Connelly that the minutes of meeting January 15, 2025, be approved as distributed, subject to technical corrections. Ms. Burgos seconded the motion. The motion was approved by a vote of 6-0 at approximately 7:04pm.

FY2026 Department Budget Hearings: Office of the Town Clerk

Ms. Smith-Fachetti explained that the FY25 budget includes funding for three elections, with the referendum requiring an additional reserve fund transfer. The FY26 budget accounts for only one election, leading to a 4.4% decrease in salary and wages. However, expenses are projected to increase by 3.8% due to the town's decision to implement vote-by-mail, estimated to cost \$30,000. The department will also replace two of its 15 voting tabulators at a cost of approximately \$15,000. Revenues come from sources such as dog licenses, marriage licenses, business permits, and flammables permits. FY24 revenue increased modestly from \$184,365.85 to \$185,483.40. The town clerk is exploring additional revenue opportunities, including charging for certain notary services and court employment documents. She highlighted the transition of dog licensing to an online system, which has significantly reduced processing time. Marriage licenses continued to be issued even when other towns had to suspend the service due to election-related workload.

Ms. Miller, in her first year in the role, stated that she has not made major changes aside from the online dog licensing system. She acknowledged the increased staffing needs due to state laws requiring expanded early voting and vote-by-mail. The town has relied on both office staff and additional workers but plans to begin recruiting more election workers in the spring. Since FY26 will have only one election, it will be a good time to train new workers. Election workers receive minimum wage.

Regarding a question from Mr. O'Connor about vote-by-mail, Ms. Miller reported that approximately 25% of voters used it in the last election, though many who request ballots do not return them. She described the early ballot processing procedures, explaining that ballots can be logged and prepared before Election Day but cannot be officially tabulated until then. In the recent referendum, the town had such a high volume of mail-in ballots during the presidential election that processing continued past 8 p.m. on Election Day.

Reserve Fund Transfer- Office of the Town Clerk

Documents: Request for Reserve Fund Transfer- The Office of the Town Clerk

Mr. Connelly outlined the reserve fund transfer request, totaling \$115,490, which includes \$68,000 allocated for the referendum—\$35,000 for salaries and \$33,000 for expenditures. He asked how the remaining amount is distributed among other elections.

Ms. Miller explained that this was the first presidential election year where both vote-by-mail and early voting were allowed. With Needham's voter count surpassing 25,000, the town was required to provide additional early voting hours and days, leading to increased costs. The Secretary of the Commonwealth mailed multiple reminders to voters about vote-by-mail, resulting in nearly 10,000 requests, significantly more than the 5,000 typically seen for local

elections. These factors led to budget overruns for the state primary, presidential election, and special election.

Ms. Miller noted that 5,000 vote-by-mail requests had already been received for the annual town election. Since there are 10 different ballots, additional oversight will be required to ensure accuracy. While towns can opt out of vote-by-mail for local elections, the Select Board did not make that request, as it provides accessibility for many voters.

Ms. Burgos inquired why expenditures were notably higher for the special election compared to the state and presidential elections. Ms. Miller explained that costs included printing a 25-page zoning bylaw addendum, mailing postcards for vote-by-mail since the state does not cover these in non-state elections, and the increased postage due to the addendum. The cost of mailing ballots for the special election alone was over \$10,000. Local elections also tend to be more expensive because the town is responsible for printing ballots, whereas the state covers ballot printing for larger elections.

MOVED: By Mr. Connelly that the Finance Committee approve the Reserve Fund Transfer in the amount of \$115,490 to the operating budget of the Office of the Town Clerk. Mr. O'Connor seconded the motion. The motion was approved by a vote of 6-0 at approximately 7:20p.m.

FY25 Department Budget Hearings: Building Design and Construction Department

Mr. Connelly opened the discussion. The office currently includes three full-time positions and an additional 0.25 FTE Senior Project Manager position, approved at the previous town meeting, remains vacant, with the hiring process just beginning. The remaining 0.75 FTE for that role will be covered through project budgets. The budget request includes a 4.3% salary increase totaling \$16,275, while expenses remain flat at \$21,235.

Mr. Connelly then summarized ongoing and upcoming projects. The DPW project, designed by Weston & Sampson, involves an 8,000-square-foot facility attached to the Jack Cogswell building, with construction funding anticipated for the October 2025 special town meeting. Phase two, focusing on the 470 Dedham Avenue building, will seek design funding at the May 2025 annual town meeting. Other projects include Newman Theater sound work (seeking construction funding in May 2025), the library's teen and tween space (also targeting May 2025 for funding, with work planned for next summer), and the Center at the Heights project, where discussions continue on whether to merge phases one and two.

The Pollard project, a major initiative, has been accepted into the Massachusetts School Building Authority (MSBA) feasibility study. The town applied to act as its own Owner's Project Manager (OPM) and anticipates a review meeting with the MSBA OPM panel on February 10. If approved, an RFQ for design selection will follow, with hopes of selecting a designer by May to

launch the feasibility study. This timeline is crucial to keeping the project on track for a town-wide vote in November 2026.

Mr. Haff added that rooftop replacements at Elliott School were completed last summer, and Broadmeadow's will be finished this summer.

Ms. Smith-Fachetti inquired about the selection process for the Pollard project designer. Mr. Haff explained that a 16-member panel—13 from the MSBA and three from the town—will make the decision. While the MSBA values town input, the final decision is a consensus. He noted that the firm Dore & Whittier, which worked on the Sunita Williams project and the high school addition, is familiar with Needham's projects but cannot be assumed as the selection.

FY26 Budget Hearings: Needham Public Schools

Documents: Superintendent's FY26 Budget Requests Presentation, FAQ: About the Unit A Retirement Incentive

Mr. Connelly began the discussion by describing the school budget, which consists of two main components: the school request and the town IT request. At a December 11 meeting, the school budget request amounted to an increase of \$6.81 million, reflecting an approximately 7% increase over the current fiscal year, while the Town IT increase request was approximately \$706,000. Mr. Connelly emphasized that the IT request had remained stable since then. However, during subsequent liaison meetings, it became evident that the town-wide budget would not be able to accommodate the full requested increase due to financial constraints, particularly in health insurance costs and a projected slowdown in new growth revenues. As a result, the schools were asked to reduce their request by \$2.5 million. Mr. Connelly noted that discussions had led to identifying \$2 million in reductions, with the remaining \$500,000 still to be determined.

Dr. Gutekanst presented the Superintendent's FY26 Budget Requests powerpoint. He provided an overview of the budget development process, beginning with his December 10 proposal, which separated the school budget and town IT budget. He noted that since the town IT budget's inception, the district had decided to defer some device replacements, reducing the overall request by approximately \$100,000. The initial budget proposal included a 7.56% increase, including four additional staff members. However, given financial constraints, reductions were necessary. He acknowledged that budget negotiations were particularly challenging this year, as the district was negotiating new teacher and administrator contracts. He highlighted the importance of ensuring competitive salaries and benefits to support educators, especially since some benefits lag behind those offered surrounding communities.

Dr. Gutekanst explained that the process of reducing the budget by \$2.5 million had been complex, with efforts focused on preserving direct student services while maintaining essential infrastructure. He projected that the necessary reductions would result in a loss of approximately

15 staff members. Key budget drivers included staffing reallocation rather than expansion, increased special education transportation costs, and a planned investment in elementary literacy curriculum. Despite reductions elsewhere, the district maintained \$150,000 for literacy program improvements, as literacy remains a significant focus.

Dr. Gutekanst also discussed student enrollment trends, noting a decline since COVID-19, though projections indicate stable enrollment moving forward. Needham has become more diverse, welcoming students from various backgrounds. These students contribute positively to the district but also require additional support services. In response to a question from Mr. Connelly, Dr. Gutekanst confirmed that the chart on page 8 titled Student Population Receiving Special Services included crossover between the categories.

Dr. Gutekanst then addressed student-teacher ratios, explaining that while Needham efficiently assigns staff, class sizes remain high compared to neighboring communities. Mr. Connelly asked for specific student-teacher ratio comparisons with districts like Natick or Weston, and Dr. Gutekanst promised to provide those numbers. Later in the meeting, Mr. Greis followed up noting Newton has a student teacher ratio of 11, Natick is 11.6 and Needham is 12.3.

Dr. Gutekanst also presented data on special education enrollment, noting a steady increase that aligns with statewide trends. Additionally, he highlighted growing concerns about student mental health, emphasizing that the district aimed to align counseling services with national recommendations. Although the original budget included additional counseling staff, those positions were among the reductions. He stated that if funding were restored, he would recommend prioritizing student mental health services.

Since the December 10 budget proposal, the district has been working to reduce costs while maintaining essential services. Updated revenue forecasts suggest a 4.5% budget increase is feasible, but reductions of up to \$2.5 million are necessary. To date, \$2 million in cuts have been identified. These include a \$280,000 reduction in salary line items, deferral of stipends and driver substitutes, and a \$24,000 reduction in central office supplies. The district also found cost savings in special education tuition and transportation by carefully reviewing student placements and transportation needs. These reductions require ongoing monitoring, as special education costs can fluctuate significantly.

Dr. Gutekanst stated that budget adjustments were still in progress, with further discussions needed to identify the remaining \$500,000 in necessary cuts. He introduced the Teacher Retirement Incentive, a program where eligible teachers would be offered at \$25,000 retirement incentive if they elect to retire in June 2025. If at least 15 teachers participate the district will pay the incentive in this fiscal year, and save, conservatively, \$250,000 in FY26 and beyond by hiring newer teachers who are qualified and talented.

Dr. Gutekanst briefly touched upon the Town IT budget, noting a \$100,000 reduction for devices. He reassured the committee that despite this reduction, all efforts will be made to avoid redirection of town IT funds to school. He highlighted a significant 32% increase in the town IT budget, which includes plans to relocate school technology staff to town functions, investments in cybersecurity (with a division of funds between schools and the town at 60% and 40%, respectively), management of town devices, Microsoft Office licenses, and increased ISP bandwidth.

Ms. Blauer inquired about recent state budget announcements and if that changes any of the projections. Dr. Gutekanst confirmed that the budget reduction target was approximately \$2.5 million, and no state announcements have warranted changing that. He did emphasize continuous communication with the town manager to refine the numbers before the upcoming vote.

Mr. Connelly sought clarification on slide 3 displaying a negative 10.1 FTE figure and asked if this included the previously requested 2.07 FTEs. Dr. Gutekanst confirmed that the figure accounted for the 2.07 FTE reduction. Mr. Connelly also questioned whether there were any chronically unfilled positions. Dr. McNeil responded that only a few positions remain unfilled, primarily in specialized roles such as school psychologists and speech-language pathologists. She estimated fewer than five chronically unfilled positions, noting that teaching assistants often experienced mid-year turnover.

Ms. Gulati added that recruiting challenges had lessened since implementing a new contract structure, though roles like bus drivers and accountants remained difficult to fill due to noncompetitive pay. She emphasized persistent shortages in specialized positions, such as psychologists and speech-language pathologists. Mr. Connelly asked whether these unfilled roles influenced budget cuts. Dr. Gutekanst clarified that the budget already accounted for difficult-to-fill roles, particularly van drivers, and special education instructional assistants previously covered by federal grants.

Ms. Smith-Fachetti asked whether there was a plan to fill these contracted positions permanently. Dr. McNeil explained that contract negotiations and competitive salaries might attract more candidates. She noted a shrinking teacher pool, making recruitment increasingly competitive. She also highlighted that 44% of staff were at the top of the pay scale, prompting the use of a retirement incentive to balance staffing costs.

Ms. Smith-Fachetti questioned whether other comparable districts faced similar workforce demographics. Dr. McNeil was uncertain but noted that the issue had developed over time. Ms. Gulati added that economic uncertainty in recent years led many employees to defer retirement, creating a bubble of senior staff now approaching retirement.

Mr. Coffman asked about recent turnover trends and how pre-paid special education expenses factored into the budget. Dr. Gutekanst stated that while the schools had returned funds to the town in past years, it was too early to predict the current year's situation. He explained that pre-purchasing special education tuition was a strategy used when year-end funds were available, but it was not built into the budget. Mr. Coffman requested data on previous years' pre-paid amounts, which Dr. Gutekanst agreed to provide.

Dr. Gutekanst answered a question from Mr. Connelly, clarifying a budget slide regarding school counselors' caseloads, explaining that the figures represented student-to-counselor ratios rather than the number of students actively receiving counseling services. Ms. Blauer then asked about the use of one-time funds, specifically regarding the \$439,000 allocation and whether existing funds could be used for the literacy program. Dr. Williams explained that several literacy programs were being piloted and the budget allowed for the pilot to continue. Ms. Gulati also clarified that many of the programs are subscription based, which doesn't allow for prepayment of parts of the curriculum or materials.

Ms. Smith-Fachetti inquired about the possibility of reaching the \$500,000 in budget cuts solely through early retirement incentives. Dr. Gutekanst hesitated to provide a public response, noting that while at least 15 people would need to commit by February 14, the final number remained uncertain. He stated that they would take a conservative approach when incorporating this into the budget. If more retirements occur than anticipated, there may be an opportunity to discuss reinstating some currently planned cuts, particularly in areas such as counseling, English Language Learner (ELL) support, and nursing.

Ms. Blauer raised concerns about rising student needs, particularly in special education, and asked whether the district was actively managing these costs. Mr. Connelly responded that the previous budget discussions have focused on the district's efforts to keep as many special education students in-district as possible, reducing expenses on costly out-of-district placements and transportation. While budget constraints limit flexibility this year, past efforts have prioritized investment in in-district support. Ms. Blauer then asked if there was a specific percentage of savings associated with these efforts. Dr. Gutekanst replied that savings vary depending on each student's needs and the level of support provided. Dr. Williams elaborated that the special education department is enhancing a co-teaching model where special education teachers collaborate more closely with general education teachers, strengthening instructional strategies while managing increasing demands.

Dr. Gutekanst highlighted ongoing efforts to improve summer services for approximately 300 students who require extended-year education. The district has partnered with local organizations to expand programming beyond special education needs, including programs such as the Summer Bridge Program and the Jump Start Program for incoming kindergarteners. Ms. Skatrud pointed out that while exact savings are difficult to quantify, keeping students in-district

significantly reduces transportation costs, which have been rising due to market consolidation among service providers.

Ms. Wu then shifted the discussion to revenue sources, asking whether increasing revenue could reduce budget constraints. Dr. Gutekanst explained that the largest revenue source is real estate taxes in Needham, supplemented by state Chapter 70 funding, which provides approximately \$13 million annually. Additional funds come from federal grants, primarily for special education and nutrition services. He also noted that while donations from organizations such as the Needham Education Foundation (NEF), athletic boosters, and Friends of Music contribute around \$250,000 annually, these funds typically support specific initiatives rather than core school operations. Mr. Greis emphasized that the school committee does not rely on donations for essential services but welcomes them for supplemental programs, student scholarships, and extracurricular activities. Dr. Gutekanst added that the district also generates revenue through fees for athletics, theater performances, and bus services, with support from booster clubs for students in financial need.

Ms. Gulati noted that the budget does not anticipate any reductions in federal revenue, including the \$1.5 million federal special education grant, which funds about 30 staff members. Although there is uncertainty due to federal budget discussions, the current budget assumes continued funding. Dr. Gutekanst mentioned that they are considering contingency plans should the funding change.

In response to a question from Ms. Wu, Dr. Gutekanst explained that while the district does not have an annual fundraiser, organizations like the Needham Education Foundation and various scholarship funds support students. Parent-Teacher Organizations (PTOs) raise money for school-specific activities, but there is no district-wide fundraising effort.

Ms. Blauer asked about transportation obligations, and Ms. Gulati clarified that free transportation is required for students living more than two miles from school. Since most Needham students live within that range, this does not impact many families. The district also provides transportation and staffing support for private schools through federal grants. Ms. Gulati highlighted the high cost of school buses, noting that the district subsidizes transportation fees for families. Dr. Gutekanst stated that increasing bus fees too high could deter families from using the service, potentially creating inefficiencies.

The discussion also touched on sports fees, particularly for activities like hockey and skiing, which incur high venue costs. The district carefully evaluates fees annually to ensure affordability.

Mr. Connelly acknowledged the broader budget challenges faced by all town departments, particularly due to the strain of rising healthcare costs.

Finance Committee Updates

None

Adjournment

MOVED: By Mr. O'Connor that the Finance Committee meeting be adjourned, there being no further business. Mr. Connelly seconded the motion. The motion was approved by a roll call vote of 7-0 at 8:47p.m.

Documents: Request for Reserve Fund Transfer- The Office of the Town Clerk, Superintendent's FY26 Budget Requests Presentation, FAQ: About the Unit A Retirement Incentive

Respectfully submitted,

Molly Pollard

Executive Secretary, Finance Committee