

Shutesbury Finance Committee
Tuesday, March 18, 2025 Virtual (Zoom) Meeting

Members Present: Ajay Khashu - chair, Bob Groves, April Stein, Susie Mosher, Jim Hemingway, Kathy Salvador and George Arvanitis Absent: None

Attending: Gabe Voelker - Interim Town Administrator and Frank McGinn III – Building Committee

Meeting called to order at 6:30 p.m.

- I. Annual Town Meeting Schedule
 - A. The Selectboard is planning to change the town meeting from April 26, to May 31 or June 7
 - B. The elections cannot be changed from April 26
 - C. The Selectboard will decide the ATM date at their March 25 meeting

- II. Reviewed and approved the minutes of the 3/4/25 meeting, as amended

- III. Personnel Board Salary Analysis
 - A. Six positions are significantly underpaid relative to similar towns in our area
 - B. The Personnel Board voted to request increases for all these positions except the Assistant Town Clerk, by 50% of their gap to the other towns. The Administrative Assistant position was already being upgraded
 - C. These increases will result in a \$10,327 increase in the FY26 budget
 - D. The Personnel Board is concerned that we will lose experienced employees to other towns if we don't compensate at market pay rates
 - E. It was noted that recent new hires all negotiated higher salaries than we had been paying
 - F. Ajay suggested considering the longevity of positions in this analysis in the future
 - G. The Elementary school has a software app for salary analysis. Susie will get the name for it
 - H. The FRCOG no longer provides accounting services and towns are being forced to outsource their accounting
 - I. The Finance Committee unanimously approved these increases

- IV. Amherst Regional Public School Budget Update
 - A. At present we are expecting an increase of 5.61% as presented at the Four Town meeting
 - B. The regional school committee approved a budget that increases the total assessment by 6.5% and applies it evenly to all four towns
 - C. This new budget would decrease the deficit from \$1.26m to \$812k
 - D. This decreases the number of pupil facing positions that would be eliminated
 - E. It would increase Shutesbury's assessment by another \$14,722 to \$107,517
 - F. The regional school committee had also considered a 5.68% increase which would be based on a 5.49% increase for Amherst and 6.5% for the other three towns
 - G. Ajay created an option to fund the same amount as requested, but without the guardrails. This resulted in large increases for Pelham and Leverett, Amherst's increase would be 4.78% and Shutesbury's increase would be 8.13%

- H. Ajay also projected the FY27 assessments using the Modified Statutory Method. This showed very large increases for Pelham and Leverett, Amherst's increase would be 2.35% and Shutesbury's increase would be 5.59%
- I. Concern was raised that people hired for COVID are still on staff and Pelham sees a growing student population and that have higher value and therefore should pay more. Pelham may give an additional \$20k above their assessment from their cash reserves and incorporate this into their base for the FY27 budget
- J. Issues were raised by the superintendent and Finance Director after they spoke with the Department of Elementary and Secondary Education about the assessments methods we're considering. DESE doesn't want towns to apply different guardrails to each town. Based on this information, DESE may not approve the method agreed to at the Four Town meeting
- K. Concerns were raised about the process and timing of how the budget and assessments are determined, and how Amherst makes their decision and how it affects our decisions
- L. This is the only budget we received that does not maintain level services in FY26
- M. The new regional school committee recommendation causes Amherst's assessment to exceed their assessment under the Modified Statutory method
- N. The new regional school committee recommendation and assessment allocation approved waivers far from the assessments under the Modified Statutory method. This is a concern for Shutesbury and other towns in our region
- O. We will communicate the following to the regional school:
 - i. Shutesbury is struggling with a significant deficit
 - ii. Concerned about the region's commitment to the Modified Statutory method
 - iii. Concerned about Amherst's ability to fund the recently approved budget
 - iv. Request another four town meeting

V. FY26 budget

- A. Ajay showed the current draft budget with the Assessment approved by the regional school committee. This along with the salary adjustments requested by the Personnel Board, and approved by the Finance Committee, bringing the deficit to \$387,043
- B. All other expense accounts are up to date
- C. The new growth revenue estimate is lower than the previous year's actual amounts. This was raised to \$45k
- D. Concern was expressed regarding the Federal Government's impact on state aid when considering an estimate of state aid
- E. The House Ways and Means state aid amount may not be available before town meeting, but they have a meeting coming up and they may give an indication of what they will provide for state and rural aid
- F. The Department Revenue estimate in local aid was zero, but has been a source of revenue in previous years. We added \$15,000 for this revenue estimate
- G. The deficit is now \$362,043
- H. We will review ideas for balancing the budget at our next meeting
- I. Discussed initial ideas for managing the deficit and to lower the impact on property taxes:
 - i. Using cash reserves to partially fund large increases such as for the Police Department and health insurance to spread the impact of these increases on property taxes over multiple years

- ii. We could suspend funding the unemployment line. The Unemployment Fund has an adequate balance
 - iii. Lower OPEB funding or fund a portion of it with cash reserves
 - iv. We will likely establish a PFAS mitigation fund with \$50k from cash reserves
 - v. Fund the \$20k increase in legal expense as it may decrease in future years
 - vi. Veterans benefit has been a fluid cost and it may be appropriate to fund a portion of it with cash reserves
 - vii. Discussed funding \$34k of the elementary school with cash reserves for the temporary special education costs
 - viii. Need to consider other alternatives
- J. There has been no gas leak cleanup activity at the fire station, so we will fund at \$5,000
- K. Based on a May 31 Annual Town Meeting TM, we need to complete the budget by May 13

Our next meeting is March 25, 2025 at 6:30 p.m.

Meeting adjourned at 8:35 p.m.