

ROCHESTER-STOCKBRIDGE UNIFIED DISTRICT
BOARD OF SCHOOL DIRECTORS
SPECIAL MEETING
MONDAY, JULY 22, 2019 – 6:30 PM
@ STOCKBRIDGE CAMPUS
DRAFT NOTES

1. Call to Order
 - 1.1. Meeting called to order at 6:40pm. Attendees include administration Bruce Labs, Tara Weatherell (SU business manager) and Dina Atwood (SU / Board attorney); board members Ethan Bowen, Amy Wildt, Carl Groppe, Janie Feinberg, Megan Payne, and Jenny Austin; AOE representation Brad James (AOE education finance manager); and several members of the public (Matt and Kim Robertson, Sherry Ackerman, Bill and Marilyn Edgerton, Kent and Suzanne Butterfield, Janet Whitaker, Joanne Green Mills, Chad Merriss, Julie Groppe, Erin O'Shaughnessy, Andrea Trzuskas, Nicole Williams, Mark Williams, Katelynne McKinstry, Beth Dawley, and Matthew Johnson).
 - 1.2. Carl Groppe briefly discussed rules regarding public meetings and Roberts Rule of Order.
 - 1.3. Carl noted that we are all clear that the tax bills that came in the mail are NOT the same as what was voted on at the Annual Meeting. It is our intention that we have a full accounting of what has happened, and notes that the issue is being looked into. We will be getting to the bottom of the situation between the Board, Towns, SU, and the State.
 - 1.4. Introductions were made by Carl Groppe
2. Adjustments to the Agenda – none
3. Public Comment – see Discussion below
4. Action Item
 - 4.1. To respond to the FY19/20 tax rate as issued by the AOE
 - 4.2. Discussion (what the Board is aware of to date)
 - 4.2.1. Student counts are taken in October to calculate an ADM for a 20-day census period. These numbers are used by the State to determine an equalized pupil number (referred to as “EPN” for the purposes of these notes). Different grades are factored differently, assuming it generally costs less to educate a younger student than it does to educate a high school student. Typically, the equalized pupil number is generated in December and set, “frozen”, on Dec. 15th. However, that number did not get frozen this year in January. The SUs and school districts were given guidance earlier this year for developing the EPN. Also, at that time a per pupil spending cap is set by the State. Carl noted that one of the key goals of this Board is to never present a budget that is over the threshold amount. With the exception of one year that Carl is aware of, Carl noted every prior school budget during the time he has been on the board has been below the threshold amount. The threshold amount for the FY20 budget was set at \$18,311 per pupil. In May the EPN number was revised to 170 by the State. The Board was not aware of this, and this number does not match what the SU has calculated.
 - 4.2.2. When you look at the budget number with the State’s EPN, the per pupil spending is calculated to be \$19,454 per student, corresponding to a tax rate of 1.7677. This number is over the threshold amount; therefore, a penalty is applied, making the total spending per student to \$20,202 with the penalty, which corresponds to a tax rate of 1.83. Carl noted that this is unacceptable to the Board. Carl noted that the situation is

what it is, however if the Board was given the State's EPN number, the Board would have worked to revise the budget so that the number isn't above the cap. The Board did not know about this situation until the Town contacted the Board when they got the tax rate from the State (mid-week prior to this meeting).

- 4.2.3. What are we doing to resolve this? The SU is working on sorting out the exact student count. Tara Weatherell (SU business manager) was given information at around 4pm today to use to help determine an accurate count. If the SU finds all the 14 students that the State doesn't have in their count.
- 4.2.4. Janie – what do we know / think? Are these kids there or not? Brad doesn't know because he doesn't know where the kids live. He only knows what is reported to the State.
- 4.2.5. Amy – What year(s) of data does this include? Brad commented it is a two-year average, including the fall of 2018 and the fall of 2017. Amy noted that in the year of 2018 Rochester was paying tuition for a number of students. Dina noted that the SU will need to sort out the name of kids, Town, and where they went to school. Dina noted that we can only "claim" kids that are Rochester and Stockbridge residents.
- 4.2.6. Brad noted that the State has had issues with the current reporting system, which is relatively new. Brad noted it isn't 100% the system itself. The problem is the reporting structure changed, and it was no longer the same people inputting the data. Brad noted there was a big disconnect between schools, the SU, and the AOE. May 20, 2019 is when the numbers were "frozen".
- 4.2.7. Amy – how does the new hold harmless provision factor in? Brad said the State has changed how the hold harmless provision works. When pupils are equalized, there is a host of provisions that says you can't drop below 3.5% of the prior number. If the school has 100 equalized kids and that goes down to 90 -> the law said you couldn't drop more than 3.5% so you would have gotten 96.5 equalized kids, slowing down the spike in taxes. If in year two a school started at 96.5 and drops to 85 equalized kids, the law used to say you would go back to the 96.5 minus 3.5%. Brad noted that the law has changed and that now year 1 (in this hypothetical scenario of 100 kids) 100 drops to 96.5 equalized kids. Then in year 2 instead of taking off 3.5% from 96.5 you take 3.5% off of the 90. Amy asked about an email from 2017 from Brad regarding the hold harmless question.
- 4.2.8. Bruce – Bruce notes the error seems to stem from the year Rochester chose to close the High School. The SU doesn't believe that the kids who left the Rochester High School (but still lived in Rochester) got included. It was noted that 14 kids doesn't equal 14 equalized pupils. Fourteen high school kids actually end up being more than 14 equalized kids because a High School student is factored by greater than one. The SU thinks that someone didn't key in the correct information at the State. That is where the SU stands. Rochester was paying tuition for the year so they are Rochester kids. It was noted there are other factors besides just grade that can be factored into the equation (poverty, reduced lunch factors, etc.).
- 4.2.9. Brad – Talking to Tara about to figure out what is in the State's system for both years. Brad noted he knows the SU has had several business managers over the course of this time frame and Tara is working her way through the data.
- 4.2.10. Bruce – what are we going to do about it? Brad – before he (the State) can do anything he needs to know what the SU believes are the correct data. The SU needs to get data to the State. It is technically beyond the time (state-statute) to do something. However, Brad thinks it is okay to recalculate the tax rates the way it should be. He mentioned we may need to go to the legislature and get "permission" to adjust.

- 4.2.11. Marilyn Edgerton – Has this happened to any other town? Dina noted there are other towns with variances. The ability to absorb the variance may have occurred but they were not close enough to the threshold where it was noticeable.
- 4.2.12. Data needs – The 11th through 30th day of school, 20-day census period – this is what become the ADM, which is then used to calculate the EPN. This is what Tara is in the process of estimating (student names, grades, school, residency, etc.).
- 4.2.13. Janie – what is the timeframe of doing this? Bruce – Tara just got some information this afternoon that will help her. It shouldn't be "very long", but the SU is trying to create this data which is currently not already compiled
- 4.2.14. Ethan – Aug. 15 is when the tax payment is due. What do residents do? Marilyn – do we pay the first tax payment and wait for the 2nd? Dina is advising that the SU is hopeful that the number will change, but cannot guarantee. She suggests residents pay their tax bill as shown and (hopefully) residents would get an amended tax bill for the second tax installment. Dina noted that if either Town has a penalty, that there should be a conversation with the Selectboard of the Towns whether they will waive penalties – that is a Town question (not a School question).
- 4.2.15. Beth Dawley – Who is going to pay for the rebilling by the Towns? There were 5 people working last Tuesday at the Stockbridge Town office – 744 bills, envelopes, etc. Beth stated that in Stockbridge there is no penalty on the first tax bill if not paying, but there is on the second. Dina noted that she presented options to pay taxes, but can't answer from the Town's end on rebilling and suggests talking with the Selectboard.
- 4.2.16. Kim Robertson – Kim appreciate the consideration to go through the numbers and going to the legislature and that there is a disconnect, but if the tax bills stay as is, what is the Townspeople's right to retract from the budget? Dina – one of the issues is whether you can warn a new budget for a budget that has passed, and that may have repercussions with spending. Dina is looking into the answer to this.
- 4.2.17. Amy – isn't there a 5% cap either way with taxes? Brad noted that the 5% cap does not apply to our school district. Amy noted that the Board had been told that the 5% cap applied to us.
- 4.2.18. Carl – if AOE numbers are correct, this adds \$181K to the tax base. Because it pushes into the penalty, we would be liable for another \$121K of penalty costs – total of \$302K. In regards to "what to do next" if the AOE numbers are correct: Three options (1) waiver to re-warn the budget and go through the same process over again to be under the threshold – change the way we administer classrooms, ask Rochester Trustees for money, etc.; (2) start the following year with a surplus or deficit – have to pay that amount, roll over into the next year, and do cost-cutting measures over the course of the year to help reconcile the deficit, or (3) keep budget as is. He noted that depending on how we proceed it could alter our ability to change staffing based on technicalities.
- 4.2.19. Kim Robertson – There are some people that cannot pay our bills, so if we change the budget we need to warn it.
- 4.2.20. Kim Robertson – 5% cap. Misunderstanding of what the 5% is. This isn't just us that misunderstands. Brad said that tax rates are calculated with incentive rates. He said that in FY19 both towns were within 5% of the target rate and therefore the 5% cap doesn't apply. This is not something the Board was aware of, nor were told this information and will check into.
- 4.2.21. Public question – The State did not lock in the EPN on December 15, which is the statutory deadline. This was the number that was used to develop the budget. From a legal perspective, how can the State make us use this new EPN number that was set past the deadline that was set for the State? Isn't the EPN supposed to be legally set on December 15th? How can we be penalized if the number wasn't set until May? Dina

noted that this is an important point that needs to be brought up to the legislature, if needed, and this is a very important issue to bring up to the State. Carl notes that some Boards have tried to sue the State (i.e. Stowe). If the Board decided the issue was at the SU level we would need to get a different lawyer as Dina is the SU lawyer. If residents wanted to sue the Board, SU, State, etc., anyone could hypothetically sue another party.

- 4.2.22. Joanne Green Mills – If it turns out that the State’s number is correct, Stockbridge will be paying the penalty of something that happened prior to the merge.
- 4.2.23. Joanne Green Mills – If the State’s tax rate is correct, how much would we have to cut our budget to give the same tax rate that was presented at the annual meeting. It was noted that the budget would need to be cut be \$113K (or find revenue of) in order to be under the threshold. Would have to be slightly higher to be at the tax rate that was presented.
- 4.2.24. Dina Atwood – Step 1 is to for the SU to come up with what they think is the correct number and send this to the State with documentation supporting such.
- 4.2.25. Kim Robertson – What is the timeframe for resolving this issue? The SU and Brad indicated they would like to have this firmed out by the end of next week. Brad – knows this is a priority.
- 4.2.26. Marilyn Edgerton – What sort of guidance was given for what EPN to use? Carl noted the memo from the State said the number wasn’t fixed from AOE but indicated that numbers were “pretty much in the ballpark”. The number the SU used was the 6th iteration of the EPN number, and the SU and Board believed they were using a good faith number. Carl also noted that the memo advised that they did not expect it to go down. Janie – the State told us that the number wasn’t expected to go down. Marilyn asked if it was correct that the SU was working with a number that we assumed would be a minimum. Carl confirmed that is a true statement.
- 4.2.27. Beth Dawley – The worst possible scenario is for the EPN number of 170. Would the State waive the penalty due to the scenario? Dina – we don’t know the answer to this but believes this is a valid point to make with the AOE and legislature.
- 4.2.28. Bill Edgerton – need to be prepared for worst case. People need to contact their representatives. Bill noted there needs to be a communication plan so that the residents of both Towns are informed of what is going on, where to go for information, etc. There is great sticker shock in the community. Carl noted that due to the deadline of the Herald being Tuesday at noon we didn’t have time last week to get this out to the public, and were also trying to figure out ourselves what was going on. Bruce drove up from a conference in MA to make this meeting. Carl has set up a call with VT Digger and the Herald. The FB page is not an official site for distribution. Kim Robertson – needs to be made clear that the issue is being worked on. Janet Whitaker – non-residents are affected less by this, and the residents are the minority.
- 4.2.29. Bruce – Bruce thanked Brad James for coming to the meeting tonight.

5. Board Comment

- 5.1. Amy – Amy asked Brad about a 2017 email which she is basing her thought process on. The various EPN numbers for FY19 were discussed.
- 5.2. Ethan – what is the State doing to not have these issues in the future? Brad noted that there have been issues with the reporting and getting accurate numbers. Bruce noted the SU needs to have accurate reporting and get what the SU believes is correct to the State.
- 5.3. Janie – This has caused us to move backwards in the merger. The board needs to have information available to us to stay in front of the issue.
- 5.4. Communication: put a statement on the SU website, at the Town offices, and talk to the selectboard. Carl to write something for the Herald. Janie to post at the post office.

6. Executive Session
 - 6.1. Ethan made a motion to go into executive session to discuss attorney client privilege, Janie seconded. Move into executive session at 8:25pm.
 - 6.2. Exit executive session at 8:59pm. Janie made a motion to go into executive session for personnel, Amy seconded. Move into executive session at 9:00pm.
7. Return to Public Session – 9:15pm
8. Other – none
9. Next Meeting Date
 - 9.1. RSUD Board Retreat Friday, August 2, 2019, 9am-3pm @ location TBD
 - 9.2. RSUD Regular Meeting Friday, August 2, 2019, 3pm @ location TBD
10. Adjourn
 - 10.1. Meeting adjourned at 9:17

Respectfully submitted,
Jenny Austin