

# Finance Committee Meeting Minutes: January 4, 2007

<b>Location:</b>	Conference Room, Career Development Center
<b>Education Committee Members Present:</b>	Kevin Goodhue; Frank Lamb; Ed Letourneau, Chair.
<b>Finance Committee Members Present:</b>	Fran Kinney; Frank Lamb, Chair.
<b>Staff Present:</b>	Leon Johnson, CDC Board Member; Greg Lewis, Business Manager; Robert Montgomery, Assistant Director; Donna Oyama, Director.
<b>Recorder:</b>	Barb Schlesinger

Lamb called the meeting to order at 5:00pm.

2007 Budget: Lamb opened noting that Kinney and himself were the only members here and included Johnson by stating that he expected his input. Johnson replied that he came “starving to give it”. Lewis suggested that they start on the expenses first. Lamb directed the group to page one of the Budget Expenses (2 page, multi column, line item handout). Lewis requested that on page 2, they:

- Put in the various grants even though it loses the simplicity of the prior draft budget.
- Reword the Warning to Include the full amount 3,420,486.57, showing that the regional taxpayers would be responsible for 3,145,141.69.

Lamb reiterated that the total budget would be 3.4 Mil, of which 3.1 Mil has to be raised.

Lewis directed the group to skip to the Revenue Distribution handout showing that 275,000 revenue matches the grants therefore it is a wash, i.e. what goes in for expenses comes out in revenue. Lewis noted the grants are not guaranteed. The only thing that is reasonably guaranteed is the Perkins. Since the Equipment grant varies, he put in the actual amount from this year, not knowing what it will be next year. Lewis noted that “you never spend more, you spend the exact amount”. Oyama noted that after checking with other schools, they handle it the same way. Johnson noted that Perkins went down. Oyama explained further why they used the 2006 figure. Lamb noted that it was level-funded. Johnson noted that Perkins was a given, nothing had to be done for it. Lewis noted that in the pie chart, Perkins makes up 4.9%.

Johnson noted that the cosmetology program was in for a grant again. He asked if we had to apply for that. Oyama concurred that the grant would have to be applied for. Lewis noted that it was not 100% certain. Oyama explained that you could apply for up to three years, CDC has its first year and will be applying for the total

three years.

Johnson asked if the Program Innovation Grant for pre-engineering was the one that funded the summer program. Oyama said no, it was for Carl and two high school teachers. Johnson asked why it was going down. Oyama replied that 2006 was the third year; it cannot be applied for anymore. Johnson asked, "What do we do"? Oyama replied that the program has to be sustainable now. The grant money was for scenario assessment, this year the program was implemented. There is no anticipation that next year it will cost any more. Johnson questioned why the whole scenario is not covered. Oyama stated that 50K was the limit set by the Department of Education for grants for scenario assessment.

Johnson asked about the Equipment grant, is this the money set aside for maintenance? Lamb responded that it is a different thing. Oyama replied that for a number of years it was 20K then the legislature put in money in for equipment based on sale of a building (which has yet to sell). Johnson asked why it was level funded. Lamb addressed Oyama and Lewis, asking if they were assuming that CDC would get 28K again. Oyama concurred that they were assuming that figure. Lewis noted his apprehension of putting the grants in. It was concluded that the word Grant should appear as a heading. Lamb noted "what you get is what you spend". If the grants aren't received the money would not be spent, therefore CDC would be hurt. Johnson noted CDC was dependant upon this money.

Kinney asked if Oyama referred to the house in North Bennington. Oyama replied that the warehouse was actually in Montpelier. Lamb noted that the State of Vermont has a building that, when sold, the State will put the money into the Equipment grant. Johnson stated that he understands that part now.

Lewis noted that the Expense Line is more than just the person's salary. The line also includes supplies, equipment, books, etc. Lamb asked for clarification - does each program line include the salary? Oyama responded yes. Lewis noted that this year the program line was done differently. Oyama noted that the majority of each line was for salary. Lamb asked if this was the anticipated salary: if the increase was built in. Lewis noted that it was.

Oyama noted that Automotive Maintenance was a new, single period, introductory class. Johnson asked about Special Committees line and why there was no money allocated. Lewis noted that in this year's budget it is under to the Directors Line. Lamb noted that Oyama's line went down.

Johnson asked where the money for the summer training program went. Oyama replied there was none. Prior to this year it went under Perkins, now a new legislative act has different requirements. She noted that the CDC has not received any money yet, and may not until April or May. Johnson asked if the CDC could still have the program. He expanded upon why he felt it was such an important program. Oyama noted the "Women Can Do" conference, of which thirty people attended. Johnson noted that the WCD only encompasses women, not everyone. Oyama noted that the problem of timing and the school year in regards to the summer engineering

program. Oyama explained the school year ends late, the grant money has to be used before June 30, and approval for the grant came in the fall. Johnson reiterated his belief that it was a valuable program, useful in keeping the students fresh and valuable as a recruitment tool. Discussion followed as to including the program in the budget.

Lamb asked if Oyama and Lewis were expecting any other decreases in the budget.

Lewis noted that Cosmetology should be a big revenue-producing program. Johnson asked if the budget line for that program needs to be so large. He is concerned about what would happen if the program doesn't take off. Kinney voiced that he thought the Perkins grant was guaranteed for three years. Oyama clarified that it is a State Innovation grant. She reiterated the amounts and three-year time span of the grant: The first year is up to 50K, the 2nd year (which has to be applied for) is up to 50K and the third yr, (which also has to be applied for) is up to 25K. Johnson asked why we are also putting in money into the budget in addition to the grant. Oyama explained that the grant(s) do not provide enough money for everything that is needed to start the program. A good part of the budget is to provide for equipment and supplies.

Lamb asked, "if at the end of two or three years (of a new program), is there a time when the program is assessed to see if the program is working or not?" Oyama stated that new programs are assessed at the end of the third year. Johnson asked what would happen if it was decided earlier than that the new program wasn't working? Would money keep being budgeted for the program? Montgomery (in regards to cosmetology) noted that with the research that was done ahead of time, if we did not think it would be a sustainable program, then he personally would never have suggested that they get into that area. Montgomery noted that he is always looking for sustainability and employability with any new program. Johnson asked why we are also putting in "our own money" and not just using the grant. Lamb noted that the program would start in the middle of the year and that the grant needed to be used by June 30. Lamb feels that the program needs to run at least a year before you can assess it. He suggests that at budget time next year, if the program is not running, then it probably ought not be in there. Johnson expressed that he feels people who have to work solely from a grant are more "hungry", i.e. productive, and will work harder to make the program a success. Montgomery expanded upon his belief that the best instructor was hired and all the necessary research was done to ensure success. Johnson asked if the money could come from a contingency account rather than by being budgeted for. Oyama reiterated, "There is no cushion in the budget". Discussion followed.

Johnson asked about the Horticultural budget and why it went down. Oyama noted that there was a new teacher with Lamb noting the previous instructor was at the top of the rung. Oyama also noted the need for a lot of new equipment. Discussion followed. Johnson asked if there was a breakdown by department. Oyama noted that last year it was done that way and they were criticized for it. Lewis supplied Johnson with a printout. Johnson wants to make sure there is enough for equipment and supplies.

Johnson noted that there was not much money for Computer Networking. Oyama noted that the instructor is teaching three related courses; therefore, the money is allocated between them. Discussion followed to clarify the topic. Lewis stated he feels this is a more realistic approach than locking everything under one category.

Johnson noted that it was hard to understand the way the budget reads. Oyama noted that the budget was prepared categorically one year and it was an absolute disaster. Johnson feels the budget, as presented in this format, appears suspect. Lewis and Oyama explained the budget process starting with the teacher's requests. Johnson stated that he was not concerned with what was cut, more with what the teachers need to make the program work. Lewis stated that the agenda is the bottom line. Johnson wants to be comfortable in selling it to the taxpayers. He wants assurance that;

- The 3.92% increase is solid and provides CDC what it needs to flourish.
- No one will not to be successful because the Board did not give the money they needed.
- If you need it (money) and will be productive with it, you will get it even if he has to be out on the street with a cup.

Oyama noted that if she knew the Board would actually support that, she would increase the budget. Johnson stressed that everything was not money in terms of being successful. Johnson stated that “education is in a turmoil” and that board members have to “force the issue to turn things around”. He will force the issue. Johnson wants to be productive and successful in everything.

Lamb stated the issue was “Do you have enough? Does this budget reflect what this Center can run on and be successful?” Oyama noted that last draft budget (12/14/06) was more comfortable at approximately 5% and the current cut one hurts. Montgomery noted there needs to be a balance between what will pass and what is needed. Johnson wants to make sure we will do the right thing.

Lamb asked Johnson if he believed that these people did the best job they could and that they have not cut the budget to the point where it would cripple the school. Johnson replied that he thought they did. Lamb further asked if he thought that Lamb had “beat them up too much and that they lowered it too much”. Johnson replied no. He wants to make sure they get what they need. Discussion followed including

- If money should be added back into the budget
- The importance of equipment to the Center
- Enrollment numbers

Kinney stated that if this is the best they could do, he could live with it. Kinney asked, “Out of what has been cut, what would you absolutely have to put back in here”? Oyama replied that the majority of it is equipment. Further discussion followed concerning the Reserve Fund started this year, (which is earmarked for equipment), equipment needs, technology advancements and what board members could live with regarding the budget increase. Johnson stressed the need to keep up with technology. He also stated that he could live with the budget

at 3.92%.

Returning to Kinney's question, Lamb asked "if you were going to add money into the budget for equipment, what would you buy, where would it go, and how much are you talking about"? Oyama replied they would start at the list of the cuts. Lamb noted that every percentage point in the budget generates about \$30,000. If you were to add \$30,000 worth of equipment back into this budget and you could justify it, that would raise this budget a percentage. Johnson asked how much was the contingency? Oyama replied 2.5%.

Lamb noted that with the budget, he also looked at the overall tuition increase. This budget puts this tuition increase around 5%. Lamb wanted the local tuition increase as low as possible. This budget reflects a 3.3% local tuition increase. Discussion followed as to impact of tuition increases on the budget. Lamb noted the current budget is at rock bottom.

Kinney stated that he was going with the budget as is, 3.92%. Johnson requested that they keep "beating grants to death" for more money. Oyama will write another Innovation grant to pursue Burr & Burton. A brief discussion followed as to the logistics of setting up a program with Burr & Burton and recruitment in other towns. Oyama spoke of Purple Thursdays and the interest they have generated.

Kinney moved and Lamb seconded a motion to present the budget to the board as approved (3.92%) and the motion passed unanimously.

Oyama brought up the format of how the question is put on the ballot. Lamb suggested wording the ballot question as Pownal does, "Will the voters approve x number of dollars for \_\_\_(CDC)\_\_\_ of which this amount, \_\_\_\_\_ will be raised by taxes". Lamb explained what this says is that you are approving the entire amount but you, as taxpayer, are only going to pay for this amount, the other amount will be paid by state aid. Johnson concurred that this verbiage is very understandable.

At 6:37pm, Kinney moved and Lamb seconded a motion to adjourn and the motion passed unanimously.