



## Joint City Council and School Committee Meeting

### Meeting Minutes

On January 31, 2023 a joint meeting of the Northampton City Council, Northampton School Committee and Trustees of the Smith Vocational and Agricultural High School (SVAHS) was held via teleconference. The meeting was called in accordance with Northampton Charter §7-2 Annual Budget Policy.

At 7:01 p.m. Mayor Gina-Louise Sciarra called the joint meeting to order. A roll call was taken by Laura H. Krutzler, Administrative Assistant to the City Council. Present were:

Mayor Gina-Louise Sciarra, School Committee Chair  
Meg Robbins, Ward One School Committee Member  
Emily Serafy-Cox, Ward Three School Committee Member  
Michael Stein, Ward Four School Committee Member  
Dina Levi, Ward Five School Committee Member  
Margaret Miller, Ward Six School Committee Member  
Kaia Goleman, Ward Seven School Committee Member  
Gwen Agna, School Committee Member At-Large  
Karen Foster, Ward Two City Councilor, Council Vice-President  
Jamila Gore, City Councilor At-Large  
Stanley Moulton, III, Ward One City Councilor  
James Nash, Ward Three City Councilor, Council President  
Alex Jarrett, Ward Five City Councilor  
Marianne L. LaBarge, Ward Six City Councilor  
Rachel Maiore, Ward Seven City Councilor

Ward Two School Committee Member Holly Ghazey and School Committee Member At-Large Aline Davis were not present on roll call. Also absent was Ward Four City Councilor Garrick Perry.

Also present were: School Superintendent Jannell Pearson Campbell, Smith Vocational and Agricultural High School (SVAHS) Board of Trustees Chair Michael Cahillane and SVAHS Trustees Julie Spencer Robinson and Richard Aquadro

Mayor Sciarra presented a detailed financial forecast including projected revenues and expenses for fiscal year 2024. (See Powerpoint presentation entitled, "Mayor's FY2024 Financial Trends and Projects for the Fiscal Year 2024 Budget Process.") Among other things, she reviewed the following topics:

- Budget Process
- Revenues
- Property Taxes
- Proposition 2 ½

- Expenditures
- Reserves
- Financial Indicators and Comparative Communities
- Review of Revenue and Expenditure Trends
- Five-Year Fiscal Stability Plan – General Fund
- Revenue and Expenditure Projections for Fiscal Year 24
- Fiscal Year 2024 Budget Calendar
- Questions and Comments

She began by describing the budget process, which begins with the joint meeting of the City Council, School Committee and Trustees of the Smith Vocational and Agricultural High School (SVAHS) taking place tonight and concludes with the adoption of an operating budget by the City Council following a required public hearing.

Mayor Sciarra showed a list of revenue sources, noting that the city's main source of revenue is local taxes with 70% of revenue coming from real estate, personal property and motor vehicle excise taxes.

She reviewed terms and definitions and presented a chart showing the calculation of the property tax levy limit.

State revenue makes up about 15% of total revenue and includes Ch. 70 school aid, Unrestricted General Government Aid (UGGA), charter school tuition reimbursement, PILOTS for state-owned land, reimbursement for veterans' services, offsets for incoming school choice students, etc.

The next largest source of revenue at 11% is charges for services such as parking revenue, departmental fees from programs or services, revenue from inspections by the health department, building and fire department and revenue to SVAHS from sending communities.

She reviewed other miscellaneous sources of revenue such as interfund operating transfers (a little less than 2%) including indirect charges such as a percentage of employee health insurance costs.

Total projected revenue for the current year (FY2023) is \$110,489,639.

FY2023 Budgeted Expenditures equal \$110,489,639. Education is about 41% of the overall budget at \$45,225,000. The next biggest cost is employee benefits; i.e. - health insurance and retirement.

### Reserves

Mayor Sciarra reviewed the value of reserves, stressing that they cannot be relied on for recurring and compounding expenses. She gave examples of the potential uses for reserves, such as response and recovery from natural and weather-related disasters, failure of major infrastructure and to provide stability during periods of revenue volatility due to regional or national economic downturns.

The fact that Northampton had reserve accounts gave them the flexibility and the ability to pivot quickly to emergency operations during the early pandemic, she pointed out. Financial reserves also provide the operational stability to fund a capital improvement program.

The Mayor noted that Free Cash certification this year included one-time ARPA loss revenue funds. The City Council voted to appropriate this funding for several important purposes: to purchase a ladder truck for Northampton Fire Rescue, purchase a building for the resilience hub, for city-side costs for the Main Street redesign, to establish a Climate Change Mitigation Stabilization Fund and \$500,000 for the design, bidding and construction administration costs for needed road safety changes at Northampton High School (NHS). Remaining loss revenue funds are mainly earmarked for infrastructure for the Main Street redesign project.

The Mayor showed a slide with the current balances of the various stabilization funds:

- \$2,670,069 in Undesignated Fund Balance/Free Cash
- \$3,409,344 in Undesignated Fund Balance/ARPA Revenue Loss
- \$6,294,535 in General Fund Stabilization Fund
- \$3,966,342 in General Fund Capital Stabilization Fund
- \$3,562,742 in General Fund Fiscal Stability Stabilization Fund (FSSF) and
- \$3,000,000 in recently created Climate Change Mitigation Stabilization Fund

In discussing projected expenditures, the Mayor disclosed that she is committing to a 4% increase to the school districts (NPS and SVAHS) for FY2024. She is making this commitment in recognition of the fact that the schools are still struggling to recover from the pandemic and its impact on learning and students' social and emotional well-being. The commitment is also to address a deficit created by the over-reliance and use of school choice funds and non-recurring revenue like federal ESSER funds for recurring and compounding expenses.

It is unusual and not sustainable to have this high an increase after a year of previously high increases, she stressed. Last year, at 5.07%, the Northampton Public School (NPS) budget increase was the second highest in 15 years with the highest being 6.27% in FY2014 after the June, 2013 override. The previous year in FY2013 the increase had been 0.5% and it was followed by a 3.3% increase in FY2015.

The goal is to return to a stable pattern with consistent, reliable and sustainable increases for the schools, she stated.

As far as what this forecast means for FY2024, while a lot is still unknown, they do know that Northampton will continue to maintain a competitive and stable residential and commercial tax rate as compared to surrounding communities. Single-family home values continue to remain strong and new growth will continue to provide additional levy capacity. Some local receipts have rebounded to pre-pandemic levels while others such as parking have not come back.

The city will continue to be conservative and careful in its budgeting and management practices, she assured.

### **DISCUSSION**

Following her presentation, the Mayor entertained questions and comments.

Council President Nash complimented the mayor on her excellent presentation. The good news is that he didn't hear the word override. He expressed his understanding that they are on course not to need one in the coming year but wondered if she could speak to when they city *would* need another override.

They are not predicted to go over the fiscal cliff this year since they are only in year two of the four-year fiscal stability plan (FSP), Mayor Sciarra confirmed. They are watching it very carefully to make sure they can push it off at least until it is expected, which is in a couple of years.

The initial plan called for an override in FY2025, Director Nardi related. She knows Mayor Sciarra is looking at revenues and doing her best to make sure they don't have to go out for one sooner. FY2025 would be the earliest they are projecting but the hope is to push it off even one more year.

Councilor Nash asked about the Fair Share Amendment and anticipation that it might result in additional revenue coming their way.

What Governor Healey has said is that she is looking at potentially using it for bussing for districts, Mayor Sciarra advised. She hinted that she is looking at melding its two stated purposes - education and transportation – by using it to help fund transportation in the schools.

She asked Senator Comerford for any updates and was told there are no solid updates yet as to how it is going to be used or distributed. There is continual talk about it not being replacement for other funds but additional revenue. Other than that, there is not a lot of information.

### School Deficit

Members asked questions to clarify the information presented. Among other things, member Stein asked if it is known what percentage of their overall budgets comparison communities are committing to education. He expressed his understanding that school spending in Northampton is at 54.8% of the overall budget when benefits and other expenses paid out of the city budget are included.

Finance Director Nardi said she didn't have that information but noted that most net school spending in those other communities is covered by Chapter 70.

In response to a question from Member Serafy-Cox, Mayor Sciarra confirmed that the city will reach its target balance of five percent (5%) of the overall operating budget in the General Fund Stabilization Account in FY2023 but has not yet reached its goal in the other stabilization account. Since they will have met the goal, they will look at how to reallocate contributions to that account in the future, she indicated.

School Committee Member Goleman said she appreciates how the city has tried to stabilize budget increases from year to year so the percentages are not so inconsistent. She asked the Mayor to talk about the city's position on when it is appropriate to increase this percentage and her ideas for filling the remaining significant gap in the NPS budget.

She doesn't have clear ideas on how to fill that gap, Mayor Sciarra said. Within the school district, school choice funds have effectively served as the district's stabilization fund. For a long time, the policy was to use them carefully for one-time expenses and that has not recently been the case.

These are perhaps better questions for School Business Manager Bobbie Jones or Dr. Pearson-Campbell, she suggested. She is not sure how to answer. They surely do not want to create further holes elsewhere.

In years like this where they are looking at quite a deficit, would it be okay to fund the stabilization accounts at a lower amount? Member Levi asked.

Mayor Sciarra said she feels like the real question is why one-time non-recurring funds can't be used to fill the gap.

The funding that goes into the stabilization funds is one-time revenue, Director Nardi reminded.

When money is used to fill a gap in an operating budget, unless there is recurring revenue behind it, you're going to find yourself in a bigger hole the next year, Mayor Sciarra explained. She understands why it feels like a fix but what it does is creates a bigger deficit in the following year. It sort of compounds the problem.

Eventually you need to find a revenue source to fill the gap or you have to make cuts, Director Nardi added.

Michael Stein suggested that a larger conversation about the purpose and use of school choice funds might be in order. He thinks they are probably at a moment where they should rethink how to do things moving forward. He recommended the City Council consider establishing an 'Excellence in Education' stabilization fund.

Now that the stabilization fund has reached its 5% goal, Emily Serafy-Cox asked what happens to the money that otherwise would have gone into it.

With the newly-established Climate Change Mitigation Stabilization Fund, they will have to figure out how to rebalance those contributions, Mayor Sciarra responded.

There being no further questions or comments, **School Committee Member Serafy-Cox moved to adjourn. School Committee Member Levi seconded. The motion carried unanimously 10:0 by roll call vote. The School Committee adjourned.**

**SVAHS Trustee Spencer Robinson moved to adjourn. Dr. Pearson-Campbell seconded. The motion carried 3:0 by roll call vote with Mr. Aquadro and Mr. Cahillane absent.**

**Councilor Elkins moved to adjourn. Councilor Perry seconded. The motion passed unanimously 9:0 by roll call vote.**

The joint meeting was adjourned at 9:09 p.m.

Prepared by:

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