



Board of Directors Minutes
April 29, 2020
8:00 a.m.

This Open Meeting of the NEC Board of Directors was conducted remotely consistent with Governor Baker’s Executive Order of March 12, 2020, due to the current State of Emergency in the Commonwealth related to the outbreak of the COVID19 Virus.

The Meeting was recorded. One Member of the Public attended with ZOOM Meeting access

PRESENT:	Beverly:	Dr. Charochak
	Danvers:	Dr. Dana
	Gloucester:	Dr. Safier
	Hamilton Wenham:	Dr. Kukenberger
	Ipswich:	Dr. Blake
	Lynn:	Dr. Tutwiler
	Lynnfield:	Ms. Tremblay
	Manchester-Essex:	Ms. Beaudoin
	Marblehead:	Mr. McAlduff
	Masconomet:	Dr. Harvey
	Peabody:	Dr. Kerble
	Reading:	Dr. Doherty
	Rockport:	Mr. Liebow
	Salem:	Ms. Smith
	Triton:	Mr. Forget
	Tri-Town:	Dr. Morrison
NEC:	F. Rosenberg	G. Bergevin
	Ms. Mahoney	K. Mahoney, NEC Treasurer
	E. Ford	
Guest:	Nicholas DiPardo	AFT Massachusetts
ABSENT:	Nahant:	Mr. Pierantozzi
	North Reading:	Dr. Daly
	Swampscott:	Ms. Angelakis

- I. **Call to Order:** Dr. Dana called the meeting to order at 8:03 a.m. and stated that this Open Meeting of the NEC Board of Directors was being conducted remotely consistent with Governor Baker’s Executive Order of March 12, 2020, due to the current State of

Emergency in the Commonwealth related to the outbreak of the COVID19 Virus. Dr. Dana asked that Kathy Mahoney call the roll in order to record who was in attendance as well as to vote on the Consent Agenda.

II. Approval of Consent Agenda

MOTION: A motion was made by Dr. Dana to approve the consent agenda. A roll call vote was done with 13 members remotely present to approve March 04, 2020 BOD Minutes as presented.

VOTE: The motion was moved unanimously

III. NEC's Remote Learning Update:

Ms. Rosenberg welcomed and thanked everyone for logging on and attending. She presented a summary of NEC's response to the COVID19 crisis and Remote Learning. Ms. Rosenberg report will be included in the minutes. Dr. Dana asked if members had any additional questions or concerns before the Finance Committee report. There were no questions.

Note: Dr. Doherty, Dr. Tutwiler, and Dr. Harvey joined the meeting during this report.

IV. Finance Reports:

Dr. Dana stated that the Finance Committee had met last week and that there were many complex issues for the Board to consider.

Treasurer's Report- Mr. Kevin Mahoney

Mr. Mahoney presented the Treasurer's report as of March 31, 2020. See attached. There were no questions.

Report on FY20 Budget to Date and Implications of School Closure – Mr. Bergevin

Mr. Bergevin reported on his revised projections for FY20, taking into account the impact of school closures. The financial summary and notes are attached. Whereas the Revised Budget had a positive bottom line of \$34,000, the projection is now for a negative bottom line of \$137,000.

Known Factors related to COVID19:

- We generally project our highest enrollment for the final quarter of the year. Once schools closed on March 16th, referrals stopped, and there will likely be no (or very few) new placements before the end of June. Thus, census counts have been held constant from March through July.
- Afterschool program revenue is eliminated during the time of closure.
- Lunch revenue and expenses are eliminated during the time of closure.
- Student workers are not being paid during the time of closure.
- Open positions are not being filled.
- Overtime and substitute pay are eliminated.
- There will be some savings in school supplies, student activities, and conference spending.

Unknown Variables related to COVID19:

- Based on the Commissioner's guidance, we expect to be paid tuition for all enrolled students, but we anticipate that some payment may be slower than usual.
- We anticipate that some non-member districts may argue that they should not be paying for 1:1 paraprofessionals or contract services during the period of closure, although we continue to pay all of these employees.

Other factors unrelated to COVID19:

- Snow removal expenses were \$45,000 less than anticipated.

Based on these variables, we have projected revenue to be \$476,000 less than the budget. Census counts have been held constant for the remainder of the year, resulting in a decrease of \$185,000. After school revenue has been eliminated.

In addition, a reserve place holder has been set up for anticipated non-payments of one student per program, 50% payment of itinerant vision services and 1:1 services.

Budgeted lunch revenue has been eliminated.

Expenses are projected to decrease by \$305,000. \$177,000 is from the reduction of payroll. The elimination of student worker payroll saved \$110,000.

6 open para positions were in the revised budget to be filled, eliminating them from the projection saves \$72,000. Other significant savings occurred because of the closing of school: supplies (mostly vocational) \$49,000, student activities \$9,000, lunch \$36,000, and anticipated conference spending \$20,000.

Contingencies Considered

NEC has sufficient cash in reserve to meet payroll and fixed expenses e.g. rent and health insurance and to withstand this projected deficit. Current levels of cash will cover about 3 months of payroll and fixed expenses.

Mr. Bergevin has met with Peoples United Bank to discuss reopening a line of credit. NEC has \$5,114,000 in Cumulative Earned Surplus to cover a negative surplus number. Alternatively, the Board Designated Tuition Stabilization Fund of \$300,000 could be used. Either action would require a full Board vote in the fall.

Before moving on to discussion of the FY21 Budget, Ms. Rosenberg noted that five years ago we would have been a lot more worried about sustaining a deficit, but that the Board and Administration had worked hard to get NEC into a stable financial position with cash in reserve, and she was not worried about the agency's ability to withstand this crisis.

She reiterated that all employees were actively engaged in the remote learning plan, and that her hope was to protect employment for all employees through the end of June. She asked the Board for feedback on this, and in particular noted her concern about member districts who might not be paying for 1:1 aides or contract services. She stated that it would be difficult for NEC to do furloughs given the way positions were defined. Many members stated that they were keeping all of their in-district aides

employed and felt that districts should be paying. Superintendents stated that Ms. Rosenberg should contact them directly if there were issues or questions from others in their districts.

Discussion of Issues impacting FY21 Budget

Ms. Rosenberg then turned to the FY21 budget and summarized the many unknown factors that NEC, like all districts would be facing.

Factors to consider for NEC include:

- We are currently planning for a full ESY program, but this is unknown. Our ESY program generally yields a surplus of \$1,480,000.
- If schools do not reopen in June/July, there may be a significant delay in new referrals due to a backlog in districts. On the other hand, there may be an increased number of children and families in crisis.
- There are many questions related to compensatory services for students who did not receive all of their IEP services during the period of closure. The financial impact of this is entirely unclear.
- There may be other costs related to staggered re-entry, increased cleaning, or other contingencies.
- Like all districts, there are many questions related to personnel, use of sick-time, impact of a “rolling” or “gradual” reentry plan, etc.

Ms. Rosenberg stated that after the Finance Committee discussion, her recommendation would be to postpone the budget vote until May or June, and to work on drafting a conservative budget that would honor contractual obligations to employees, and trim expenses wherever possible. She stated that payroll could be decreased through attrition. She noted that NEC is in the second year of a CBA, and that we had worked hard to build a positive relationship with the AFT local, and that she was very pleased with the collaboration during this crisis, and hoped that we would be able to maintain the contract. She stated that if the Board was willing to take 1-2 million dollars from surplus, it would be possible to draft a budget with 0% tuition increases. She asked if this is how the Board would like to proceed or whether she and Mr. Bergevin should draft multiple options for consideration.

Mr. Forget stated that we should look at all options, and push the final vote on the budget as far into June as we could, as information on the state economy and the plan for re-entry would become clearer. He stated that some positions may need to be cut for the summer or FY21 if enrollment is low. He reiterated the uncertainty of state aid and city/town budgets and the need to save everything we can this year to decrease the FY20 deficit and save for FY21. He asked about amortizing losses over three years. Mr. Bergevin said he would check on this.

Mr. McAlduff agreed that state aid is a huge variable, and that every dollar we can save this year will help.

Dr. Morrison agreed that waiting until June for final approval made sense.

Dr. Safier agreed, and stated the importance of conveying a cooperative effort. He said that he supported using the tuition stabilization funds and cumulative surplus in this way.

Dr. Smith also emphasized that Salem and most districts are making difficult choices amidst much uncertainty. She supported the idea of waiting until June and using cumulative surplus funds.

Mr. Forget noted that we all in this together and that at the end of day, we want NEC to remain intact even though we will all have to make tough choices in the year to come.

Ms. Rosenberg suggested that we keep the meeting on May 20th to discuss a draft FY21 budget, and then schedule a June meeting for final approval. She summarized that we should save wherever we can in May and June, and that it seemed to be the consensus of the Board that we create a budget that decreases or eliminates tuition increases and approves the use of cumulative surplus funds.

Board Members expressed agreement with this plan of action through nods, use of the chat function, and verbal agreement.

Dr. Dana thanked everyone for all the effort and the many ways to think creatively

V. Other Business:

- Capital Project Update- Lower Academy HVAC project is continuing despite building closures.
- Ms. Rosenberg reminded members that she needed notices from Member School Committees after they voted to approve the amendments to the Collaborative Agreement discussed at prior meetings. She stated that she had received five notices, and would need five more before submitting the packet to DESE for final approval from the Commissioner. Several members stated that theirs would be forthcoming.
- Ms. Rosenberg gave an update on the RHS Documentary to be released in June. Recovery High School: Sixteen and Sober is scheduled to be released in early June as a 4-part documentary. Ms. Rosenberg has seen the rough cuts of all 4 episodes and feels that it was extremely well done. She noted that all students/guardians and staff members featured had signed consent forms. She reported that she and Ms. Lipinski and received advice and consultation from the Principal of the alternative school featured in the Paper Tigers documentary that had been screened at many local schools.

VI. Adjournment

MOTION: A motion was made by Mr. Forget and seconded by Dr. Morrison to adjourn the meeting at 8:57 am

VOTE: The motion was moved unanimously

Kathy Mahoney

Kathy Mahoney, Administrative Assistant to Executive Director

Francine Rosenberg

Francine Rosenberg, NEC Executive Director