

## **FINANCE SUBCOMMITTEE MEETING**

**Thursday, November 6, 2014**

**5:30 PM**

**School Administration Building**

**417 Rock Street**

**Fall River, MA 02720**

### **AGENDA**

- Discussion of recommendations for the supplemental appropriation of \$911,000 for education as provided by the City Council
- Discussion of recommendations for the supplemental appropriation of \$140,000 for transportation as provided by the City Council
- National Resource Network funding availability/options
- First quarter revolving funds
- First quarter budget transfers

### **MINUTES**

At 5:30 PM Mrs. Panchley, Chair of the subcommittee, called to order the meeting of the Finance Subcommittee for Thursday, November 6, 2014 and read the open meeting law.

Mrs. Panchley then asked for a roll call for attendance which showed Mr. Costa, Mr. Hart, and Mrs. Panchley were present.

Also present were Superintendent Mayo-Brown, Mr. Michael Saunders, Mr. Kevin Almeida, Mr. Tom Coogan, Ms. Jocelyn LeMaire, Dr. Fran Roy, and members of the press. Mrs. Paula L. Soares served as transcriber for the meeting.

1. Discussion of recommendations for the supplemental appropriation of \$911,000 for education as provided by the City Council

Mrs. Panchley explained that this was money that they received once the cherry sheets were revised based on charter reimbursements and now they needed to decide how they were going to spend that money. They had received an email from Mr. Saunders with his recommendations. In addition to the recommendations, he had sent what was put together when they thought they would be reaching net school spending (NSS) at the end of last fiscal year and when they were preparing the budget. That number was not met and items had to be cut out. She asked that Mr. Saunders explain.

Mr. Saunders explained that when they were doing the budget process, a budget was passed by the School Committee to get to 100% of NSS. At that time, that moved them up to a \$99M budget. What he provided to them was a list of all of those projects that would be additional that did not go before

them during the budget process. When they went through the budget final negotiations with the City Council, they came back with a number of \$97,250,000 and they were allowed to move some of those additional projects and defer the remaining. Items that went into the original budget were: two ESL teachers, nine paraprofessionals, and an interventionist. They had selected those positions and put them in the high priority schools. They also did the playground projects and the upgrade for Henry Lord. Right now, with the City Council coming back and appropriating the money to make the adjustment for the charter school tuition costs plus the reimbursement for the state, they gave them an additional \$911K. He explained that for the \$911K, he used the items that they had deferred and what they are proposing is that those items and the Extended Learning Time (ELT) at Fonseca be included. He provided them with a list costing out the ELT for the second half of the year and also some of the items that were deferred.

Mr. Saunders noted that the only thing that had been in the newspaper but not discussed at the School Committee meetings were the natural gas increases that are taking place. He explained that they have one contract that is up this year for Durfee. It was always done with the Southeast communities/separate from all the other schools. The price of natural gas on the market is high and the transportation cost/pipeline to get the gas has gone up substantially. The recommendation from the Southeast community is that they move away from buying the product directly on the market and move into the utility cost. That by itself has increased the natural gas for Durfee up to 47%. He also produced a memo to the Committee stating that right now the remaining schools they have that are on natural gas will move over to a new contract next year. They are with the city right now. If the price holds as it is right now, they are looking at almost a 100% increase in all their utilities in the remaining schools which would be a budget increase of about \$600K for next school year. Those were expenses that have happened since the time they did the budget and are in the recommendation with the \$911K.

Mr. Costa asked if they had used a historical number moving forward.

Mr. Coogan said they used a historical number and also incorporated the Morton facility that came online last year. He thought the total between the electricity and heat were about \$3.2M right now.

Mr. Costa asked what percentage increase he used from last year to this year.

Mr. Saunders said they used a moving average but said again they were on long term contracts and were using a 12% increase.

Mr. Costa said knowing those contracts were going to expire and looking forward they would either have to buy into a new consortium or renew the contract...

Mr. Coogan interrupted by saying that is actually for next year. Durfee is the only one they had exposure on this year.

Mrs. Panchley said it is a heads up of what they are going to be looking at in a couple of months when they start to discuss that budget but unfortunately, they have to do something about Durfee now. She asked if there were any questions.

Mr. Hart held up a sheet and asked Mr. Saunders if that was the list they were looking at to allocate the \$911K.

Mr. Saunders said that was correct. He explained that the ELT for Fonseca for the half year was approximately \$130K and would give them a half hour increase. ELT would also expand the time of the school resulting in some additional transportation costs for \$80K which is only for a half year and would be up to \$160K for next year. They also have a behaviorist/psychologist position that they are looking at for half of the year which would be \$40K but another \$80K in FY16.

Mr. Hart asked if the ELT expense was equal to what the other schools are getting for ELT.

Superintendent Mayo-Brown said it is adjusted to the collective bargaining agreement (CBA) that was recently ratified by the Committee and the teachers' association which laid out a tiered system.

Mr. Hart asked if it was in line with other ELTs.

Superintendent Mayo-Brown said yes; it is consistent with the CBA.

Mr. Hart stated that it would continue on for next year and asked about how they were planning on continuing to fund that.

Mr. Saunders said there are a couple of things that are still pending such as the FY14 carryover deficit. If the funding comes forward from the City Administration and City Council that would be in addition to the normal growth they would get just based on the foundation budget. There is a revenue stream that could absorb the Fonseca ELT.

Mr. Hart asked what about the security cost at Talbot.

Mr. Coogan responded that currently there are a number of modular systems and they have now switched to a network based system where the cameras operate on the infrastructure they have in the building and it operates over the network locally. It is not internet based. There are a number of systems that come in 16 camera lots and they are looking at adding enough cameras to cover the facility internally. It is the only middle school that they have that currently isn't covered by a security camera internally. They have cameras at the door but no internal monitoring. They would be looking to do a self-installed system using the network and incorporating the technology that they have in order to try to save cost.

Mr. Hart asked if it was similar to other systems that they have.

Mr. Coogan said it is basically the same type of network operating system.

Mr. Hart stated that there will be additional cameras throughout the whole school.

Mr. Coogan said that was correct.

Mr. Saunders said to Mr. Hart's question about sustainability; when they structured the \$911K, there are some one-time costs included that would be invested and not repeated.

Mr. Costa said to Mr. Hart's point, the money for the ELT is coming out of the additional charter school adjustment money and next fiscal year will have to come out of the operating budget. He asked if Mr.

Saunders could go over his explanation one more time because it got lost when he started talking about the shortfall from last fiscal year that could be coming. He does not know how that is going to affect them next fiscal year and thought that would assist them this year.

Mr. Saunders said there are a number of factors and explained that the \$911K was created first by the charter school reimbursement and tuitioned out. That is always a part of their sustainable budget and would always receive that. Also, they already have a deficit that has to be addressed for FY14 so those monies are either coming this year or next year. He mentioned he had forwarded to them a quarterly update looking at medical costs which are part of the NSS. The costs are decreasing and will make another available resource for them long term. They are picking up some additional costs such as the utility cost he spoke of but if they look at sustainability and risk factors; they will see some movement from medical into the budget as well as the charter school monies and the deficit money.

Mr. Costa said he was not so concerned with the \$130K not being sustainable because he thinks it is a doable expenditure. He got lost because he thought Mr. Saunders explained to Mr. Hart that because the shortfall in NSS from FY14 was coming from the city, that this money could then be taken out of that money in subsequent years. He understands what he is saying in that the foundation budget is going to grow next fiscal year just as a matter of course because that is how the foundation budget operates but he thought he was saying they are going to look to take it from the shortfall from FY14 going forward.

Mrs. Panchley said she just wanted to add that she had gone over this with Mr. Saunders last week and the top three numbers are offset on the bottom with the network upgrades because it is only half a year so they really need to double that but would offset with one-time expenses listed on the bottom.

Mr. Costa asked if they knew where the eleven paraprofessionals slated for the funding would be going.

Superintendent Mayo-Brown said based on the class size information that they sent out to the Committee, they would be prioritizing classrooms that have thirty or more students and then look at other school needs. She added that they have some schools that are requesting them just for additional support reasons but the priority is to reduce class size.

Mr. Costa asked if the eleven covers the amount of classes or if they are looking to use any shortfall from the NSS from last year going forward to assist with that as well.

Superintendent Mayo-Brown said they would be looking for the shortfall funding once it came into the district to provide additional resources to schools. The eleven is based on the conversations they had with the Committee with every kindergarten classroom having at least a half time paraprofessional as well as reducing the class sizes in grades one. Because of a shortage in substitutes, those kindergarten paraprofessionals or other paraprofessionals in the building are getting pulled from those assignments to serve as substitute teachers. Although they may see it on paper that a classroom has a half time paraprofessional, it is likely that that paraprofessional is pulled frequently. In those cases where the school has a very limited amount of paraprofessionals, they would be looking to increase that amount so that those kindergarten paraprofessionals are not pulled.

Mr. Costa asked if the eleven initially is to address kindergarten classes and then classes that have thirty or more students regardless of grade level.

Superintendent Mayo-Brown said that was correct.

Mr. Costa asked once that is accomplished, how many additional paraprofessionals does she see the district needing.

Superintendent Mayo-Brown said she thought they would hear from the elementary principals that they would like to have at least one more building paraprofessional per school to alleviate the scenario she just described.

Mr. Costa asked because he wants to put it to rest because it is a need. He wants to make sure they seize the opportunity to utilize the funds to do that. He sees some other things that he is okay supporting as long as he is assured that the issue of class size is going to get addressed and is a priority. Without that, he does not know that he can support expenditures in other areas because even though they may be needed. What he hears most now is that at the early elementary grades where students are building a foundation for education, the numbers are making it more difficult to build a solid foundation. He wants to make sure they keep that as a focus.

Superintendent Mayo-Brown said that the Committee had also approved an additional five at October's meeting. She knows the Committee is always open to them coming forward with needs. She added that she did want to have a conversation at some point with the Committee about what the overall strategy is. She agrees with him that adding more paraprofessionals to reduce class size is critically important from a teaching and learning perspective and also from a parent and safety perspective. That said and thinking about their overall resources, she felt they needed to start to narrow down what their biggest improvement strategies are outside of this. Is it expanded time? All ELT schools are level one schools. Are there other models such as co-teaching? She has heard a variety of suggestions through this and her only caution to the Committee would be if they sprinkle improvement reform strategies it can dilute each particular strategy because they are trying to do too many things at once. At a future date she would like to have a conversation with the Committee to see where they should put their resources to have the biggest impact on closing that achievement gap.

Mr. Costa said he would ask through the Chair that those conversations occur at that subcommittee just the same way they do when the budget is established. If there are targeted interventions that are needed in order to address student achievement then he thinks it is incumbent upon those principals or department heads to come forward with a proposal and be specific about the use of the money and how it is going to assist them with their school improvement plans. He thought that is how they have been able to garner credibility because principals come forward and match their particular school's needs based on their budget requests. The community in general has welcomed that in addition to seeing the results because they now know where the money is going and how it is affecting their child's education. He would be open for those conversations to happen in subcommittee so they have a better sense of cost and how it will be used and then eventually the full Committee will have an opportunity to hear it. He deferred to the chair and his colleague on their feelings but he felt it has been a very successful process.

Mrs. Panchley agreed and said she is not an education expert and trusts that the Superintendent and the principals will go to them with recommendations that are best for the students. She analyzed the class sizes a little bit but did not look specifically at kindergarten to see if they had less than thirty students so she is not sure if there are extra classes that do not have a paraprofessional. There were eighteen classes currently with no paraprofessional that have thirty or more students and fourteen of

those classes are K through 2 which she believes is the target. She noted that six of those were at Silvia and seven were at Greene. Mrs. Panchley said with the \$911K they cannot accommodate classes with a full-time paraprofessional but she did want to make sure that schools like Silvia and Greene are getting the number of paraprofessionals they need to have a half time paraprofessional in the classes that are thirty plus students. She knows there are other schools that have high concerns and want a paraprofessional and she understands that but believes they are supporting those schools in other ways. She wants to make sure they are not letting other schools fall down.

Mr. Costa asked if the Chrome Books would be going to students.

Dr. Roy said absolutely.

Mr. Costa also asked about the curriculum supplies.

Mr. Saunders said they were hoping to increase the supplies by \$75K because they brought a new school on with Henry Lord and they needed curriculum supplies in there. This is to cover some of those costs.

Mr. Costa recommended that when this comes through the full Committee they could add more detail to the list.

Dr. Roy said some of it includes software licenses.

Mr. Costa said that was fine but felt the more specific they could be about the expenditure it would be a lot easier to discuss.

Mrs. Panchley asked how much more time Fonseca students would be adding with the ELT.

Superintendent Mayo-Brown said it would be a half hour.

Mrs. Panchley asked how many Chrome Books they were ordering.

Mr. Coogan responded 200.

Mrs. Panchley asked if it was part of the gearing up to PARCC.

Mr. Coogan explained that one of the good things about Chrome Books is because they are mainly web based they are not as expensive and allows them to get technology into the hands of students for almost a two for one price over a conventional laptop. It is a good way to up their technology level at a lesser cost.

Mrs. Panchley wanted to clarify after things that she had heard in the community that the school department is not running in a deficit. The city did not fund the schools at net school spending and there is a shortfall from what was funded. The school department is working within the budget they appropriated but also still owed money that the school department will be trying to get to increase what they can offer to students and education.

Mr. Hart asked about items that were listed and Superintendent Mayo-Brown explained those items to him.

Mr. Hart asked about the heating rate at Durfee and asked if Mr. Saunders could explain it again for him.

Mr. Saunders explained that there are a number of communities that join together and buy natural gas together. They have been trying to time the market and at this time the market has gone away from them. From a pricing standpoint they want over \$15 a dekatherm. They can get that directly from the utilities just like a commercial customer at \$10 a dekatherm. They were in the \$6 range before so there will be an increase they will have to absorb. If they go on the open market they will be at that \$15 rate. All the communities are dropping back into the utility rate right now. When the conditions change they will probably go back out to the open market to purchase.

Mr. Hart asked about the number he listed for heat.

Mr. Saunders said based on this the number will go up to \$116K.

Mr. Hart confirmed that that was not in there right now.

Mr. Saunders said that was correct.

Mr. Saunders said the \$911K is not part of the first quarter transfers.

**MOTION: Mr. Costa – Mr. Hart: To refer the additional services totaling \$911,000 as outlined by the administration to the full Committee with the subcommittee’s full support.**

No Discussion

**All were in favor**

**None were opposed**

**Motion Passed**

2. Discussion of recommendations for the supplemental appropriation of \$140,000 for transportation as provided by the City Council

Mr. Saunders explained that the city gave two appropriations. When they did the original transportation bid the charter school was not part of it because they did not know about it. They put those services out to bid and came back at \$140K. They administered the contract because they asked them to. The City Council increased the budget for the \$140K for transportation. It is not eligible for NSS so it does not go into that calculation.

**MOTION: Mr. Hart – Mr. Costa: To recommend to the full body.**

No Discussion

**All were in favor**

**None were opposed**

**Motion Passed**

Mr. Saunders said there would also be a contract approval at the regular meeting for the \$140K.

3. National Resource Network (NRN) funding availability/options

Mrs. Panchley said as they may recall they had a speaker at the September meeting that spoke about this grant and are looking for some matching funding from the city and the school department. She believed the city has already entered into an agreement with them and asked if that was correct.

Superintendent Mayo-Brown said that her understanding was a Memorandum of Understanding was executed by the city administration to work with the NRN.

At the School Committee meeting the Mayor had asked if the School Committee could identify \$10,000 to support the work of the NRN.

Mrs. Panchley said she thought they were looking for \$40,000 from the city altogether and \$10,000 of that being from School Committee. It was referred to finance. She said they had never heard about it until that night and she is still not exactly sure what they are looking to do but if the School Committee as a whole wants them to figure out if there is funding that is what they need to do.

Mr. Costa apologized because he was not at the September meeting but did read the email regarding the request. He asked what the administrations' feeling was on the use of this money and what they hoped to gain from it. He knows they were looking to do a number of different things and he does not mind being supportive of it if the administration feels this is a worthwhile expenditure. If the city feels it is an appropriate expenditure he thought they should be coming to speak to the Committee about why it is important to expend it. If the administration feels they can gain something from it, they do not have to have the city come to present.

Superintendent Mayo-Brown said she thought anytime they had an external look at the school system it is helpful to them but she would recommend to the subcommittee at this time to hold off. They have had one meeting with the representative from NRN. They met with senior staff shortly after the School Committee meeting and described some of the work they had anticipated to engage in with them. They have had very limited contact with them since and do not know if they are on hold or proceeding. They described to her that they were trying to engage with a subcontractor to assist with the educational component but had not yet confirmed who that would be. She thought there were still a number of details they should wait on.

Mr. Hart agreed that there is a lot to absorb. He had looked them up online and there are a lot of good things that they do but as the Superintendent said they had not heard from them since the last meeting and did not feel comfortable taking a vote.

**MOTION: Mr. Costa – Mr. Hart: To table.**

No Discussion

**All were in favor**

**None were opposed**

**Motion Passed**

#### 4. First Quarter Revolving Funds

Mr. Saunders said the School Committee policy is that on a quarterly basis they provide a report to the subcommittee on how the revolving funds are; the biggest portion of that being the school lunch program. He provided them with the September 30th listing of revolving funds and brought to their attention fund 4052 which is a fund they are waiting on reimbursement. They pay some salaries out of there and it has a deficit but the money is coming in from the funding source. They are in healthy balances and will be reporting out in December again on it.

Mr. Hart asked what the 4052 was for.

Mr. Saunders said it is an arrangement with the FREA to reimburse them for their salaries and also this year should be the old ROTC fund where the monies will come back in.

Mr. Hart asked where the funding source comes from and Mr. Saunders replied the FREA.

Mr. Hart asked how that was done.

Mr. Saunders said that they are billed and they send the money back.

Mr. Hart asked why it was in a deficit.

Mr. Saunders said it was timing and they had never had a problem like this. He thought it may have even been cleared up; he had not checked that morning.

Mrs. Panchley asked who they were paying and who was paying them.

Mr. Saunders said he gets reimbursed for the FREA salaries.

Mrs. Panchley asked who reimburses them.

Mr. Saunders said the union.

Mr. Costa asked about the \$25,000 levy on Tremblay's and what account it would show up in. He knew they had paid it the following day.

Mr. Saunders said it is inside the use of schools because the School Committee was to use it for safety training.

Mr. Costa said he knew the intent of the money but just did not know where it was located. He wondered if that was the best place for it and asked if it was just a place holder for it.

Superintendent Mayo-Brown said they thought that was the best place to let it sit and there is no plan to spend it.

Mr. Costa said that was fine but he just did not want other use of school expenditures to be paid out of that money not realizing that is not the intent of it.

Mr. Coogan said they have not done anything with it.

Mr. Costa said when it gets put into an account and an expenditure is brought forward to use funds from that account, he wants to make sure that those funds do not get used.

Superintendent Mayo-Brown said they are not touching it.

Mr. Costa responded as long as someone knows that money is sitting in that account so it doesn't get brought forward as an expenditure when its intent was for a safety program he is okay with it. He also asked that the administration close that loop and do some sort of training with staff or students regarding safety issues. He wanted to use the money wisely given the circumstances of how they received it.

Mrs. Panchley wondered what the appropriate subcommittee would be to work with a recommendation to the School Committee on what to do with the money. It had fallen off her radar and felt if they are going to levy fines like that they are responsible to do something positive with it.

Mr. Costa said he did not want to press the administration into coming up with something now but did not want the money to sit there.

Mr. Coogan said he and the Superintendent had discussed it briefly on a couple of occasions. He let the Committee know that there are two things going on right now to make them aware of.

1. Typically during November they do their bus evacuation drills. There is specific safety training that is already taking place and as a result of that there may be some recommendations that come forward around that.
2. He made the Committee aware of ALICE training which is going on in the schools.

Mr. Costa said that is what he was thinking in terms of but did not know what the cost was associated with that. He is not asking that they come up with something immediately but does not want the money to sit there.

Mr. Coogan said they can come up with some suggestions to bring to the Committee for approval.

Mr. Costa asked if they do bus safety that they try to include Tremblay's so they can see that it wasn't completely punitive.

**MOTION: Mr. Costa – Mr. Hart: To refer the first quarter revolving funds to the full Committee with the subcommittee's full approval.**

No Discussion

**All were in favor**

**None were opposed**

**Motion Passed**

5. First Quarter Budget Transfers

Mr. Saunders said again with School Committee policies they have come forward with the quarterly transfers in the first quarter and will do this every quarter. They found themselves in a position where they cannot fill their speech therapist positions and had to contract out for those services so they are moving money from the teachers' area to cover the contract cost. They had some money that they transferred around for postage usage and took that out of telephone. They are communications and it was to re-establish the budget line items.

Mr. Costa asked if the total amount accounts for a specific amount of speech salary positions.

Mr. Saunders replied that it is specific special education positions that were salaries that go into speech. He did not know the number.

Mr. Costa said if they are speech positions they cannot fill; therefore, they are transferring that professional salary to cover the contract, he is okay with that.

Mr. Saunders and Superintendent Mayo-Brown said that is what was taking place.

Mrs. Panchley asked if speech therapists were paid teacher salary.

Mr. Costa said yes and Mr. Saunders said they are under the FREA.

Mr. Hart asked what the term brakeage was.

Mr. Saunders explained that it is for the difference in salary when they budget between somebody that might be a master's, step 7 and they hire at a master's, step 3. There would be a difference in salary.

Mr. Hart stated they are taking the \$253,700 out of 511220 teachers' salaries.

Mr. Saunders said that is correct.

Mr. Hart asked if that number was under encumbrances.

Mr. Saunders said no, it was going to the appropriation.

Mr. Hart said he is looking at the others under encumbrances and it looks like they had been deducted properly.

Mr. Saunders said no; the sheet they are looking at with the column just before *end transfer request*; that is the actual transfer. Next time they see the budget they will see transfers adjusted in the column based on the sanction by the Committee.

Mr. Hart asked how they went negative on contracted services.

Mr. Saunders said they have to provide the service so they contracted out.

Mr. Hart asked if they contracted out before the money transfer.

Mr. Saunders said yes and noted they are legally required services.

Mr. Hart said he understood that. He then asked if there are any other brakeage positions throughout the district like that.

Mr. Saunders said there will be a number of positions throughout the year and they always have overtime and substitutes and have to go back to the line items.

Mr. Hart asked if he had a list of those positions.

Mr. Saunders said he does.

Mr. Hart asked if he could get that over the next week.

Mr. Saunders said if he stopped by the office he could show it. He did not want to send it because it had a lot of information.

**MOTION: Mr. Hart – Mr. Costa: To recommend the budget transfers to the full body.**

No Discussion

**All were in favor**

**None were opposed**

**Motion Passed**

**New Business**

Mrs. Panchley said they do have one item under new business. There was a letter sent on October 29th to Mayor Flanagan from the Department of Revenue regarding the waiver that they heard about in the news. The Superintendent received a copy of it.

Mr. Hart asked when the Mayor received it.

Superintendent Mayo-Brown was not sure when the Mayor received it but she was copied on it as well as two other Superintendents (Diman & Bristol Aggie).

Mr. Hart asked if the November 4th stamp was the school department's.

Superintendent Mayo-Brown said it was.

The subcommittee took a moment to read the letter to themselves.

Mr. Costa said if he read it correctly, the NSS shortfall is \$3.1M.

Superintendent Mayo-Brown said yes.

Mr. Costa said of the \$496,859 waiver/break that was given to the city, that was broken down where the school department's portion of that is \$118,194. He asked if the other two amounts then go to Diman and Bristol Aggie.

Mr. Saunders explained that they filed an end of year report and - after all the adjustments and they accepted some additional costs in - they showed a deficit for the current year because they made up some of it. It was \$3.4M. This letter was being interpreted by DESE in that the \$3.4M would be a postponement of almost \$500K and would be added back in the next cycle. The \$3.4M would be adjusted down to the \$2.9M deficit and then that would go into the calculation of where they stand for the current year.

Mrs. Panchley asked if it said \$3.1M because of the chillers.

Mr. Saunders explained how the deficit carryover as it stands currently is at \$3.1M.

Mr. Costa asked if that was the school department's deficit NSS carry forward from FY14 to FY15; \$3.1M?

Mr. Saunders said no it was really \$3.4M but because they gave some additional money this year....

Mr. Costa said he is looking at what the net is.

Mr. Saunders said the net for the current year is the carryover of \$3.1M.

Mrs. Panchley said it states *reduces the city's FY15 minimum contribution to \$3.1M.*

Mr. Almeida said that was in reference to the amount that Diman and Bristol Aggie...

Mr. Saunders said he has not been able to tie any of the numbers together because they did not get the original communication.

Mr. Hart asked to DESE?

Mr. Saunders said yes. When he contacted DESE he had not worked any of the numbers out and wanted to know what would be coming out of their office. They would be sending a letter out tomorrow and what they are saying is that they would get relief of basically the \$489K. It is one time and a postponement. The deficit still runs and has to be funded.

Mr. Hart asked to help him understand; the city requested the waiver and he and the Superintendent did not get a copy of that.

Superintendent Mayo-Brown said she believed they requested it and received a copy of what was sent to the Department of Revenue.

Mrs. Panchley said she requested it. It was before the last School Committee meeting and a long time after hearing it in the media.

Mr. Costa asked where they are in terms of communication with the city's finance team about the plan for making up the shortfall.

Superintendent Mayo-Brown said they are still waiting for the certification letter from the Department of Education and are hoping to get it tomorrow.

Mr. Saunders said he was told it was on the Commissioner's desk today and would be in the mail tomorrow.

Superintendent Mayo-Brown said if they recall everyone wanted to wait until it was certified. DESE has the DOR letter and will calculate the actual shortfall.

Mrs. Panchley said she would like to see the finance subcommittee send both of those letters right to the City Council for their information.

Mr. Costa agreed and said at some point he thought it was a good idea for the school finance team to meet with the city's finance team to present a united front with respect to the funding of the money. If their position is going to continue to be they cannot afford it and push it off then the City Council will have the information and the city will be put on notice that they are on the hook for X amount of dollars to meet NSS requirements and have that conversation.

Mr. Hart asked about having the state delegation there as well.

Mrs. Panchley did not know how much the State could do.

Mr. Hart asked how else they would make it up.

Superintendent Mayo-Brown said it has to be from the city.

Mrs. Panchley said that the recommendation is to forward the two letters to the City Council and ask Madame Superintendent to plan a meeting with the city finance team to begin discussing how they are going to address this.

Mr. Costa agreed they should have a conversation with them about their intentions and plans now that it is official. This is an issue of timeliness. They talk about the needs in the district and the resources they are looking to provide their students in the district and it hinges upon this funding. It is not new money but money that should have been a part of last year's budget. He felt they have been plenty patient when coming to letting the process play out; getting the certification; allowing the administration to ask for a waiver to reduce the amount. They have done all they can in lieu of the funds being provided to the district so that they can do the things they need to under the law.

Mr. Costa wanted to be clear with the public that they are not asking for more money. This is what the State has required the City of Fall River to expend on education at minimum. This is not the School Committee asking for more money despite the needs in other areas of the city. He added that the State has and will officially come down and say that that was the required NSS minimum for Fall River and they did not meet it in FY14; therefore, they need to come up with this amount in order to support education in FY15. He knows the needs in the city are abundant and does not want people to think the school department is hoarding money. It is law and required minimally and all they are advocating for is that they come up with the money to do what the law requires them to do.

Superintendent Mayo-Brown said they are trying to get some clarification around if this is just a deferment. If the money is not waived for good they will have to pick up that obligation next year.

Mr. Saunders said the money they are talking about in the letter that is almost \$500K is a postponement and not a waiver. It says it must come back to us.

Mr. Costa said it would be highly unlikely that they would find a state agency who would abdicate the law. It makes more sense that they would get bereavement on the payment but eventually it has to be made up.

Superintendent Mayo-Brown thought they needed to be clear with both the Committee and City Council that for that following fiscal year, that \$500K will be on top of any shortfall and their preliminary projections are indicating that once again health care costs will come in significantly lower than projected and that shortfall is going to be revisited based on those projections.

Mr. Costa asked that the school department monitor on a quarterly basis the quarterly medical expenditures as actuals so that they can monitor it. That way they do not come to the city at the end of the fiscal year with a projected shortfall of millions of dollars. They can give them quarterly updates on how things are going and trending so that there is no surprise. He thought they should copy the Council

on that as well so that they are aware when they are getting their budget updates from the city administrator. If there needs to be a supplemental appropriation, it may be able to be made midstream as opposed to the end of the fiscal year which is where he thought they found themselves in a predicament this year. He stated again he did not want projections but actuals. He thought that was a sound way to move going forward and open the lines of communication to get everyone on the same page.

Superintendent Mayo Brown said that Kevin Almeida had run the projections and there is a graph in their binders. She asked that he explain it to them.

Mr. Almeida said he took a look at the medical projections to see where they are at this point and based on preliminary projections they are running anywhere from \$1.2M to \$1.5M short right now.

Mr. Costa asked if that meant short of what was budgeted; meaning that they have over projected the medical?

Mr. Almeida said yes.

Mr. Costa said that he just wants to make sure that they have enough money to cover medical expenses. What Mr. Almeida is saying is that they have overprotected by \$1.5M roughly at this point.

Mr. Almeida said that was correct.

Mrs. Panchley asked if he was projecting out through June 30.

Mr. Almeida explained that they are seeing a dip. He does not know if they expected the dip to be as low as it currently is. It is based on how often people are going to the doctor, etc. He said he is doing a conservative estimate for the next nine months.

Mrs. Panchley said she knows last year they were conservative and that number grew. If he is telling them that is a conservative estimate as of now...

Mr. Almeida said it could potentially go up.

Mrs. Panchley agreed with Mr. Costa that they need to let the City Council know. She added that that is a number that the city gives to them.

Mr. Almeida said they are just being proactive and taking a look at it. They knew what the problem was last year so they are trying to get ahead of it again.

Mr. Costa agreed and said if this was their issue, they need to work together now to preempt a situation where they are going to the city with a shortfall at the 11<sup>th</sup> hour.

Mrs. Panchley said last year it kept going back to transportation and that they did not fill some of the salaries but they are not in that situation this year. She asked if they have filled the positions that need to be filled.

Mr. Saunders said they have budgeted for all positions. He explained that the bus thing threw a wrench into everything but they have always been trending down. When they started the budget process they were looking to increase the NSS up to 101-103%. They have never achieved more than 100%. When they use a budget today that they are going to target for 100%; because of how much they have been doing to reduce the pressure in healthcare, they will never hit that and will always be looking at a deficit unless they start moving past the 100%. He knows the financial crisis of the city but if the pressure is to reduce healthcare benefits, they will never hit 100% unless they start looking at the 101-102%.

**MOTION: Mr. Costa – Mr. Hart: To forward both letters to the City Council as well as the projections on health care expenses.**

No Discussion

**All were in favor**

**None were opposed**

**Motion Passed**

Mr. Saunders said he had one more item and handed out the tentative budget calendar for the FY16 budget. They are going to stay with the same format and there is the opportunity for a budget summit again in January or February if need be. They are really looking for the work to be done in the subcommittee starting in March and running to the end of April, turning the budget over for the first meeting in May, and then doing the public hearing and releasing an approved budget to City Council for July. They will have all the principals come forward again and will keep the budget format as it has been. Principals will discuss their school improvement plan and the budget process and how it ties together.

Mrs. Panchley said based on conversation Mr. Costa had at the last School Committee meeting, they need to focus in on not just looking at the operating budget but also the grant funded positions and question anything at that time. She also requested they get the budget binders a few days prior to their March meeting so that they have time to look at them before meeting with principals so that they can pay more attention to their presentations.

**MOTION: Mr. Costa – Mr. Hart: To refer the tentative FY2016 budget calendar to the full committee.**

No Discussion

**All were in favor**

**None were opposed**

**Motion Passed**

**MOTION: Mr. Costa – Mr. Hart: To adjourn.**

No Discussion

**All were in favor**

**None were opposed**

**Meeting Adjourned at 6:37 PM**

Respectfully submitted,



Administrative Assistant for  
School Committee Services