

Warwick School Committee Minutes  
Meeting of April 28, 2009  
Open Session

The Warwick School Committee met in Open Session at Winman Jr. High School on Tuesday, April 28, 2009. Chairman Friel called the meeting to order at 6:25 p.m. with the following in attendance:

COMMITTEE

Christopher Friel, Chairperson  
Lucille Mota-Costa, Vice Chair  
Bethany Furtado, Clerk  
Paul Cannistra  
Patrick E. Maloney, Jr.

ADMINISTRATION

Peter P. Horoschak, Superintendent  
Rosemary Healey, Esq., Director of Compliance & Human Resources  
Robert T. Bushell, Director of Elementary Education  
Victor Mercurio, Director of Secondary Education  
Leonard Flood, Director of Business Affairs

The following is the presentation by Mr. Flood:

Mr. Flood presented the budget for FY2009-2010 for consideration and review of the Committee. He said that this year's budget finds the school department in a stable financial position, allowing us to eliminate our debt to the city while maintaining a solid educational program for the students and families of our community. There are issues to be addressed. This year, the amount of state aid for both FY 2009 and FY 2010 remains unclear. In addition, the amount of the appropriation from the city for FY 2010 is equally uncertain.

The school department has worked hard to maintain a balanced budget this fiscal year by cutting personnel costs and severely limiting purchasing. Sacrifices have been and continue to be made daily to control expenditures. However, the ability to maintain a balanced budget this fiscal year is contingent upon the revised state funding plan for schools, as set forth in the FY 2009 state supplemental budget, equaling the original FY 2009 state funding entitlement.

The budget for FY 2010 for all funds is \$167.4 million as compared to \$171.0 million the prior fiscal year, a decrease of just over 2.0%. The budget reflects cost savings from closing an elementary school this fiscal year resulting in savings in excess of \$860,000. If the decision is ultimately made not to close a school this year, these savings will not be realized. In addition, personnel costs are seeing only a moderate increase over FYE 2009. This is due to primarily to three reasons. First and foremost, the \$4.8 million in teachers' retro salary and fringe benefit payments was a one time expense in FY 2009 and is not repeated in this budget. Second, last year's budget was built upon an anticipated 3.5% increase in teachers' salaries which was reduced to 2.0% to avoid a deficit this fiscal year. The savings of \$1.4 million in salary and benefits costs reduced the base amount upon which this year's 2.25% is calculated, making for a \$1.4 million savings in this year's budget as well. Finally, proposed staffing reductions in the General Fund for FY 2010 are projected to save an additional \$1.4 million.

For FY 2009 the school department converted to the state mandated Uniform Chart of Accounts (UCOA). FY 2010 has been prepared using the same UCOA format. The comparability of data from FY 2008 is only reliable on an aggregate basis since many accounts used at that time have been split up under the UCOA to provide greater detail or have been reclassified or moved between expenditure categories. An "all funds" summary report is included for FY 2010 which shows aggregate revenue and expenditure projections for the general fund as well as all special revenue and enterprise funds of the school department as required by the UCOA.

Warwick School Committee Minutes  
 Meeting of April 28, 2009  
 Open Session

**REVENUES:** The State of Rhode Island is now the only state in the union that does not have a state funding formula for its public schools. With the downturn in the economy, the state has been pressed by a \$370 million budget shortfall for FY 2009 and a projected \$450 - \$500 million budget shortfall for FY 2010. The General Assembly passed a supplemental budget for FY 2009 in March 2009 which cut state aid to schools by almost \$6 million and replaced it with a combination of federal stimulus funds (\$2.2 million) and savings from pension reform (\$3.6 million). There are still problems to be overcome with this state aid plan. The federal stimulus funding plan was originally passed by Congress in February 2009 to provide additional funding for educational programs to local school districts and was not intended to be used to supplant state aid which is exactly what the governor recommended and the state legislature has approved in the supplemental budget for FY 2009. The state must seek approval from the federal government in the form of a waiver to use stimulus money in this way. As of last report, the state was waiting for the forms from the federal government which was still in the process of preparing them. After the forms are received, information must be provided by the state and then submitted back to the federal government for approval. How long this process will take is unclear as is what will happen if this waiver is not approved. In addition, although the legislation cut state aid to schools by \$3.6 million from savings as a result of pension reform, no pension reform legislation has been presented for consideration by the General Assembly at this time. The state's financial condition for FY 2009 has continued to deteriorate, and the possibility still exists that another supplemental budget will need to be passed for FY 2009 which could adversely impact the school department.

For the upcoming fiscal year, the following revenue assumptions were used:

- City Appropriation: The proposed budget includes a requested city appropriation of \$126,217,740, an increase of \$2,249,672 or 1.8% increase over last year's appropriation.
- State Aid: The School Department has received preliminary numbers from RIDE that are built with the same assumptions regarding state aid as were included in the FYE 2009 supplemental budget including a reduction in state aid, offset by \$1,860,738 from federal stimulus funds and a reduction in aid due to pension reform of \$2,178,700. Revenue received from gaming revenue in FYE 2009 which was considered part of state aid last year has been completely eliminated, resulting in a loss of approximately \$225,000 in revenue in FYE 2010. Since no new pension rates have been received from the ERSSI, the pension reduction has not been taken into account as a reduction in state aid nor have we reduced expenditures as a result of any potential savings in pension expenditures. If in fact pension reform legislation is passed, state aid would be lowered by \$2,178,700. This would not impact the bottom line provided that the school department receives an equal amount of savings in pension fund contributions.
- Other significant local revenues include:
  - tuition revenue of \$1,050,000, which includes an estimated \$50,000 in pre-school tuition recently approved by the school committee.
  - Medicaid reimbursements of \$1,300,000.
  - income from the rental of Rhodes Elementary School to the Rhode Island School for the Deaf of \$257,143.
  - other miscellaneous revenue of \$513,330
- In addition to these revenues, there is \$419,362 in carryover funds in the special revenue and enterprise funds from FY 2009. Segregation of these fund carryovers is required under the UCOA.

**EXPENDITURES** (Staffing Adjustments) As we have experience in the past several years, it has become apparent that the only way to keep costs down is to continue to reduce staffing. The Position Changes for FY2010 report provides detail regarding the proposed staffing changes for next year. As this report indicates, the proposed budget provides for a net reduction of 18.1 FTE positions across all funds for a total saving of \$1,520,369 in salary and benefit costs. When looking at the General Fund alone, the net reduction is 19.35 FTE positions at a net savings of \$1,905,496. In addition, with the retirement of the

Warwick School Committee Minutes  
Meeting of April 28, 2009  
Open Session

Director of Buildings and grounds, approximately \$5,000 in funds has been included in the budget to be allocated to staff members assuming the responsibilities of this position.

**SALARIES** The Fiscal Year 2008-2009 Budget includes an increase of 2.25% for all certified teaching staff in accordance with the terms of the contract extension approved by the WTU and the School Committee in August 2008. After forgoing a pay increase last fiscal year, the proposed budget includes a 2.25% increase for non-union administrative and middle management staff. The contract with the Warwick Independent School Employees (WISE) union expired on August 31, 2006. The budget includes funding for the continuation of the old WISE contract until a new agreement is reached. No funds have been included in the budget for any salary increases in the upcoming fiscal year.

**BENEFITS** Next to salaries, fringe benefit costs represent the second largest expenditure category in the School Department's budget. When combined with salaries, the two categories account for 85.2% of total expenditures. Benefit expenditures include the following:

- Professional Pension: This account covers the requirements for the pension program for teachers and the vast majority of the administrative staff. This program is managed by the state's Employees Retirement System of Rhode Island (ERSRI). The School Department has no control over the required contribution rates that are set by the plan each year. As previously noted, the entire matter regarding pension reform is still pending before the General Assembly. We have been advised by RIDE that any pension reform is to be revenue neutral to the schools. The new rate for FY 2010 is yet to be released. Therefore, for purposes of the FY 2010 we have used the FY 2009 rate of 14.86%.
- Classified Pension: This pension plan covers all of the Warwick Independent School Employees (WISE) Union members as well as some administrative and middle management staff not otherwise covered under the ERSRI plan. The pension fund is managed by USI Advisors, and independent pension plan consultant. The School Department's annual contribution is determined by an actuarial evaluation of the plan which is conducted annually. This analysis is based on census data as of the end of the current fiscal year. The actual amount of the actuarial contribution will not be known until after the start of the new fiscal year. For FY 2009, our actuaries indicated that the minimum contribution to the plan should be \$1,569,248. It is yet to be determined if the School Department will be able to make that full contribution this fiscal year. In looking at FY 2010, the actuaries have advised the staff that losses in the fund will be driving up the minimum contribution to a projected \$2,325,000, an increase of \$775,752. This is the amount that has been included in the budget. If market conditions worsen in the last two months of the year, the school department could see an increase in excess of \$1.1 million.
- Health Insurance: The Warwick School Department participates in WB Community Health for the purpose of purchasing health insurance for its members on self-insured basis. The organization covers almost 9,000 employees under a contract administered by Blue Cross of Rhode Island as plan administrator. We have been advised that our overall working rate increase will be 8%, as compared to 7% for the prior fiscal year, due to higher claims experience. This increase has been built into our overall health care costs for next fiscal year.
- Dental Insurance: The School Department is currently out to bid with WB Community Health for a new dental contract. The bids are still being evaluated. For purposes of the FYE 2010 budget, a 7% increase in rates has been included.
- Workers Compensation Insurance: The FY 2010 Budget includes \$900,000 for this insurance coverage. Beacon Mutual is our insurance carrier. The cost of this coverage is expected to increase by approximately 20% over last fiscal year due to an anticipated increase in our experience modifier which is set by a third party agency, the National Council on Compensation Insurance, based on the school department's claims experience. Our actual cost will not be known until the middle of June.

**PURCHASED SERVICES, SUPPLIES & MATERIALS, CAPITAL OUTLAY, AND OTHER EXPENSES** These expenditure categories account for 14.8% of total School Department expenditures for Fiscal Year 2009-2010. The purchased services category accounts for expenditures such as the following:

- Transportation Contractor: \$2.9 million

Warwick School Committee Minutes  
 Meeting of April 28, 2009  
 Open Session

- Tuition paid to out of district providers for special needs students and State DCYF placements: \$6.5 million
- Property/Liability, theft, fire and vehicle insurance: \$430,000
- Rent or lease purchase of vehicles and equipment: \$385,000
- Therapists, nurses, psychologists, audiologists, etc. for special needs students: \$790,000
- Professional Development/Training: \$388,000

This category also includes \$77,000 for the outfitting and rental of three trailers to relocate employees currently working in the oldest section of the administration building.

The Supplies and Materials expenditure category accounts for expenditures such as the following:

- Natural gas: \$1.3 million
- Fuel oil: \$468,000
- Electricity: \$1.7 million
- Gasoline and Diesel Fuel: \$700,000
- Textbooks as well as library and reference books: \$320,000
- General supplies and materials: \$622,000

The Capital Equipment expenditure category accounts for expenditures such as the following:

- Building Improvements: \$50,000
- Technology related hardware and software costs: \$873,000
- Furniture, fixtures and equipment: \$81,000

Other Expenses include:

- Dues and fees: \$118,000
- Debts service expense: \$1.1 million

A major component of the budget this fiscal year is a funding to repay the City of Warwick for deficits incurred in the 2007 and 2008 fiscal years in the total amount owed of \$2.9. In order to repay the City, the FY 2010 proposed budget includes an amount of \$2.9 which is budgeted under Fund transfers out in the General Fund.

In November 2006, the voters of the City of Warwick approved issuance of up to \$25 million in bonds for improvements to the Warwick Public Schools. The city administration has made it repeatedly clear on several occasions that he has no intention of recommending the issuance of any bonds on behalf of the school department unless the school department is willing to directly pay the debt service expense on these bonds. This would be precedent setting action on the part of the school department as the school facilities are owned by the city and there has been no time in the past when debt service expense has competed with educational funds in the school department budget. However, with serious roofing problems in various schools, fire and elevator code violations and other life safety improvements needed in facilities, the school department has few options. The FY 2010 proposed budget includes \$500,000 which represents the first year of a 15 year repayment schedule for a \$5,000,000 bond issue to begin to address these serious problems in our schools. This represents only 20% of the bond funds originally approved by the voters.

**CONCLUDING COMMENTS** While the school department is optimistic in the short term and relieve that we can pull ourselves out of our deficit position with the City, Warwick Public School system is still not out of the woods. The department is entirely reliant upon the City Council of Warwick and General Assembly for funds to run the schools. This year we are showing the first evidence that the cost saving measures and belt tightening of the last several years is beginning to pay off. No one could have predicted a year ago the depth to which our national and state economies would have fallen to today. Neither can anyone accurately predict what thinks will be like one year from now. The School Department must remain vigilant in our efforts.

Warwick School Committee Minutes  
Meeting of April 28, 2009  
Open Session

**Presentation of budget:  
Superintendent's Budget**

	<b>FY07-08</b>	<b>FY08-09</b>	<b>FY09-10 Request</b>
Purchased Services	73,515	98,645	107,900
Supplies & Materials	5,496	3,029	2,100
Capital Equip & Property	1,400	150	0
Debt Service & Misc.	22,678	16,689	24,030
<b>General Fund Total</b>	<b>103,089</b>	<b>118,513</b>	<b>134,030</b>

\*\*\*\*\*

**Director of Business Affairs**

	<b>FY07-08</b>	<b>FY0809</b>	<b>09-10 Request</b>
Purchased Services	3,550,476	3,769,161	4,453,075
Supplies & Materials	657,896	466,151	655,756
Capital Equip & Property	12,204	12,110	12,526
Debt Service & Misc	1,252	1,142	1,345
Other	65,204	12,000	12,000
<b>General Fund Total</b>	<b>4,287,032</b>	<b>5,174,783</b>	<b>8,980,849</b>

\*\*\*\*\*

**Adult Basic Education Budget**

	<b>2008-2009</b>	<b>2009-2010</b>
Salaries	83,250	80,240
Fringe Benefits	13,580	13,350
Purchased services	7,350	7,350
Supplies & materials	1,605	1,605
Capital Outlay	0	0
Other	650	650
Subtotal	106,435	103,195
Indirect	1,565	1,565
<b>Total</b>	<b>108,000</b>	<b>104,760</b>

**Vocational Training for Adults:**

Salaries	39,855	39,855
Fringe Benefits	3,049	3,049
Purchased services	4,940	4,940
Supplies & materials	1,432	1,432
Capital Outlay	0	
Subtotal	49,276	49,276
Indirect	724	724
<b>Total</b>	<b>50,000</b>	<b>50,000</b>

\*\*\*\*\*

**Director of Compliance & HR**

	<b>FY07-08</b>	<b>FY08-09</b>	<b>09-10Request</b>
Purchased Services	54,450	49,975	53,414
Supplies & Materials	4,605	3,510	4,070
Capital Equip & Property	3,499	3548	2,950
Debt Service & Misc	2,068	1,473	1,350
<b>General Fund Total</b>	<b>67,622</b>	<b>58,506</b>	<b>61,784</b>

\*\*\*\*\*

Warwick School Committee Minutes  
Meeting of April 28, 2009  
Open Session

**Director of Maintenance**

	<b>FY07-08</b>	<b>FY08-09</b>	<b>09-10Request</b>
Purchased Services	689,605	692,759	669,615
Supplies & Materials	3,282,272.14	3,627,039	3,871,87
Capital Equip & Property	23,050	13,667	60,000
Debt Service & Misc	1,610	1,129	2,850
<b>General Fund Total</b>	<b>3,996,537.14</b>	<b>4,334,594</b>	<b>4,604,340</b>

\*\*\*\*\*

**Coordinator of Federal Programs**

<b>General Fund</b>	<b>FY07-08</b>	<b>FY08-09</b>	<b>09-10 Request</b>
Purchased Services	0	296	685
Supplies & Materials	1,253	461	650
Capital Equip & Property	0	50	100
<b>General Fund Total</b>	<b>1,253</b>	<b>807</b>	<b>1,435</b>

<b>Student Set Aside Budget</b>	<b>2008-2009</b>	<b>2009-2010*</b>
Salaries	2,294,522	2,361,952
Fringe Benefits	980,628	1,006,480
<b>Total</b>	<b>3,275,204</b>	<b>3,368,432</b>

<b>Projected Title I Budget 09-10</b>	<b>2008-2009</b>	<b>2009-2010</b>
	<b>1,463,462</b>	<b>1,843,487</b>

<b>Projected Title II-A Budget for 09-10</b>	<b>2008-2009</b>	<b>2009-2010</b>
	673,011	664,991

<b>Projected Title IV Budget for 09-10:</b>	<b>2008-2009</b>	<b>2009-2010</b>
	59,585	52,475

\*\*\*\*\*

**Warwick Career & Technical Center**

	<b>2008-09</b>	<b>2009-2010</b>
Salaries	177,527	117,384
Fringe Benefits	13,584	8,980
Purchased services	41,244	52,310
Supplies & materials	9,545	9,145
Capital Outlay	60,928	101,101
Subtotal	302,828	288,920
Indirect cost	3,505	2,761
<b>Total</b>	<b>306,333</b>	<b>291,681</b>

\*\*\*\*\*

**Manager Information Services**

	<b>FY07-08</b>	<b>FY08009</b>	<b>09-10 Request</b>
Purchased Services	12,800	119,948	131,920
Supplies & Materials	50,303	18,815	45,320
Capital Equip & Property	658,994	472,877	464,350
Debt Service & Misc	0	105	250
<b>General Fund Total</b>	<b>722,097</b>	<b>611,745</b>	<b>641,840</b>

\*\*\*\*\*

**Technology Set Aside**

Capital Equip & Property	189,067.86	264,219.00	384,219
--------------------------	------------	------------	---------

-----

Warwick School Committee Minutes  
 Meeting of April 28, 2009  
 Open Session

<b>Technology Coordinator</b>	<b>FY07-08</b>	<b>FY08-09</b>	<b>09-10 Request</b>
Purchased Services	29,946	28,488	34,503
Supplies & Materials	12,455	5,339	20,451
Debt Service & Misc	331	0	380
<b>General Fund Total</b>	<b>42,732</b>	<b>33,827</b>	<b>55,334</b>

---

MOTION 2009-77: Moved by Mrs. Furtado, seconded by Mr. Cannistra, to adjourn the meeting.

**MOTION PASSES (5-0)**

Christopher Friel - Aye      Lucille Mota-Costa - Aye  
 Paul Cannistra - Aye      Bethany Furtado - Aye  
 Patrick E. Maloney, Jr. - Aye

Meeting adjourned 9:35 p.m.  
 Bethany Furtado, Clerk  
 Betsey Snipes, Secretary