Warwick School Committee Minutes
Meeting of April 1, 2010
Special Open Meeting (Budget)

The Warwick School Committee met in Open Session at Winman Jr. High School, on Thursday, April 1, 2010. Chairman Friel called the meeting to order at 6:05 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
William Sangster, Assistant to the Superintendent
Robert T. Bushell, Director of Elementary Education
Richard D'Agostino, Director Special Services
Leonard Flood, Director of Business Affairs
E. Paul Jannson and David LaPlante, Co-Directors Buildings & Grounds

Mr. Flood's presentation:

BUDGET NARRATIVE
INTRODUCTION

The budget for FYE 2011 is presented for review and consideration to the Warwick School Committee. This year's budget finds the school department dealing with increasing costs and level or decreasing financial resources which are creating unprecedented challenges in maintaining a solid educational program for the students and families of our community. The status of the Governor's supplemental budget proposal for FYE 2010 remains unclear as does his proposed education funding for FYE 2011. This is further complicated by the introduction of a new state school funding formula for FYE 2011 developed by RIDE and supported by Commissioner Deborah Gist. However, as directed by RIDE the proposed budget before the School Committee is based on the school aid numbers in the Governor's proposed FYE 2011 budget. Also, unclear is amount of aid the School Committee will be receiving from the City of Warwick to support the public schools in the community. The proposed budget includes a request for an increase in local aid in order to fund the valid collective bargaining agreements entered into by School Committee as well as other obligations incurred in the providing of services mandated by law. The school department has worked hard to maintain a balanced budget this fiscal year by cutting personnel costs and limiting purchasing. Sacrifices have been and continue to be made daily to control expenditures. After being level funded by the city this fiscal year and seeing decreases in funding at the state level, the school department is being challenged to meet the requirements of the basic education plan while at the same time maintaining school facilities to provide for a safe and productive educational environment. For FYE 2009 the school department converted to the state mandated Uniform Chart of Accounts (UCOA). The FYE 2011 budget has been prepared using the same UCOA format. An "all funds" summary report is included for FY 2011 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.

What follows is an overview of revenues and expenditures for next fiscal year. Additional information will be provided as part of individual presentations by staff members or in supplemental materials.

REVENUES

The State of Rhode Island is the only state in the union that does not have a state funding formula for its public schools although that would change if the Commissioner's education funding formula is approved by the General Assembly. With the downturn in the economy, the state has been pressed by a $220 million budget shortfall for FY 2010 and a projected $450 - $500 million budget shortfall for FY 2010. Estimates of that shortfall range from $500 - $600 million. The General Assembly has yet to act on the Governor's supplemental budget for FY 2010

which proposed a cut of $1.0 million in state aid to Warwick this fiscal year. The Governor's proposed FYE 2011 budget calls for additional cut in state of $1.3 million in FYE 2011. These cuts would be greater if it were not for proposed changes to the districts pension costs. In addition, the state has used Federal stimulus and stabilization funds for FYE 2009, FYE 2010 and proposed in FYE 2011 to supplant state aid. For the upcoming fiscal year, the following revenue assumptions were used:

City Appropriation: The proposed budget includes a requested city appropriation of $129,236,710, an increase of $5,268,643 or 4.25% over the prior year's appropriation of $123,968,068.

State Aid: As previously indicated the projection of state aid for FYE 2011 is based on numbers included in the Governor's proposed FYE 2011 budget. This takes into account the proposed $1.3 million in federal stabilization funds for FYE 2011, a decrease of $800,000 from the FYE 2010 levels as revised in the Governor's supplemental budget. The amount of federal revenue coming to the school department in FYE 2011 is again being used to reduce the amount of aid from the state. The federal stimulus funding will end this coming fiscal year. Also, included in the Governor's proposed FYE 2011 budget is additional savings from proposed changes in state pensions. Savings from these changes saves the school department on the expenditure side which is intended to offset the permanent loss in state aid. The estimated pension rate for the school department for contributions made to ERSSI is projected to drop from 11.79% to a projected 9.9%. This lower pension rate has been used to project pension costs for FYE 2011. The estimate value of this rate change is $1.7 million according to the Governor's office.

Other significant local revenues include:

- Tuition revenue of $975,000, which is a decrease of $75,000 over the FYE 2010 budget and reflects the lower enrollment of students from West Warwick at the Career Center.
- Medicaid reimbursements of $1,500,000. This amount is $150,000 lower than in FYE 2010. This is due to the fact that as we bring special needs students back into the system, our costs are lower and these lower costs result in lower Medicaid reimbursements.
- Income from the rental of Rhodes Elementary School by the Rhode Island School for the Deaf of $23,571 for the month of July 2010, a decrease of $233,572 over the FYE 2010 budget amount. The lease expires at the end of July 2010.

In addition to these revenues, there is $255,968 in carryover funds in the special revenue funds from FY 2011. Segregation of these fund carryovers is required under the UCOA.

EXPENDITURES

The budget for FY 2011 for all funds is $163,536,242 million as compared to $165,005,968 million the FYE 2010, a decrease of $1,469,726 or -.89%.

STAFFING ADJUSTMENTS

The FYE 2011 budget proposes the reductions in personnel. The net reduction of 24.0 FTE positions across all funds produces a total saving of $1.96 million in salary and benefit costs.

SALARIES

The FYE 2011 budget includes an increase of 2.75% 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. The value of this increase is approximately $2.3 million. The contract with the Warwick Independent School Employees (WISE) union expired on August 31, 2006. No funds have been included in the budget for any salary increases in the upcoming fiscal year. There are no general increases proposed for nonunion administrative and middle management staff. Step increases for all three groups are included in the proposed budget. Salaries account for $101.5 million or 62% of the total budget. $800,000 in salary costs have been moved back into the General Fund due to the decrease in Federal Stabilization Funds in FYE 2011.

BENEFITS

Next to salaries, fringe benefit costs represent the second largest expenditure category in the School Department's budget at 25%. When combined with salaries, the two categories account for 87% of total expenditures. Benefit expenditures include the following:

Professional Pension: This account covers the requirements for the pension program for teachers and other certified staff. This program is managed by the 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 2011 is

projected at 9.9% as compared to 11.79% for FYE 2010 and 14.86% for FYE 2009. The total amount budgeted across all funds for professional pensions is just under $8.0 million.

Classified Pension: This pension plan covers all of the Warwick Independent School Employees (WISE) Union members as well as other non-certified staff. 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 FYE 2011, our actuaries have estimated the school department's minimum contribution to the plan at just under $2.0 million. The number may increase or decrease depending on market condition for the last three months of the fiscal year.

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 estimated a 6% in FYE 2011, as compared to 7% for the prior fiscal year, due to lower claims experience this current fiscal year.

Dental Insurance: The School Department participates in the WB Dental Pool. Delta Dental is the provider of dental coverage to the members of the pool. Increases in costs are driven by claims experience. For purposes of the FYE 2011 budget, a 7% increase in rates has been included.

Workers Compensation Insurance: The FY 2011 Budget includes $916,225 for this insurance coverage. Beacon Mutual is our insurance carrier. The cost of this coverage is expected to increase by over 15.5% as compared to FYE 2010 due to an 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.

PURCHASED SERVICES, SUPPLIES & MATERIALS, CAPITAL OUTLAY, AND OTHER EXPENSES

These non- salary expenditure categories account for $20,451,792 or 13% of total School Department expenditures for FYE 2011. The Purchased Services category accounts for $13,474,376 in total expenditures which include the following major areas following:

- Special Needs: $6,968,056.
- Transportation: $3,448,757.
- Property/Liability, theft, fire and vehicle insurance: $452,500.
- Rent or lease purchase of vehicles and equipment: $415,370.
- Utilities: $354,548
- Legal Services: $157,000.
- Tuitions Out: $319,000

The Supplies and Materials expenditure category accounts for $5,493,784 in total expenditures which include the following major items:

- Utilities: $3,279,724
- Supplies for Elementary, Secondary, Special Services and Curriculum: $675,139
- Transportation: $560,090
- Maintenance: $484,420
- Textbooks, library and reference books: $376,259

The Capital Equipment expenditure category accounts $1,090,974 in total for expenditures which include the following major items:

- Technology related hardware and software costs: $906,291
- Furniture, fixtures and equipment: $75,128

Other Expenses total $428,036 including the following:

- Debt service expense: $300,000 for the first year payment on the $3.9 million Qualified School Construction Bonds.

The debt service expense is a new expenditure item this fiscal year. Last fall, the school department applied for and was awarded the opportunity to participate in a new program provided for in the American Resource and Recovery Act of 2008. The Qualified School Construction Bond program will provide the school department with $3.9 million bonds at a below market interest rate to replace the roof at Pilgrim High School, repair the roof at Wyman Elementary School and to make a limited amount of fire code improvements at schools throughout the district.

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CONCLUDING COMMENTS

Like school departments across the country, Warwick faces serious short term and long term revenue problems. The department is entirely reliant upon the City Council of Warwick and General Assembly for funds to run the schools. FYE 2009 showed the first evidence that the cost saving measures and belt tightening which was implemented was beginning to pay off. In FYE 2009 the school department ended with a surplus of almost $1.6 million. This allowed the school department to repay the City of Warwick over $672,000 for the FYE 2007 deficit and establish a reserve for capital improvements to facilities of $500,000.

FYE 2010 saw similar austerity taken in school spending, starting with a cap on non-salary spending at 50% in September 2009 followed by a spending freeze in November 2009 on all but essential expenditures necessary to operate the day to day activities of the schools, the school department will not end in a deficit situation for the second year in a row. However, the FYE 2011 is significantly more difficult. No one could have predicted two years ago the depth to which our national and state economies would have fallen to today. Neither can anyone accurately predict what things will be like one year from now. The School Department must remain vigilant in our efforts to meet the educational needs of over 10,000 students in our public school system.

Director of Elementary Education (Mr. Bushell)

	FY09	**FY10**	**FY11**
General Fund:			
Purchased services	1,815.00	5,810.00	79,025.00
Purchased property svcs	107,839.00	98,639.00	89,145.00
Other purchased svcs	1,711.00	8,278.00	9,476.00
Supplies & Materials	159,463.00	163,857.00	160,201.00
Capital Equip & Property	14,569.00	13,849.00	12,891.00
Debt Service & Misc.	9,294.00	9,180.00	9,180.00
	294,469.00	**299,613.00**	**359,918.00**

Literacy Set Aside #2302100

	FY09	**FY10**	**FY11**
Purchased services	75,998	108,975	116,271
Supplies & Materials	50,001	50,000	53,666
Capital Equip & Property	4,459	6,862	6,862
	130,458	**165,837**	**176,799**

Literacy/ELA Coordinator – Kathy Desrosiers
General Fund

	FY09	**FY10**	**FY11**
Purchased Services	21,662.00	23,678.00	21,500.00
Other purchased svcs	1,995.00	1,100.00	1,045
Supplies & Materials	11,851.00	9,700.00	9,125.00
Debt Service & Misc.	260.00	300.00	350.00
	35,768.00	**34,778.00**	**32,020.00**

#2302100 – Literacy Set Aside

	FY09	**FY10**	**FY11**
Purchased Services	75,998.00	108,975.00	116,271.00
Supplies & Materials	50,001.00	50,000.00	53,666.00
Capital Equip&Property	4,459.00	6,862.00	6,862.00
	130,458.00	**165,837.00**	**176,799.00**

#2303100 – Student Equity Set Aside

	FY09	**FY10**	**FY11**
Purchased services	0	**57,700.00**	0

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#23051000 Professional Dev. Set Aside

Purchased Services	58,280.00	0	0
Supplies & Materials	19,004.00	0	0
Capital Equipment	0	0	0
	77,284.00	**0**	**0**

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Director of Secondary Education (William Sangster)

	FY09	**FY10**	**FY11**
General Fund - 10000000			
Purchased services	227,891.00	228,510.00	255,718.00
Purchased property svcs	185,645.00	183,258.00	192,223.00
Other purchased svcs	19,461.00	20,053.00	18,615.00
Supplies & Materials	443,011.00	452,965.00	455,518.00
Capital Equipment & Prop.	42,628.00	38,822.00	30,998.00
Debt Service & Misc.	77,275.00	80,392.00	74,871.00
	995,911.00	**1,004,000.00**	**1,027,943.00**

#23051000 Professional Dev. Set Aside

Purchased Services	153,513.00	0	0
Supplies & Materials	00	0	
	153,513.00	**0**	**0**

#60020000 Adult Continuing Education

	FY09	**FY10**	**FY11**
Purchased services	857.00	814.00	958.00
Other purchased svcs	926.00	879.00	817.00
Supplies & Materials	1,100.00	1,046.00	1,051.00
Capital Equipment & Prop.	0	0	0
Debt Service & Misc.	0	0	0
	2,883.00	**2,739.00**	**2,826.00**

#60040000 Athletic Gate Receipts

	FY09	**FY10**	**FY11**
Capital Equipment & Property	**0**	**0**	**21,388.00**

 # 60060000 Secondary Summer School

	FY09	**FY10**	**FY11**
Purchased Services	300.00	285.00	257.00
Other Purchased Services	1,100.00	1,045.00	940.00
Supplies & Materials	500.00	475.00	428.00
	2,700.00	**2,565.00**	**2,309.00**

#60120000 – Commercial Foods

	FY09	**FY10**	**FY11**
Supplies & Materials	50,000.00	47,500.00	42,750.00

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Warwick Career & Technical Center

	2009-2010	**2010-2011**
Salaries	39,954	39,954
Fringe Benefits	3,058	3,058
Purchased services	34,475	34,475

Supplies & materials	15,094	15,094
Capital Outlay	240,025	240,025
Subtotal	332,606	332,606
Indirect cost	1,518	1,518
Total	**334,124**	**334,124**

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Assistant Director of Curriculum (Dr. Siesel)

	FY09	**FY10**	**FY11**
Purchased Services	18,829	30,200	85,200
Purchased Property Svcs	6,790	8,000	5,000
Other Purchased Svcs	6,763	10,000	6,000
Supplies & Materials	412,241	236,210	292,004
Capital Equip & Property	7,975	8,927	9,000
Debt Service & Misc	3,560	4,345	4,655
General Fund Total	**456,158**	**297,682**	**401,859**

Prof. Dev. Set Aside - #23051000

	FY09	**FY10**	**FY11**
Purchased Services	24,656	0	0
Supplies & Materials	10,524	8,754	0
Capital Equip & Property	0	0	0
Prof. Dev. Set Aside	**35,180**	**8,754**	**0**

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Math/Science Supervisor (Mr. Poirier)
General Fund 10000000

	FY09	**FY10**	**FY11**
Purchased Services	3,084	3,777	1,181
Other purchased svcs	920	874	723
Supplies & Materials	28,265	21,779	26,279
Capital Eq. & Property	951	905	842
Debt Service & Misc.	580	541	483
General Fund Total	**33,800**	**27,876**	**29,508**

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Director of Special Services (Dr. D'Agostino)

	FY09	**FY10**	**FY11**
Purchased Services	848,339	942,743	907,341
Purchased property services	16,867	25,429	25,824
Other purchased services	6,749,959	6,462,757	5,913,148
Supplies & Materials	30,836	35,301	30,001
Capital Equip & Property	24,845	23,800	19,800
Debt Serv & Misc	1,269	2,710	2,220
General Fund Total	**7,672,115**	**7,492,740**	**6,898,335**

Early Childhood Set Aside - #23011000

	FY09	**FY10**	**FY11**
Supplies & Materials	12,354	0	3,758

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Projected Preschool ARRA Budget

	2009-2010	**2010-2011**
Salaries	44,136	0
Fringe Benefits	19,262	0
Purchased Services	16,918	0
Supplies & Materials	7,378	2,026
Property & Equipment	33,988	0
Capital Outlay	0	0
Subtotal	121,682	2,026
Indirect costs (1.64%)	2,005	32
Totals	**123,687**	**2,058**

Projected Preschool IDEA Budget

	2009-2010	**2010-2011**
Salaries	60,953	62,476
Fringe Benefits	36,141	37,044
Purchased Services	12,500	15,000
Supplies & Materials	588	4,089
Property & Equipment	33,988	0
Capital Outlay	0	0
Subtotal	110,182	118,611
Indirect costs (1.64%)	2,005	32
Totals	**111,988**	**120,589**

Projected IDEA AARA Budget

	2009-2010	**2010-2011**
Salaries	579,674	594,165
Fringe Benefits	193,766	195,704
Purchased Services	475,000	495,000
Supplies & Materials	212,303	175,874
Capital Outlay	0	0
Subtotal	1,460,743	1,460,743
Indirect costs (1.64%)	23,949	23,949
Totals	**1,484,692**	**1,484,692**

Public Comment:
Ken Sheehan commented that Warwick does not have a K-12 arts coordinator, music coordinator, fine arts coordinator, math or science coordinator or health coordinator – it is unconscionable.

MOTION 2010-68: Moved by Ms. Furtado, seconded by Mr. Cannistra to adjourn.

MOTION PASSES (5-0)
Christopher Friel - Aye Lucille Mota-Costa - Aye
Paul Cannistra – Aye Bethany Furtado – Aye
Patrick E. Maloney, Jr. - Aye

Meeting adjourned: 8:05 p.m.
Bethany Furtado, Clerk
Betsey Snipes, Secretary