

**CRANSTON SCHOOL COMMITTEE
SPECIAL MEETING AND PUBLIC BUDGET WORK SESSION
MONDAY, FEBRUARY 6, 2006
WESTERN HILLS MIDDLE SCHOOL
400 PHENIX AVENUE
EXECUTIVE SESSION: 6:00 P.M.
PUBLIC SESSION: 7:00 P.M.**

MINUTES

A special meeting of the Cranston School Committee was held on the evening of the above date at Western Hills Middle School with the following members present: Mr. Archetto, Mrs. Greifer, Ms. Iannazzi, Mr. Lupino, Mr. Stycos, and Mr. Traficante. Mr. Palumbo was absent due to illness. Also present were Mrs. Ciarlo, Mr. Scherza, Mr. Votto, Mr. Balducci, and Mr. Laliberte.

I. Call to Order – 6:00 p.m.

Mr. Lupino called the meeting to order at 6:20 p.m.

It was moved by Ms. Iannazzi, seconded by Mr. Archetto and unanimously carried that the members adjourn to Executive Session pursuant to RI State Law 42-46-5(a)(1) personnel and RI State Law 42-46-5(a)(2) to discuss contract and litigation.

Mr. Lupino, acting Chair, reconvened the meeting at 7:15 p.m.

The roll was called and the Pledge of Allegiance conducted.

II. Executive Session Minutes Sealed – February 6, 2006

Moved by Mrs. Greifer, seconded by Mr. Traficante and unanimously carried that the February 6, 2006 Executive Session minutes remain confidential.

III. Minutes of Previous Meeting: January 23, 2006

Moved by Mrs. Greifer, seconded by Ms. Iannazzi and unanimously carried that the January 23, 2006 minutes be approved.

IV. Public Hearing

a. Students (Agenda / Non-agenda Items)

Jessica Vasconcellos, 766 Laten Knight Road – She stated she heard that next year at Cranston West they will be eliminating a few of the honors classes. She is worried that the caliber of academic success at West is going to be compromised. She is an honors student at West. She has taken honors classes every year, and that strong

base has led her to be accepted early decision to the University of Virginia, and she doesn't think she could have gotten this far without the strong base at West. Some of these honors classes are so specialized, Bio 2, Chem 2, Physics 2, and some of the advanced languages, and it opens up opportunities to the students. Mr. Lettermen came to talk at West, and she was one of the students who was able to talk to him. He said that he wished he had such opportunities at his school because he probably would have been a biologist instead of a physicist. It is probably good that he was a physicist. Some of the students who may not be allowed to take biology won't be as successful. Because the students have such a strong basis at West, their academic programs are outstanding. The National Ocean Science Bowl has been to the nationals three years in a row. The Academic Decathlon has been to the nationals. She is involved in Science Olympiad. They have been second five years in a row and went to the nationals in 2001. In Model United Nations, of which she is head, they have won more awards more than the private schools, and it is because they have such a strong basis. Although she is a senior and won't have an issue about it next year, her sister who is going to be a freshman, won't have as much success as she did because these classes won't be available to them. She asked the committee to take this into consideration in figuring out the budget.

Ashley Stoehr, 45 Sweet Meadow Drive – She asked to speak about the rumor at Cranston West eliminating teachers and, therefore, eliminating honors programs. There are enough students who

generate an interest in a certain class. She doesn't think it is right because it is compromising Cranston West and is also stifling the creativity and education of these honors students. Today in chemistry for the first time she got a 90 for her quarter average, and there are only eight students in her class. Chemistry is not her strongest point, and she wants to be a doctor more than anything in the world. If she were in a CP Chem 2 class which isn't offered, she wouldn't have that opportunity. If she were in a class with thirty students or twenty-seven students, she would be flunking because normally she doesn't have an idea of what is going on. Yes, maybe there isn't a lot of interest generated, but eight students is enough. Any number of students who give an interest is enough because this is something they want to do with their life; and this is their future. Having this class makes her excel. Having Bio 2 makes her excel. The committee has to think not only about the honors students but also they have to think about if they don't have these classes offered to them, where will they go. She asked if they would go into studies because at Cranston West there are teachers saying that the students won't have studies any more. Now they will go into CP classes. They will sit there and excel in CP classes, but at the expense of the CP students. If an honors student sits in a CP class, they know things and will have conversations with the teacher. They can go past it, but there will be CP students sitting there afraid to ask questions because they now fear that they look stupid. This is what happens when the honors students are taken out and put them into CP classes. The

district would have the CP students who are afraid and the honors students who have been deprived of their chance to excel in a class they want to excel in. All this will do is tell students that they can't this class because there isn't enough interest in it. So, they can do only things that others want to do. If only eight people want to take Chem 2 next year, then there might not be as many chemists in the future. There might be more biologists, but if a student didn't want to be a biologist and wanted to be a chemist, he or she wasn't given that opportunity. That is what education is for, to give opportunities. All this will do is deprive students of their opportunities. She asked the committee to take this into consideration.

Emma Araujo, First Grade Student at Horton School, 20 Stevens Road – She stated that Horton is important to her. Please don't close her school. Please go to savehorton.bloggs.com for more information.

b. Members of the Public (Agenda Items)

Mark Lucas, 28 Riverfarm Road – He wished to speak on Resolution

No. 06-2-6. He commented that he was looking at the school department website today trying to find a tentative agreement that may have been posted about this resolution, and he couldn't find one. He thought it would be important in the future to see something like that so that the general public could have an idea of what the committee would be voting on. He further indicated that a month or two ago, there was an ordinance passed by the City Council that requires a detailed cost analysis of any agreement made available to the public seventy-two hours prior to ratification. He asked where the cost analysis is on the website so that he can look at it.

VIII. Consent Calendar / Consent Agenda

There was no consent agenda.

IX. Action Calendar / Action Agenda

RESOLUTIONS

ADMINISTRATION

NO. 06-2-6 – RESOLVED, that the agreement between the Cranston School Committee and Rhode Island Council 94, AFSCME, AFL-CIO, Local 2044, as recommended by the Superintendent, be approved.

Moved by Mrs. Greifer and seconded by Ms. Iannazzi that this

Resolution be adopted.

Page 4 February 6, 2006

Mr. Stycos stated that he would be voting against this proposal and urged other people to vote against it. He commented further that this is a 19% raise over three years to answer Mark Lucas's question according to an analysis that was done by the administration. It is completely out of line with what is happening in the outside world. It is, frankly, why the district will have a lot of budget troubles, not just this contract but all the other contracts particularly the teachers' contract where the committee has been too generous. State law says that taxes can't be raised more than 5.5% in a year, and he believed the Governor wanted to lower that figure. This exceeds that increase that taxes could be increased 16.5% over three years. This is 19% over three years. He asked the committee to oppose this agreement. A vote for this agreement is a vote to eliminate honors classes; it is a vote to close small elementary schools; it is a vote to spend money on the secretaries instead of on education. The committee has to balance providing the employees decent wages and benefits, and this is not in balance at 10% over three years.

Mr. Lupino commented, so that no one would get the wrong

impression, the 19% that Mr. Stycos referred to is the negotiated raises and includes the step movements. Step movement is something the committee has no control over. It is certainly someone's position to work in a job for X number of years, and as they progress in a particular situation, they do move. He indicated to Mr. Stycos that all of the School Committee members were deemed available and could participate in this negotiation with the secretaries yet he was conspicuously absent from those negotiations and yet now he is criticizing the tentative agreement. Mr. Lupino asked Mr. Stycos why he didn't show up at those meetings. Mr. Stycos responded that Mr. Lupino was accurate; he didn't go to any of the meetings for the secretaries. He may not be the brightest guy around, but he saw what was happening with the other contracts; and he saw what happened with the teachers' contract. He saw the committee ratify a teachers' contract when they didn't know the cost. He has other things that he felt were more important than going to these meetings and fighting a losing battle that the raises were excessive. Mr. Lupino and everyone else on the committee knew that he felt the raises were too much, and he stated it quite recently; and he will state it again. It is not his job to go to every bargaining session. He also clarified what Mr. Lupino said earlier regarding the steps. He noted that in these contracts, and he knows this because he used to be a union negotiator, people are given an across-the-board pay increase and then the steps are tinkered with so that extra money is added to the top step. Next year, if one were to ask what the raise was this coming year, they would say it is 3%

across the board, but it also includes a 60 cent increase on top of the 3% for people who are at the top step. The secretaries, like most of the jobs in the system, are pretty good and pay decently. They have very good benefits, so the employees for the most part stick around. Giving 60 cents for the top step is giving an additional raise. Next year, starting July 1, 2007, it is 3% plus a new step, an eighth step, for 35 cents. He sat down and did the maximum pay rate as to how it would increase which was 18%. The school department did an

Page 5 February 1, 2006

analysis that was 19%. He didn't think that, unless one worked for the school department, there are a lot of people in this room who will be getting 18% raises over the next three years.

Mr. Lupino indicated to Mr. Votto that the figures the committee has, including the step increases, the fiscal impact is \$130,000 in 05-06; \$170,000 in 06-07 and \$188,000 in 07-08. He asked Mr. Votto how many employees were included in this negotiation, and Mr. Votto responded that it is eighty-five employees.

Mr. Archetto stated that he also did not attend any of the negotiation discussions. He could also see the writing on the wall on the number of bargaining units with the unions. He felt it was a major grave mistake offering these exorbitant raises at a time when the committee

is advocating closure of an elementary school. The committee is going in the wrong direction, and he felt the committee should not ratify this contract.

Mr. Traficante stated that he didn't know where to start. He is hearing one thing one minute and he is hearing something else on this floor. He indicated that it was really bothering him. Some of the committee members are being hypocrites. He was hearing tonight that the committee was not obligated to be at every negotiating session. He knows that Mrs. Greifer, he and several others spent weeks, not hours, on these contracts. They reached an impasse with the teachers, and they called in a mediator. It is the committee's obligation; they have an obligation to these eight bargaining units to meet and negotiate. It is not the responsibility of the Superintendent; it is the committee's responsibility. The members ran for office and accepted that responsibility. He asked Mr. Stycos how he could say that it is not the committee's obligation; it is their obligation. The committee gave it its best try; they did not give away the ship. They negotiated in good faith, and they thought they came up with reasonable bargaining agreements with all the units so far. The committee spent months on the secretaries, and they finally came to an agreement. It is a reasonable agreement, and it is based on the same agreements that they talked about with the custodians and several other units. Nothing has changed. It bothers him that some of the members are being total hypocrites tonight, and it is not right or fair to the rest of the committee members. He stated that he would

not accept it.

Mr. Lupino stated that he was upset with the public who applauded after Mr. Archetto spoke. He knows what goes on in the schools. He knows that any parent present tonight has had the opportunity to speak to the school secretary at least three or four times during the year. He knows that some of them talk to the secretary three or four times a week. They are the first means of contact with the school, and sometimes with the schedules the administrators have, sometimes the only contact the parents might have for their child's safety. This is not reflecting the savings the committee got through this contract by some of the negotiated settlements for health care. He commented that he would be voting to support this resolution. He attended nine of the ten meetings and

Page 6 February 6, 2006

negotiated in good faith with these people. It was a back and forth situation, and approving this contract does not mean that Cranston West does not have CP teachers next year. It does not mean that Horton School may or may not be closed. This is not an issue of a major financial impact, but it is a major impact on the safety and the continuity in the schools. He again stated that he will vote to approve this.

Mr. Lupino mentioned to Mr. Stycos that he was under the impression

that he did not participate in these contract negotiations because the lead negotiator for the secretaries was one of his campaign contributors in the past. This person contributed to Mr. Stycos's re-election campaign, and this is the impression he still has why Mr. Stycos did not attend those sessions.

Mrs. Greifer expressed her displeasure with some of the comments made. She stated that she attended every single negotiating session for all the bargaining units. She missed one teachers' negotiation session because she went to the Bain Honors Night. She felt it was her duty to attend as often as she could as a new member of the committee to learn and to gain experience. As the committee member with the most union negotiating experience, Mr. Stycos might have been able to attend more negotiating sessions to perhaps provide some guidance to those who were less experienced. The committee tried to make all of the contracts fair to keep them equitable to try to get everyone on the same page among the bargaining units, teacher assistants, bus drivers, and the secretaries. With regard to the mention of a 60 cents step increase, the increase for step seven in year two of the contract was because for the last ten years the difference between each of the steps has averaged about 75 cents. The difference between step six and seven had been 15 cents. If one went from step one to two, that person got a 75 cents increase. If one went from step six to step seven, that person got only 15 cents. In agreeing to a 3% raise next year, they wanted to make that roughly the same to keep the same increments. The committee negotiated in

good faith. The bargaining units did not say they would take a 5% cost share and make changes to the plans to increase their deductibles out of the goodness of their hearts. They did it; the committee got management rights; got some cost sharing; got some benefit changes that were good for the school department to save some money. They got some management issues settled which means the schools will be run more efficiently. To characterize these contracts as give-aways, she found it very insulting.

Mr. Traficante stated that if the committee is going to make this budget process into a political football, and that is the way it is going right now, by pointing fingers at each other, the committee won't have a budget crisis but rather they will have a budget disaster. Unless they go to the City Council with one strong voice that this money is needed for X, Y, and Z, then the committee will have a tremendous problem. It will take a miracle to accomplish their goal unless they are united and rowing in the same direction.

Page 7 February 1, 2006

Mr. Lupino stated that it took not a miracle but an unbiased third party in B & E Consulting to prove to the Mayor that what the committee was asking for last time was needed. Maybe that miracle will be in an unbiased third party analysis of the budget.

Mr. Stycos asked that this contract be put in understandable language. The secretaries at the top step will get a \$3.00 per hour raise over the next three years. There are different grades of secretaries, but taking the A Grade they will go from \$16.67 per hour to \$19.71, and the other grades will get a comparable raise which is \$3.00 per hour over three years. As far as being hypocrites, he stated pretty clearly when the committee was going into these secretary negotiations most recently that he didn't think the pattern agreement was the way they should be going. He didn't get support from anybody. It was clear that with the exception of Mr. Archetto they didn't have the majority, and it was clear that this committee wanted to give a lot of money to the employees which is the people have made a decision to elect people; and that is the decision that was being made. But don't come back and say after that the costs are fixed and they don't have enough money. The money is not available because the committee gave it to the employees in pay raises. He asked the committee to be honest about this. His opinions were not listened to in the teachers' negotiations. They were listened to, but they were not followed. He didn't have the majority support; he should not have been followed because he didn't have the majority support. To come back and say that they would have listened to him on the secretaries' contract is just absurd.

Ms. Iannazzi asked Mr. Votto how many type A secretaries there were, and Mr. Votto responded that the classification A secretaries are the chief secretaries, and there are five of them. Ms. Iannazzi asked if

there were approximately 80 classification B through D's, and Mr. Votto responded that there were. Ms. Iannazzi stated for the record that the B through D classification secretaries are getting raises of \$2.00 per hour over three years. He further stated that the secretaries provide the front line when one enters a school, and they probably work harder than even the teachers do on some days. She stated that she would support this contract. She likes to participate in negotiations in good faith.

Mr. Stycos remarked that he wished to clarify the \$3.00 issue. He asked Mr. Votto if they were all receiving \$3.00 minimum per hour raise, and Mr. Votto asked Mr. Stycos to explain what he meant by \$3.00 per hour. Mr. Stycos commented that the pay schedule indicates that any secretary step after the \$1.00 increase is getting \$17.67, and Mr. Votto responded that he was correct. They use to be getting before this contract \$16.67, and a B secretary was getting \$16.09, a C secretary was getting \$15.89, and a D secretary was getting \$15.38 at top step. An A secretary over three years top step is going from \$16.67 to \$19.71, and Mr. Votto said that was correct. Mr. Stycos remarked that a B secretary will go from \$16.09 to \$19.10 at top step, and Mr. Votto said that would happen in three years. Mr. Stycos said that a C secretary at top

step would go from \$15.89 to \$18.89, a D step secretary will go from \$15.38 to \$18.34. Mr. Votto stated that Mr. Stycos was correct.

Mrs. Greifer stated that in the process of negotiating a contract, one of the first things the employees do with any proposal is to ask how much they are getting in their paycheck and how much are they taking home. That is what everyone cares about at their jobs. When the teachers were looking at what it would mean to give a 5% cost share, they deducted that from their paycheck to see what they would take home. To say that they are going to make \$3.00 extra over the course of three years is not a \$3.00 net increase. They now have extra costs coming out of it. There is the cost share, the plan changes, and higher deductibles. Some of them may never go to a doctor so it won't affect them. If they go to the doctor and fill a prescription, if they use an emergency room, that is more money that will be coming out of their pockets. This is what one deals with when negotiating contracts. The employers are looking for what it is going to do to them financially, and the employees have to look to see what it will do to them financially and try to reach the best compromise possible so that there is a good contract and the people are in the schools working for the children.

This Resolution was adopted with Mr. Archetto and Mr. Stycos opposed.

X. Adjourn to Public Budget Work Session

Mr. Lupino stated that the School Committee would ask some questions first. The committee has been working from the district code list. The committee was taking health care out of order because Mr. Kevin Walsh, the district's health care, was joining this meeting. Mr. Lupino further commented that he had e-mailed some questions, and Mr. Walsh was prepared to answer some of those questions.

Mr. Lupino asked Mr. Walsh what the anticipated percentage increase was, and Mr. Walsh responded that they are in the sixth year of double-digit rate increases particularly in the New England market place, but the national trends as well are very similar. In the public sector for cities, towns, and school districts, those trends are slightly higher than the private sector marketplace due to the demographics of given sector groups. Recent discussions with Blue Cross Blue Shield in the first quarter, second quarter, and third quarter filings with the Department of Business Regulations for Blue Cross Blue Shield's claims trends, the baseline inflationary factor for a pool of claims this year versus what that inflationary factor will be next year, is currently at 9%. That doesn't take into account any changes in demographics, utilization, or enrollment fluctuations. The claims trend is a major factor in Blue Cross Blue Shield or any health plans underwriting together with retention charges and so forth. As they look at what they are anticipating for average rate increases for July

2006, they are looking on average somewhere between 8% and 15% using that 9% claims trend.

Page 9 February 6, 2006

A recent discussion with one of the underwriters at United Health Care confirmed that United's current claims trend is at 13%. He believed that he has recommended average rate increases to the department of between 10% and 15%. It is his understanding that they are currently looking at a 13% rate increase in this budget.

When they look at the

actual claims utilization over the last six months, that is July 2005 to December 2005, the district's overall claims experience with Blue Cross is running at about 90%. When they looked at a five-year history of what the first six months of claims were versus the second six months of claims were, they actually saw an increase between 10% to 13% in the second six months of the policy period. In summary, where the budget is set today, as best as they can have a comfort level based on those factors he mentioned, together with a small reduction in administrative charges through the multi-year contract with Blue Cross Blue Shield, he is comfortable with that budget recommendation today.

Mr. Lupino indicated to Mr. Walsh that he had mentioned there was a difference between municipals and the private sector based on demographics. He asked him to explain this. Mr. Walsh explained

that one of the key demographics that underwriters look at is the average age of a group, and typically because of the length of the years of service in a public sector group, the average age for a given city, town, or school district tends to be higher than the age of a private sector employer group. Before beginning to get started looking at any other data, the underwriters look at the average age of the group, and because age is a significant factor in the claims experience, that is one of the major factors he sees for the average rate increases different in the public and private sector.

Mr. Lupino asked Mr. Walsh if the school district was at the end of the contract for Blue Cross administration, and Mr. Walsh responded that the school department with the city has a multi-year contract with Blue Cross Blue Shield and with United and Delta Dental. The current contract with Blue Cross was re-negotiated mid-term. The original term was from July 2001 to June 2006. About halfway through that contract, because of a number of different factors, he was able to leverage a better retention charge with Blue Cross with an agreement to extend the contract. The current contract runs through June 2007. As one looks through the FY 2007 budget, which is the topic this evening, for July 2006 to June 2007 the district will be in the last year of their multi-year agreement with Blue Cross Blue Shield. The same holds true of the contract with Delta Dental and subject to a couple of dotting of the i's and crossing of the t's he expects the multi-year contract with United will also expire on that same date. As the committee prepares for FY 2008, in looking at alternatives in the

marketplace, he believed the school department together with the city will be poised to seek competitive quotations and leverage a number of significant factors in trying to secure the best arrangement for both medical and dental beginning July 1, 2007.

Mr. Lupino asked that when these contracts expire, does the district have other options for administration plans. The school department is self-insured. Blue Cross administers

Page 10 February 1, 2006

the Blue Cross portion Healthmate portion of the employees. United Delta does the dental. He asked if there were other groups that would do administration or if it was a proprietary situation where they have to administer the plan of choice. In response, Mr. Walsh indicated that Blue Cross Blue Shield is the major carrier in Rhode Island; United

being the secondary carrier. There are some other carriers, but quite frankly, unless things change dramatically in the next twelve months, he felt the district would be looking at either a Blue Cross or a United or a Blue Cross and a United health plan offer. He mentioned the marketplace conditions, the contract between United and the State of Rhode Island, does allow for that pension charge to be utilized at the local level. He believed that would be in the third year of the contract.

Marketplace conditions, particularly in light of the fact that in the last twelve to eighteen months, United has made it known that they want

to enter the municipal marketplace. So, they have seen some competitive situations, and he expected the same to hold true twelve months from now when they may be able to leverage a position with one or both carriers. On the dental side, it is Delta Dental of Rhode Island and Blue Cross Blue Shield of Rhode Island who are the major players. There are a couple of others out there as well. The dental dollars are relatively small in comparison to the medical, but hopefully by aligning these three contracts, they will have put the school department in a position to seek any and all alternatives, including trying to use some of the leverage in the marketplace, to see renewal quotations for either a one-year or multi-year basis with those vendors he mentioned.

Mr. Lupino noted that the district's expenses, because it is self-insured, is certainly claims driven. Back in 1995 the district went from a premium based to a self-insured situation. He asked Mr. Walsh if he had a history of what the district has gone through as far as increases, being self-insured, and a comparative if they were to have stayed as premium based. Mr. Walsh responded that he did not have a specific comparison this evening. He did know that the average rate increase from Blue Cross Blue Shield over the last three years averaged around 13% per year. Whether the district was fully insured or self-funded, the district is fully credible. About 90% of every dollar spent on medical goes to pay the claims for the members and the services incurred whether it is fully insured or self-funded. Blue Cross and United are going to use 100% of the district's claims

experience in setting their rates. Typically that margin of error, by the health plan of having the risk of the claims experience or the claims projection, will cause an underwriter to load between 3% and 5% on its premium rates for assuming the claims risk involved in that projection. Although it is not a scientific actual calculation, the cost of the health insurance expenditures would have been on average 3% to 5% higher per year. In some years, he knows that the district's claims have run substantially better than projected, and in at least one other year, they ran higher than projected. He believed it was in 1991, but it could have been 1995. He does represent a number of groups, and he wasn't prepared for the data this evening. Any group of over 500 to 1,000 lives or certainly 2,000 lives, the rule of thumb which usually holds

Page 11 February 6, 2006

true in the marketplace is that size group is typically better off over time on a partially self-funded arrangement.

Mr. Lupino asked if the cost of checkups, x-rays, blood tests, etc., are the same for all members of Healthmate throughout the state, and Mr. Walsh responded that they were.

The Blue Cross contracts with providers are the same across the book of business. Whether it is a private sector group, an engineering group, or a public sector municipality, those provider

contracts are across the board the same for all Healthmate Coast to Coast members.

Mr. Lupino asked if all the departments in the city have the same coverage and allowance, and Mr. Walsh said that they do.

Mr. Lupino asked how an individual knows what he is being charged for and how he is being charged. He commented that he trusts his doctor. Recently in the last six months he went to a couple of different doctors and wasn't seen by the doctor but by the physician's assistant. He asked if they were allowed to charge the same for the physician's assistant as they would for the physician, and who on the other side knows that the physician's assistant saw him and not the doctor. Mr. Walsh responded that one of the key elements of discussion is the actual provider discount that the health plan has with each given provider. All the health plans treat that information as proprietary. He makes a concerted effort to get some baseline data to compare the provider discounts among health plans. On a given member services, the explanation of benefits or the EOB that all members received fifteen years ago are virtually non-existent today. It is actually challenging for given members to document that he or she saw the nurse practitioner and not the physician. She gave me two blood tests, not four, and she was prescribed one prescription not three. It is certainly challenging for the member to do any type of audit. He, as a health insurance consultant and claims auditor, does receive a monthly claims load from the district's health

plan to do an eligibility audit, duplicate claims audit, subrogation and coordination of benefits audit. So, there are baseline auditing services that his company performs, but that doesn't get to the level of fraud or abuse described. He knows that Blue Cross Blue Shield does have some policies and procedures in place and does some of its own auditing. There are some other firms that are in the marketplace. Some are larger national consulting houses who do perform some detailed claims audit where they actually go in and look at the hard data. One wouldn't see them from the member's standpoint on fraud and abuse, but one would see them from a provider standpoint. He doesn't see that many audits in this marketplace, but certainly to get to the level Mr. Lupino is talking about, there is another alternative to consider, but he was not sure what the outcome would be because he has never seen the results of one of those. Mr. Lupino asked if this was inherent in the way that Blue Cross is set up or was it the marketplace in Rhode Island that dictates that. In response, Mr. Walsh said that it is the marketplace they are dealing with in New England that sets it up that way. If one were to look at the detailed

Page 12 February 6, 2006

language of a given health plan contract, relative to a given group's ability to audit a health plan claims experience, that language has been fine-tuned by the attorneys at the health plans to reign in the possibility of trying to do this type of audit and successfully show

any type of overcharges, missed charges, or abuse of fraud. The language there allows one to do it. It is a very sophisticated arrangement, and only those large CPA firms perform them.

Mr. Lupino noted that one of the city groups entered into an agreement, and they are allowed to use health savings accounts. He asked Mr. Walsh to explain them briefly and asked if there would be any benefit for the district's groups to utilize that or if there would be any savings for the district if they were to do something like that. Mr. Walsh responded that the buzzword in the health insurance marketplace today is consumer driven health plans. That means that people are going back in time to the older indemnity style programs where there is a large upfront deductible, and sometimes a 20% co-insurance on some or all services. The member is being put back into the game to make cognizant decisions about the use of the health plan card and where the services are being utilized, and ultimately what the cost of those services is. If a person has a \$1,000 individual and/or a \$2,500 family deductible which is typically the high deductible plan design associated with the health reimbursement account or a health savings account which is commonly what is being shifted to in the private sector, that is where those particular HRA's or health reimbursement accounts or HAS's or health savings accounts come into play. Flexible savings accounts, not necessarily a new topic, are also in the forefront today and really moving off the flexible spending accounts into an HSA or an HRA. The theory by the federal government is that if one doesn't use their health card this

year, and a person puts pre-tax dollars into a health savings account or a health reimbursement account, over time if one is a wise consumer and not using the health plan coverage card, that person will accumulate a dollar value in their account particularly for long-term use as a retiree down the road. The health reimbursement accounts are relatively new with the Medicare Modernization Act. Blue Cross Blue Shield just came out with their program. United came out about a year ago with their program. The city is offering one of those particular plan designs for at least some of their members. The jury is out long term on what the net impact will be on these programs. One argument is that once the member has skin in the game or dollars in the game there will be a much wiser consumer, and it will conserve the health care expenditure so that over time that will shrink the dollars in the system from a cost standpoint, and it will be cost effective. He just read Business Week last week where even though they have only one year of data there is an argument that the younger healthier people will move off the traditional plan into a high deductible health reimbursement health savings account. That certainly makes sense to him. If he were a single individual with no medical conditions and didn't spend any money last year for medical service and doesn't expect to spend this year, and if he had a cost share in the premium which is becoming more common place, he would look at a high deductible plan. However, he is on the other side of the table with a wife and three children and

using the card fairly regularly. He doesn't think the high deductible plan is necessarily where he would go. If he were a member who was receiving a very high level of service such as for cancer or for some high cost disease, he would be very reluctant to move to a high deductible plan. The rule in group health insurance is that 20% of the members create 80% of the claims. If he was of the 20% membership, someone needs to help support him in this group concept to fund those health care dollars that the younger and healthier people are moving to these new plans, who is there to fund his high expenditures. The jury is out, and it is the buzz word of the marketplace. Every year or two a new buzz word comes out, health maintenance accounts, managed care, utilization management, large case management, disease management, and now it is consumer driven health plans. The private sector has moved through a series of much higher employee cost sharing premiums. They have moved through a period of significant increases in co-pays for prescriptions, emergency rooms, office visits, and patient deductibles. From a public sector world, not necessarily as advanced as they are in the private sector, there are other phases to go through before looking at those plans being common place. For the private sector groups, especially the small groups, with thirty, fifty, or seventy lives, particularly high tech companies with younger and healthier people, it is a great concept. Keep in mind the jury is out for public sector groups.

Mr. Lupino remarked that the district has brought back cost share with the employees. He asked, short of that, what other municipalities are doing to try in desperation to rein in health care costs. This is a big number in the budget, and that is why he asked Mr. Walsh to come to this meeting. Mr. Walsh stated that they, like this committee, are pecking away at it. The employee cost share is at the top of the list for employees or retirees relative to what other public sector groups are trying to accomplish. The district has to start at some level and move to a different level as the committee negotiates different contracts over time. In other municipalities in other states, a 10% employee co-share is what has been in place for years. Those municipalities are now moving toward 15% or 20%. Some of the Rhode Island groups that have been zero or flat dollar are moving to 3%, 5%, or 10%. Changes in employee co-pay, plan design, consumer driven plans are out there and he is not convinced of them yet; wellness programs to the extent they can educate people to eat better, work out, don't drink, and don't smoke to change the behaviors of the members. The cost of prescription drugs, 20% of the total claims volume which is 20% of the total expenditures goes to the cost of prescription drugs. The cost of those drugs is going up 10% a year. The rule of '72 is it won't be too long before the 20% is upwards of 30% or 40% of the total claims volume. Some groups are offering Canadian options; some groups are looking at carving out and hiring their own pharmacy benefit manager to micro-manage that drug spending. Some of it is uncontrolled. With regard to the cost of some of these specialty drugs, if there is a hemophiliac member

which one of his groups does have, those costs can exceed \$60,000 a month for the prescription drug costs along. HIV, rheumatoid arthritis, and specialty drugs for some of the cancers are out of control. There are other

Page 14 February 6, 2006

thoughts that employers are discussing that do not come to mind at this moment. Negotiating multi-year contracts with vendors trying to negotiate leverage retention charges of different alternatives, and seeking some competitive quotes. He currently has one group looking at a 7-1/2% reduction off the status quo renewal. On a \$10 million group, that is \$750,000. Clearly some collective bargaining verifications are at stake. To use the competitive process that is there today that hasn't been in existence in Rhode Island for a number of years, the leverage that United Blue Cross marketplace addition is certainly to the district's advantage as he discussed following the FY 2007 budget.

Mrs. Greifer indicated to Mr. Walsh that the committee in its contracts has changed some of the co-pays and made plan changes. She asked how long it would be before there would be enough data to see if this is having an effect on utilization. Mr. Walsh responded that with the co-pay design the committee should see it after a year of utilization. He was not totally up to speed on the co-pay plan. Mrs. Greifer commented that there were changes in the emergency room

fee, pharmacy, and office visits. He indicated that it typically takes a year, and it depends upon when it goes into effect for how many groups, etc. If all the members were converted on July 1 of a given year, after twelve months of data, he should be able to go back and work with the health plan to re-evaluate what the net impact was. Mrs. Greifer asked Mr. Walsh if he could come before the committee at this time next year to give them an idea of the effect on utilization. Mr. Walsh felt that the committee should be able to see at least six to nine months of data specifically one year from now. It won't be exactly one year because the full load won't appear.

Mr. Stycos stated to Mr. Walsh that in past years he has given the committee a report and asked if he had done it this year. Mr. Walsh responded that he has provided the department with at least quarterly, if not more often, financial reports on the current status of the health and dental claims experience year to date. Mr. Balducci said that he does receive this information quarterly. He checks the information as compared to Mr. Walsh's calculations, and usually they are within \$50,000 to \$100,000 of a balance or deficit position at a given point in time. Mr. Stycos requested a copy, and Mr. Balducci said that he would supply the most recent report he has on file.

Mr. Stycos asked Mr. Walsh if he was a part of preparing the school department's budget estimates on health insurance. Mr. Walsh stated that he did provide some overall rate increase estimates which were the 13% for medical. Mr. Stycos indicated that the committee takes

last year's projected number and adds 13% to it, which is approximately a \$2 million increase, but the budget calls for a \$3 million increase. Mr. Balducci noted that this was correct because that area of the budget is approximately \$1.2 million in a deficit position through the end of December. They factored in the increase over actual claims paid to date and then move that forward. Mr. Walsh did provide him with a range of 10% to 15% originally. When he was beginning his budget

Page 15 February 6, 2005

preparation, he started out at 13%, but then he looked at 10% and 11% and settled on 11% because this year's rate increase ended up at 10.4% so he just moved it forward to an 11% increase right now. The \$3 million is based on actual claims, not budget to budget, so they are looking at actual claims to date and moving them forward 11%. Mr. Stycos indicated to Mr. Balducci that he was saying that this year's claims are running \$1.2 million higher than budgeted so he added \$1.2 million to the budgeted and moved it forward 11%. Mr. Stycos noted that in the budget summary presentation there was talk about increased enrollment and asked what this meant. Mr. Balducci responded that he factors in each year a number of participants coming on to the plan who currently this year have coverage outside the school district, whether it be a spouse or a new employee. He does factor in enrollment growth each year. Mr. Stycos asked if the district has enrollment growth each year, and Mr.

Walsh responded that the district has had enrollment growth. He referred to a report which indicated forty-six new subscribers from last year to this year. From the fall of 2004 calendar year to the fall of 2005 calendar year, there were forty-six new subscribers. Mr. Stycos asked why this was happening, and Mr. Walsh explained that positions that weren't eligible for benefits part-time may have become eligible through increased hours. As Mr. Balducci pointed out, somebody was taking health insurance through a spouse and are now coming back on the rolls. There may be a new position that is being funded that has benefit eligibility. If an employee retires and maintains the right to eligibility and rehires to fill that position, the district now has a new subscriber as well. Mr. Lupino added that if a retiree has a family plan, and they retire, the district covers them on an individual plan; and they add an individual plan for their spouse that is also factored in. Mr. Walsh indicated that it would show in gross numbers. Mr. Walsh noted that if there is a retiree who is sixty-five or seventy years old, what is the level of risk or claims experience for that member versus someone who is twenty-five years old. It is not as simple as looking at a body or an individual subscriber; it is ultimately what the claims experience is for that member or those members being discussed.

Mr. Stycos asked for the percentage of employees who takes the family plan, what percentage takes the individual, and if there were any changes there. Mr. Walsh responded that he hasn't looked at the data to that level of detail. He could go back to look at the 2004 data

to the 2005 data to come up to see if there is that shift. He further commented that he would be surprised if it would show anything substantial, but he would only be guessing. Typically the work force here is relatively stable. If it is occurring, it would be at a point in time and it wouldn't be credible for forecasting. Mr. Stycos asked Mr. Walsh if he knew the percentage that have family plans and individual. Mr. Walsh did not have it, but Mr. Balducci would give it to the committee in the report.

Mr. Lupino noted that at the last session the committee had finished the transportation section. Mr. Zisseron wasn't present to continue plant operations.

Page 16 February 6, 2006

Mr. Lupino noted that the next section to be discussed was elementary/secondary instructional. He indicated that the committee doesn't necessarily respond to, because of the new by laws, speakers on non-agenda items because it becomes an issue of not being posted. However, he asked the administration to address some of the students who spoke about eliminating teachers at West. He didn't think it was eliminating but rather looking at a compacting model. Mr. Traficante stated that this was a budget workshop and not a School Committee meeting and asked why the committee couldn't respond to the public. Mr. Lupino commented that the committee has

not had a legal ruling on it. Mr. Stycos interjected that he appreciated Mr. Lupino's effort to stay within the law, but he thought the ruling was that if somebody stands up and talks about an item that is not on the agenda, the committee can't talk about it because that would be similar to an informal caucus. The committee is here talking about the budget, so for anyone who talks about the budget, the committee can respond to budgetary issues.

With regard to Mr. Lupino's question concerning eliminating teachers at West, Mr. Scherza said that each high school principal has asked for five teaching positions, and that is for the purpose of eliminating study halls. Administration felt that by increasing the average class size up to 27 from 24 that they could find those within their own staff and deploy those people within their own building as they see fit. Administration is not asking to take away or cut out any staff members. What they are saying is that through appropriate scheduling that they can realize the equivalent of 5 FTE's, full time equivalents, in each building and allow the principal to deploy those for the purpose of eliminating study halls as they see fit in each of their own buildings. Mrs. Ciarlo added that under no circumstance is administration talking about eliminating honors level courses. They would have to be crazy to be thinking that; it took so long to get those second level biology and chemistry classes that they would want to eliminate them. That is not going to take place. She is glad the student came forward because the rumors and the grapevine are far more efficient than the internet in Cranston, but it is not always

accurate. She asked to go on record that administration and the committee will continue to offer honors levels courses. The other issue that is going to rumor is that it is not the administration's decision to eliminate study halls. That is a requirement of the state for September. There can be no study halls. One of the things administration is talking about doing is to offer some students some situations where they can go to a room. If they are having difficulty in math, they would be assigned a math teacher who can answer their questions; they are not teaching; they are not going to grade, but there will be extra help for the students who don't understand something. Rather than just having it a study period, it could be a math lab or a writing lab that could help students during the day when it is still fresh in their minds, and they can learn how to do something. Administration would assign teachers. They did compact at the elementary level last year. It is not anything that they want to do; administration is forced to do this. There is a \$12 million short fall as it stands right now. Administration and the committee know that unless they win the lottery \$12 million is going to be a very difficult nut to crack to be able to get. They are interested first in maintaining programs.

Page 17 February 6, 2006

She asked the public to be reassured and to stop the rumors. There will be honors levels classes; there won't be any study halls, but there will be help classes for students who want help in certain

academic areas where they have questions.

Mr. Stycos stated that he misunderstood. He indicated to Mrs. Ciarlo that she was saying that the number of teachers at the high schools under the current plan will remain the same as it is now, but the district is going to have to provide more classes because of this high school edict from the state. Mrs. Ciarlo responded that this was not what Mr. Scherza said. Mr. Scherza explained that administration has asked that teachers be redeployed for other reasons. There are requirements for digital portfolio, requirements to eliminate study hall where teachers basically monitor a group of students and in essence baby sit them. Administration feels that teachers should be teaching. They want them to do something that is more productive. They also feel that in looking at these schedules that they were able to find a number of potential savings that they think they can get in this budget. Those would fund the other new emerging needs such as math coaches, and a couple of special education teachers that the district will need. By moving the full-time equivalents around within the system, they would not ask for more new bodies but to do more with what they have. Mr. Stycos commented that the number of full-time equivalent staff positions at each high school under the present plan is to remain the same, and Mrs. Ciarlo responded that administration is going to compress some so there are some that Mr. Votto will be going with letters to next week. Whether or not, depending upon how students sign up for schedules, they will be recalled depending upon what the students

take. She referred to the student who spoke about having eight students in her Chemistry 2 class and stated that there should be more students taking Chemistry 2. She is glad that the eight are interested, but if everyone is going to be talking about more rigor in the high schools, then there should be more students who are taking Chemistry 2 and Biology 2, Calculus and those other high level courses that they need rather than just taking courses to get by and worrying about their GPA because they want honors. She asked Mr. Votto how many layoffs there were at the secondary level, and Mr. Votto responded that there are thirteen or fourteen at the secondary level. Mrs. Ciarlo added that the schools will be able to take care of the required 330 minutes of instruction, and at the same time administration will be compressing. This means that they will very well be able to reduce the number of staff by redeploying them elsewhere. It all depends on their certification and many other things.

Administration is not doing this just to save money. They have compressed at the elementary level. They have some 5th grade elementary classrooms with twenty-seven, and it can't be said that high school can't tolerate twenty-seven students in a class because they have it at the elementary level. This is not something they like to have, but it is something they are forced to have and hope they can work it out.

Mr. Traficante stated that there are thirteen or fourteen layoffs forthcoming, and he asked if these thirteen or fourteen teachers would be rehired and redeployed to take

care of the study halls, the nineteen to twenty credits, the three to four years of mathematics, digital portfolio, and the staff in the literacy programs that will be required next year. Mr. Scherza responded that administration is hoping that those will be the FTE's that will allow them to implement the second phase. Last year this committee agreed to the second phase of math coaches; there are 2-1/2 positions, and they have to pick up those FTE's somewhere district wide. That will come from some of the compacting at the high schools. They also have to pick up a few special needs positions which are in the budget as new positions but not as new bodies to the system necessarily. Mrs. Ciarlo added that there may not be that many less FTE's overall in the school system, but some of the FTE's that were at the high school will be redeployed to deal with math coaches, special education positions that the district has to have so that they are not putting in a line item that says as they have in the past "new personnel." Mr. Traficante commented that in essence the district may end up with zero layoffs at the secondary level. Mr. Scherza added that another reason for some of the layoff notices is they are planning for twenty retirements in the budget. They have to layoff some of the least senior individuals until and unless they get the twenty retirements. If they don't get the twenty retirements, some of those least senior layoffs may not be called back, but it has to be done to aggressively protect this committee's

ability to stay within its budget. Mrs. Ciarlo remarked that they hoped to call back as many as possible, but it is unrealistic to think that there will not be fewer teachers at East and West as the result of compacting. The only thing that would change would be what students sign up for. If an English, science, math, art, and a social studies teacher are laid off, and there is a large sign up for a sixth major called art, then the district couldn't layoff if they have students signed up for that particular course and there isn't enough staff on hand to be able to do that. In compressing, obviously they will end up with some positions. Administration told the schools that they could take more positions based on the information that has come to them, but at the same time, they will tell them that within the population that they presently have of teachers, take care of the 330 minutes of instruction which means take care of those study halls who have the staff to be able to deal with an instructional program other than what was usually called the study hall. However, it doesn't mean that in order to be able to take care of the new personnel that administration didn't put in the budget because they knew they didn't have the money, there will be some people who will be laid off and will not be called back. That may very well be at the secondary level. It may also be at the elementary level too.

Mr. Stycos stated that he understood that this layoff is being done because they may want to re-juggle people, but what the administration is envisioning in this budget is the same number of teaching positions in this system but fewer positions in the high

schools. Mr. Scherza responded that this is possible. They won't know officially until probably the next few weeks. They have asked the high schools their guidance directors, and principals to do their schedules two months earlier than usual so that administration can get a better pulse on it. That is a monumental piece that normally

Page 19 February 6, 2006

doesn't get done until sometime around the end of April and sometimes beyond. Part of that is the process here. For this point in time, administration has to be more aggressive and probably have to lay off a few more people that they have to in the hope that they can be called back once administration has a direct pulse on it.

Mr. Stycos referred to page 9 of the budget presentation where it talks about new personnel and indicated there is one nurse teacher. He asked where that position is being envisioned—at what school or at what level. Mr. Scherza responded that there are a number of special needs students. They need nurses to ride buses with a few students, and it would be .2 at least for each of those depending upon where they are going. There are some medically fragile children who require more nursing services so that they can no longer get away at every school with not having a full-time nurse at least in some of the schools to assign some of the students to. From the compacting they did last year at the elementary level and also if the committee moves forward with the

closure of Horton School which is also in this budget, that would also give them some positions, and that is where some of those nursing pieces would come from. They would redeploy some of the FTE's into the nursing. Math coaches would come from secondary compacting. Mr. Stycos asked where the math coaches would work, and Mr. Scherza responded that the math coaches would work district wide. They will be introducing them up to the middle school level next year. Currently since there is only 1-1/2, they are only at the elementary level. That will be finished next year and then move to the middle school for the upcoming year. Mr. Stycos added that this is an area where the proposal is to shift 2.5 positions from high school into elementary and then next year to middle. Mr. Scherza indicated that Mr. Stycos was correct. High school and/or the closure because they did pick up some itinerant positions or FTE's from the possible closing of Horton, and last year at this time when they did the compacting, they did not calculate all the itinerant pieces in. So, that would come from redeploying existing FTE's rather than hiring new numbers or increasing the numbers.

Mr. Stycos asked where the 2.5 special education teachers would be, and Mr. Laliberte responded that a resource teacher will be needed at West next year, and the other 1.5 will be to continue the improvement of getting one resource teacher per elementary building. They still have not managed to do that. Mr. Stycos asked if a special education teacher was the same as a resource teacher, and Mr. Laliberte indicated that they are special education resource teachers. Mr.

Stycos asked if it was dictated by more children or by more funding to have one per building. Mr. Laliberte responded that administration is looking to get one per building, and the state is proposing the response to intervention model which does a lot of preventative work.

Administration is trying to get into the preventative piece where not as many students are being labeled special education but providing them with the service they need so that they are not labeled special education. Mr. Stycos asked if the 1.5 positions were legally required or if it was a policy decision, and Mr. Laliberte responded that he was right; but it is the way the state is going with the response to intervention model. Mr. Ciarlo added that if a student

Page 20 February 6, 2006

had an IEP they would need a resource teacher there to service them. The resource teachers in the past have been itinerants losing a lot of time going between schools. What happens is that once a student gets into resource, they never leave it. Administration is trying to prevent them from having to get into it so they will be servicing all the needs within that building, and hopefully they will reduce the number of students who will have to be out being serviced because they miss instruction when they lose their classroom time. Administration wants them in the classroom so the resource teacher will be going into the classroom where the students with special needs are. Mr. Scherza added that when there are itinerants going from building to building it is not as good an investment because they are being paid

for up to 2/10 of their time or 1/5 of their time for travel driving around going from school to school rather than being in the school providing services. The district will get more bang for its money in the long run and will keep the long-range costs down. This is not only looking for the immediate budget but also it is looking at the bigger picture that over time they will save money by providing better services especially at the lower levels.

Mr. Traficante stated, so that he was understanding it correctly, it will be a wash. If thirteen or fourteen teachers are laid off at the secondary level, those same thirteen or fourteen teachers may not be returning this year, but in its place, they may have to hire thirteen or fourteen other teachers to replace the needs such as math coaches, itinerants, special needs instructors, etc. Therefore, in the budget right now, there is zero dollars for new personnel, and he was assuming it is going to remain zero. Mrs. Ciarlo stated that Mr. Traficante was correct, but she indicated that the wash may include fewer staff next year. Administration doesn't know that yet, and she doesn't want to mislead people by saying that it will be an equal wash because it may very well not be. Some positions may be lost. To determine what is needed at the high schools in terms of different areas, until they get those preliminary schedules, they really don't know. Administration always puts new personnel in the budget. They didn't put it in this year but know that they need new personnel. If they need new personnel and didn't put the money in, they would have to get it from somewhere. They are getting it from the

compacting at the high school level; they are getting it from some of the elementary itinerant positions; that is how they are getting the money so they don't have to put the money in. However, in addition to that, there may very well be some compacting of schedules which means that some high school teachers that are on layoff may not be recalled. She is hoping that that is not the case, but it may very well be. She wouldn't want anyone to think that because they are being laid off that they will automatically be called back or calling someone else in their place back for something because that may not happen. In many cases it will, but for the record she doesn't want anyone to think that it will be a complete wash.

Mr. Archetto referred to the questions submitted by Mr. Lupino and Ms. Iannazzi. The question asked the effects on Stadium and Woodridge Schools if Horton School were to close. Mr. Archetto listed the various classrooms at both schools. He indicated that the

Page 21 February 6, 2006

committee and administration are talking about layoffs and manpower, and if Horton is going to be closed, it would bring an overflow to the other two schools. He asked how the Superintendent and the Assistant Superintendent plan on solving the overflow. He asked if they would hire more personnel or juggle. Mrs. Ciarlo responded that both Stadium and Woodridge would have two classes of every grade level so Woodridge would have a morning and

afternoon K. When they talk about Horton School, they did not plan on laying off all of the teachers because they knew they would need some staff to follow the students into their new location wherever that might be. Of the total staff there, they laid off only the number they did not need, but the number they would need to follow the students to their two new schools is still in the budget. Mr. Archetto indicated that Mrs. Ciarlo was saying she was going to redeploy her manpower.

Mrs. Ciarlo responded that they could go to Stadium or Woodridge. Mr. Archetto then commented that once the teachers are redeployed, there are 53 students at Woodridge in the third grade, there would be two third grades. There would be three classes for third grade. If the same thing is done for grade 4, there would be two grades. At Stadium, there are 58 students in 4th grade with two sections. If the 4th grade at Stadium has two sections, there would be 29 students in each. The district would be over the contract at that point. Mr. Scherza explained that they would have to pay for overage, cluster one student or not re-authorize a permit to someone who lives outside the district. Mr. Archetto stated that the bottom line is by closing Horton the committee would be jeopardizing these kids with large classroom sizes. He asked if the district would be obtaining its mission of giving these kids a proper education.

Mr. Stycos referred to the current number of classroom sections listed, and he indicated that he believed there was an error there. According to the information the committee received on the class breakdown, it states that there are two 5th grades at Stadium, but he

believed there was only one. That throws off the estimate of the savings of teachers at Horton by closing Horton by one teacher. Mr. Scherza responded that he would have to reference that information. Mr. Stycos noted that Mr. Scherza had given the committee the breakdown for Stadium in October. Mrs. Ciarlo added that the information for the class breakdown for the schools was included in tonight's information to the committee. Ms. Bryan, Principal of Stadium School, indicated that she has one 5th grade of 27 students at her school. With the inclusion students, it totals 31 students. Mr. Stycos indicated that the estimate of savings for closing Horton should be changed based on those numbers. Instead of 3.5 classroom teachers, it would be 2.5 teachers. There was a lengthy discussion regarding the number of students in the classrooms at Woodridge and Stadium Schools. Mr. Stycos stated that it appeared that they were saving one classroom teacher by closing Horton. At the last meeting, it was established that they are really not saving four itinerant positions by closing Horton. They are saving whatever the itinerant positions are that are running around to those classrooms that are not there anymore. One classroom teacher is being saved by closing Horton, and the district is saving a music teacher for $\frac{1}{2}$ hour once a week, an art teacher for $\frac{1}{2}$ hour once a week, and that is very small. The estimate of closing Horton needs to be

adjusted to reflect that. He felt it was at least \$200,000 too high. That also has a major impact on the number of itinerants that is being saved. Mr. Laliberte noted that a reading position would be saved as well, but he was not sure if that position was included in Mr. Scherza's numbers. Mr. Traficante asked Mr. Laliberte to check out the total number of teachers.

Mr. Stycos referred to the analysis that was done for the teacher steps that was contained in the "questions raised at February 1, 2006 budget work session." His statement indicated that the budget seemed to reflect that the teachers who would be laid off would be step 5 teachers, and his thinking was that they would be step 2 teachers. On the analysis there are step 3 and step 4 teachers. He asked if these were the existing personnel. Mr. Votto responded that he matched teacher for position. He went down the layoff list, and he took those teachers who he could equate to the Horton closing and came up with these steps. He has actually matched specific teachers to the savings. He looked at the seniority list, and he matched up that particular art teacher with where the step was. When he matched up the teachers themselves, he was able to assign those teachers by seniority to this particular savings. Mr. Stycos commented that those were not necessarily the teachers from Horton, and Mr. Votto said that it wasn't; it was by seniority. Mr. Stycos commented that the four itinerant positions were still in there, and it was established pretty clearly at the last meeting that the district is not saving four itinerant positions. It is even clearer tonight that the district's saving

is miniscule. Mrs. Ciarlo added that the district is not saving them against Horton but are saving four itinerant positions. They are bunched in with Horton, but there are four positions, but not anything necessarily to do with the Horton closing. Mr. Stycos stated that he is trying to get an accurate number of what it is the district would save if Horton were closed. Those four itinerant positions which total over \$300,000 should not be listed as a potential savings for closing Horton because they are to do with something else. He was not saying that the district shouldn't realize the savings, but they shouldn't be attributed to Horton. He asked that they be subtracted from the list, and Mrs. Ciarlo said they would be. Mr. Stycos explained the line items in detail. Mr. Stycos referred to the analysis that Mr. Votto did for the teachers and asked him if he did the same thing for the custodian and the secretary, and Mr. Votto responded that he did. He took the least senior where they were at the current salary for next year. That is why there is a difference.

Mr. Lupino called a five-minute recess at 9:03 p.m.

Mr. Lupino convened the public hearing at 9:10 p.m.

Mr. Lupino noted that several people had signed up to speak on the closing of Horton School. He told the audience that there was a separate hearing scheduled for Horton School on Thursday, February 9th, at Bain Middle School. He stated that he would not prevent them from speaking and asked them to be brief.

XI. Public Hearing on Non-agenda Items

Mark Lucas, 28 Riverfarm Road – He observed that on one hand the committee ratified a contract that provides 19% increase over three years, and on the other hand

the committee is plotting to find a way to close Horton to save some money. To say that those two things are not connected, in his opinion is an insult to every taxpayer sitting here. They can all connect the dots. He further commented that last week he came before the committee to register his concerns regarding the potential closure of Horton Elementary School. Today he wanted to offer some suggestions on how the school department could save some money and spare Horton. Before he got into the suggestions, he stated that he wanted the committee to know that he was very disappointed in the school department that it has chosen to list Horton in the budget only to back out the cost in an obscure and relatively unrelated line item deep within the budget. This is very misleading and could be interpreted as a slight of hand intended to minimize initial controversy. If this was a mistake, then please don't make that mistake twice. His suggestions for saving money, and thereby sparing Horton, are as follows: 1. Explore outsourcing the student

transportation program. The school department is in the education business, not the transportation business. There are thirty-six school districts in Rhode Island, and Cranston is only one of three that owns their own busing program. He understands a recent audit has revealed a possible \$1.2 million savings per year by outsourcing buses. This number is far too large to ignore. Beyond the dollar savings, there is the decreased liability and the increased efficiencies that could be realized.

2. Explore outsourcing the lunch program. The school department is in the education business and not the restaurant business. He understands that only seven out of thirty-six school districts in Rhode Island continue to run internal lunch programs, and not many systems have shown significant savings and improvements by outsourcing.
3. Eliminate the central stockroom and require the vendors to drop ship to individual locations. He stated that he can buy as little as \$50 of office supplies from a national vendor, and they will deliver it to my door for free. He asked why the school department shouldn't enjoy that value added service especially if they could save \$100,000 to \$150,000 per year.
4. Explore consolidating their purchases with the city. Leveraging the economies of scales is a proven method to reduce costs. The state just did this and saved over \$1.5 billion on office supplies in the first year alone.
5. Explore outsourcing grounds maintenance. Landscaping and maintenance companies face keen competition every day, and that keeps prices down. He asked why the school department wouldn't use this to their advantage to reduce both capital and personnel costs.
6. Explore switching the phone system

to voice override P. It is a new technology. He looked at it and switched. He saved 80% on his monthly bill. 7. Make the budgeting process transparent. As it stands, in order to fully comprehend the impact of a budget line item, one must ask the right question at the right time and hope the right person chooses to answer it completely. Believe it or not the general public

Page 24 February 6, 2006

has much to offer in terms of providing ideas on how to improve processes and save money. Making it hard for them to participate is just not good government. 8. Make the budget better. The budget should serve as a financial planning tool, policy document, and communications tool. Right now it is just a spending guide that the committee is trying to get through as quickly as possible. This year it looks like they just allotted themselves two work sessions to get through this entire budget. These budgets don't meet the standards set by the Government Finance Offices Association, and they are very difficult to understand. They should aspire to at least meet that standard requirement set forth by that body. He is sure he has overlooked quite a few suggestions. He would be happy to volunteer his time on any committee formed to help find ways to save money and increase efficiencies. He was sure that many other parents would too, and all the committee has to do is ask. Finally, he stated that they should not ignore the elephant in the room. The contract that was recently ratified was not fiscally

responsible for this city. At best, they did not know how it was going to affect the school system. At worst, they didn't care, and now Horton hangs in the balance.

Donna Vasconcellos, 766 Laten Knight Road – She stated that she was speaking in the capacity of the current PEAB President at Western Hills. She doesn't have a student going to Western Hills next year, so what she tells the committee does not affect her directly; but she feels that in her capacity as PEAB President she should be here to represent the school community group. She understands that in the proposed budget's asset protection account there is money that was allocated for painting the gymnasium and for replacing the carpeting in the office. She told Mr. Scherza and Mrs. Ciarlo that they know they had a meeting last May about the conditions at Western Hills, but she is concerned that the building has higher priorities or different priorities doing those particular projects. They did discuss at that particular meeting about replacing the lockers in this particular building. They know that the priorities or projects being done in the city are East, Park View, and Western Hills. By the time they get to Western Hills, the lockers won't hold up that long. She knows that the people in this particular building would like to see some kind of program, however long-term it may be, to start replacing the school lockers. They can't be repaired any more, and they cause problems. They cause the staff problems; the staff is trying to open lockers for the children; the children can't get in their lockers, so at some point she would like the committee to reconsider that asset protection

account to include the replacement of the lockers or start to replace some of the lockers. It is a higher priority for this particular community. She knows from School Improvement this seems to be the issue. If they can start replacing the lockers, that seems to be more important. Mr. Nero may have a different opinion, but that is what she is hearing from the staff. At the last School Improvement Team meeting, teachers were noting the fact that there is a lack of chairs and the lack of desks. There was a comment that a lot of the folding chairs have been taken out of the auditorium because they are using them in the classrooms. She didn't see any money in that particular account to do some replacement of chairs or desks at the middle school level. They can't use the ones from elementary because they are too small.

Page 25 February 13, 2006

She asked the committee to reconsider their priorities. Mrs. Vasconcellos also spoke on the West issue for staffing. She does have some concerns about the staffing levels at West and whether or not they would be able to absorb that staff with the increased number of studies. She is concerned as to what effect that will have. Both high schools

will be going through the NEASC accreditation process, and she is concerned on what effect that will have on the process. She asked the committee to be mindful of her

concerns and the concerns of those communities about the staffing levels, and if they can eliminate the studies without any increase in

staff.

Barbara Smith White, 27 Raven Circle – She stated that she has a student at Western Hills and one at Orchard Farms School. As an aside, she stated that when her husband came to Western Hills thirty years ago he had the same locker her daughter is using. She did agree that they were a little outdated. She wished to speak on behalf of some parents from Orchard Farms concerning the class size there.

She was disheartened to hear that all over the city the numbers are high. It is a travesty in education that in this day and age the elementary level K-3 is still being crammed with 25 to 27 students. It is

educationally not the right thing to do. It is a disservice to the students. The Horton kids will be crammed into another school, and it is not good for any one of those three schools. From a School Committee point of view, they have to make a commitment across the board for all elementary levels K-3 to keep that class size down. She doesn't think the problem is just in one school. Eden Park is overcrowded, and there are a lot of parents from schools who can't come to these meetings. As an educator, the city has to make a commitment to lowering class size at the elementary level, especially K-3 across the board.

Lisa Gargaro, 29 Scaralia Road – She stated that she wished to speak on the overcrowded classrooms. She is also from Orchard Farms, and she is lucky enough to have two children who attend that school.

She has one who is directly affected; she is in second grade. Her class size at the present time is 27. She is seeing the effect that five or six other parents have seen as well. Their children come home at the end of the day, and their noise level is amazing. They can't handle the stress of their day. Their class sizes are extremely large and noisy. She doesn't blame the teachers at all. The teachers are put into a very uncomfortable position. She is also the PTO President for Orchard Farms so she represents 350 students, and she cares deeply for each and everyone of these students. At this point, she feels very sorry for the Horton people because they will be so effected next year as well if their school is closed and they are forced to be in over-sized classrooms as well. She urged the parents to fight for those classroom sizes as well. Mr. Traficante and Mr. Scherza spent time with the parents at Orchard Farms explaining to them everything, and they do appreciate everything they are doing for them.

Dina Buscher, 153 Lippitt Avenue – She stated that, unfortunately, many of the parents had to leave because of child care issues. She came to this meeting for the

Page 26 February 13, 2006

same reason as several of the other parents. She has a child going into 4th grade next year. Her daughter was in a maximum size classroom for Kindergarten, grade 1, and

grade 2. Before Orchard Farms was opened, word had it that when the new school opened, this would be relieved, and the class sizes would come down. Obviously, this isn't necessarily consistently happening. Rather than just being a parent, she is also concerned as an educator. She holds a masters in early childhood education. She knows the difference and what a big difference it is between 19 and 25. It doesn't sound like a lot, but when a teacher is teaching in that classroom, that is a big difference. These children now have an extra third grade teacher. Now there are four third grades, and her daughter is in a class of 19 children. It has made a very big difference. The parents are not asking for anything more than what they have. This class is a very large class in comparison to the classes coming up beyond it. All they are asking is that the committee take what they presently have, that classroom teacher, and simply move her forward. This is not just a matter of it will be easier for the teachers or it is going to be easier for the students because it is a less noisy classroom. It is a whole environment, and she has studies such as the Star Project. She knows that the district is paying for that teacher now. She knows that to have Horton open the district is paying for those teachers now. However, the truth of it is, and research has very clearly shown, that on the other side the cost is more. When there are smaller class sizes, these children are costing less because they are being retained less. Their special services are less; more of them are graduating on time; for the graduate percentage as opposed to drop-out percentage, there is a big difference; and it is going to cost the

district. She knows that the district may be saving money now, but the committee needs to look at what it will cost later. She has a child who recently has been identified with special needs. Whether she would have been identified earlier or not had she been in a less crowded classroom, she doesn't know; and the point is mute as far as she is concerned. When one takes a child like her daughter who is going into a 504 plan but may also qualify for an IEP, she asked what would be more effective – it is not her parents' classroom; it is not her classroom when she was in 4th grade. Anyone who spends any amount of time speaking with educators in schools, and she was all they do being on the School Committee, they know there is a big difference. Her daughter is going to get a much more effective service under a 504 plan with a smaller classroom size. If she is put into a classroom of 27 children next year, she asked how her needs would be met. She asked what will happen if their needs aren't met. If her needs are not met under that 504 plan, she will be bumped up into an IEP, and everyone knows that it costs money, and everyone pays for that. When the quality of the schools and what academic success comes out of the schools is effected, everyone pays for that again. The Cranston school system, which is one of the reasons she moved here and why so many people are moving here, has an excellent reputation. Everyone needs to consider what it will cost in the long run. They were told that once Orchard Farms School opened, it would be fine. No, it wasn't fine; she had 25 children in her class. That is a lot for second grade, and she knows it is legal; but she asked what better services the kids. They are asking for nothing

more than what they had.

Page 27 February 13, 2006

They are asking that this teacher be moved up. If they took an informal survey, does the child need resource help; does the child need tutoring help outside the home; does the child have problems in school – she could name a ½ dozen parents off the top of her head who have children in outside tutoring, who are in summer sessions because they are behind and reading behind grade level. It is going to catch up, and everyone is going to pay for that. If they can be placed in smaller classes and keep them the way they are, maybe they can catch up and they won't have all these children in special services later. Resources cost money. She had letters from three parents who couldn't attend this meeting because of child care issues. She gave these letters to the School Committee along with some research articles.

Susan Adler, 20 Riverfarm Road – Mrs. Adler gave the committee a petition of 156 signatures to keep Horton School. She stated that the parents are humbled for the support everyone has given for Horton not closing. Everyone is grateful for it. An amazing thing has happened between last week and this week. Everyone realizes that the children are quite important-- their education, the classroom

sizes, and all of that.

As she was listening to the discussion about the process of figuring out if there is a pay increase for the secretaries, they had a wonderful secretary, Mrs. Ward, and have a wonderful secretary now, Mrs. Petrone. She appreciates, like the rest of the Horton family and everybody else, the process they went through like they have gone through since last week. Some of them might agree on what they have to say; some of them might disagree on what they have to say; but all of them here have that same passion that everyone is here in this room, including administration and the committee, fighting for the children. The parents might disagree with the committee, and hopefully when they come together Thursday at Bain Middle School at 7:00 p.m. she hoped the committee appreciates and respects the fact the hard work and effort they are putting in to try to keep their school open. She invited everyone in the room and asked them to tell everybody they go to school with. It is really important for everyone to support each other. On a side note, one of the things that makes Horton very special is the teachers. While pink is a beautiful color, they don't like it when their teachers get pink slips. Two of them who are amazing teachers who vow to keep their classrooms received a pink slip. They are begging the committee not to allow them to lose their jobs because they are teachers who go above and beyond. They don't ask for credit or recognition. They don't ask for money to be paid back to them when they spend \$2,500 out of their own pocket for things. They do it because of the true love. It is like the movies

where the teachers are so passionate in the classrooms. Her daughter, Shoshana, is in second grade. They were so grateful to her Kindergarten teacher, Mrs. Linder, to recognize that she had a learning disability. Her husband and her both grew up with learning disabilities so they were quite well aware along with the principal, Mrs. Casale, who recognized at a young age that Shoshana had problems and was red flagged. She was lucky enough to get speech while she was in pre-K. They were that rare family who cried when their child was labeled learning disabled, not because they were

Page 28 February 13, 2006

disappointed; they were so proud of that girl and all the efforts she puts in and all the hard work she does. Last year when her daughter started to suffer from seizures it was the school that kept her together and never let her fall back. She applauds the IEP, the Individual Education Plan. She feels so sorry for the kids who don't have one. Every summer her daughter has gone on to the extended school year.

They tell Shoshana that once again she was smart and lucky to be picked out to go on in the school year. She doesn't look at it as a bad thing; she looks at it as an amazing thing. They have, along with her teachers, principal, and friends, she has so much confidence in herself that she would really hate to lose this opportunity next year to be at Horton to go to third grade and be in the inclusion program there. She is very proud of the fact that Shoshana this year has moved up in math and is doing quite well. When the parents and

children come on Thursday, they might flap their signs a little loud, they might be a little passionate and scream until they are red in the face; they are not doing it to be mean or hurtful to the School Committee; they are doing it for their kids. Maybe passion is something that can't be quieted down. They will be respectful in the process. They hope all of the committee is respectful while they make this very difficult decision. She asked them to keep in mind that while her daughter, hopefully, if she goes to West or to East, she hopes she has the opportunity to become a chemist or go into biology, theater, art, or whatever it is. She doesn't want the kids to lose their enthusiasm and passion like the parents.

Carol Viera, 11 Apple Hill Drive – She stated that she has three children that have attended or are attending Hope Highlands School. She has been a PTO parent for seven years. It will be ten years by the time her third grader is done. She knows that she is preaching to the choir, and the committee is doing everything they can. She asked the committee to consider a few things when they are making their decisions. She listed those things they have at Hope Highlands. They have a beautiful facility. They have an active, caring, and generous community of parents, teachers, and staff. For some time, they had in excess of 600 students, and still today have too many students for the amount of students the building was meant to house. They have parents who fund raise, pay for computers, pay for school supplies, buses, and teacher allotments. The things they don't have are as follows. They don't have a chance to use their facility because

anyone in Cranston can use their auditorium before they can. It was built as a community school so if one calls Joel Zisseron, they can pay to use the gym. CLCF, teachers' union, any band or performing group can use the facilities before the parents can. If they do get a chance to book their own building, they have to pay \$80.00 for custodial care. They also have to make sure they have a committee who will stay and clean up. In the seven years she has been there, they have had four different principals, none of whom seem to be able to control the use of this building, countless numbers of secretaries, some good and some not so good. Over the years, they have not consistently had full-time reading specialists for all the grades. They haven't been able to use their computer lab because they can't get anyone in there in the whole department who is capable of fixing the wiring and the thousands of other excuses they

Page 29 February 13, 2006

have been told about their technology being behind as compared to other schools. They don't have enough children who are Title 1 to apply for special programs, ESL children, and don't have with few exceptions too many grant writers or grants that they qualify for. She knows that many have been on this committee or have served on the City of Cranston through the entire Hope Highlands history. She asked if it wasn't their turn to be placed at the top of the list. All they want now is a 4th grade teacher for the next academic year.

Maureen Morgan, 165 Pawtuxet Avenue – She stated that she had some math questions. She commented that she downloaded the budget. She referred to the art teachers and said that they are listed as full-time employees for all the elementary schools. She asked why they were listed this way because they work there one day a week. Mr. Balducci responded that Ms Morgan was correct. Most of the art teachers, similar to the physical education teachers, spend one or two days at their schools. She asked if the numbers were incorrect, and Mr. Balducci said they were correct. The title needs to be refined. There could be four bodies behind that one figure in the budget. She asked if there was any way to tell, and Mr. Balducci said that she could not tell by

looking at the number. If she could give him any particular account, he would give her the backup information for it. He could not do it this evening, but he would get back to her. She asked if the same goes for music, and Mr. Balducci said she was correct. Ms. Morgan stated that it was a lot of money, and Mr. Balducci said that it might be four different people. Ms. Morgan echoed Mr. Lucas as someone who has personally mowed the lawn at Edgewood Highlands School just so that it wouldn't look available to all the little creatures that come out at night and like to spray paint the building and break the windows. She commented that it would not be a bad idea to go for an outside service for that and not have to pay all that money required to pay the gang who comes with a little trailer on the back to unload all the equipment. They lean on things for a great long time, and then they finally get around to cutting the grass. She thought it was

excessive for what is in here for what they charge.

Maureen McCann, 32 Foxridge Drive – She thanked the administration and the School Committee because she knew it was not easy. They are all passionate parents from Orchard Farms, and the committee does a thankless job, and she does appreciate it. She has been speaking at the meetings globally. She wanted to speak from her heart because she has a second grader who is completely overwhelmed. He doesn't want to go to school any more, and that breaks her heart because he loves school and loves to be with his friends. He is a social child. They were targeted last year and lost two grades. The parents think that twenty-six kids in a class is just too much. Eighteen boys in a class is too much for these kids, and the teacher is wonderful. She asked that they be given a break. They are great kids. They were hit last year, and they need a little reprieve. Anything the committee could do would be greatly appreciated.

Page 30 February 13, 2006

Mr. Stycos referred back to the Horton savings estimate. He noticed that a family health insurance rate was used for everyone. He asked if it was based on what they have now, and Mr. Votto responded yes.

Mr. Archetto asked what the format would be for Thursday evening's

meeting at Bain. He understood that the public would come and express their concerns and asked if the committee could answer them. He also asked if the committee members could ask questions on the budget. In response, Mrs. Ciarlo thought it would be a good idea if they began by addressing questions that arose this evening relative to Horton and then because it is a hearing give an opportunity to hear from the parents and community concerning the proposed closing of the school. It is important that the School Committee give ample time at this meeting and subsequent meetings for the parents and the community members to express their concerns. The bulk of it should be listening to parents and community.

Mr. Lupino asked the committee members if they wished to schedule another budget hearing. After a lengthy discussion, Mr. Lupino stated that the meeting date for an additional hearing would be determined at a later time.

Mr. Traficante asked that Mr. Lupino contact Mr. Piccirilli to find out what the legal ramifications were for the committee having a dialogue with the general public during budget workshops. He truly believes that the committee can have that type of dialogue.

Mr. Traficante further stated that he looks around the room and sees Mr. Stycos, Mr. Lupino, Mrs. Greifer, Mr. Archetto, and himself who have spent years as a public service to this city. He has forty-two years of service. He will not tolerate anybody coming to the podium

and telling him that he doesn't care. Everyone of them have given this city loads of time, loads of years, of their life taking away from their families to give back to this city. The committee members are advocates for these kids, and they are doing their jobs for the kids. But, he will not tolerate it, and if they do, they are fools.

XII. Announcement of Future Meetings

Mr. Lupino stated that he would get back to the committee with a meeting date for a budget hearing.

Page 31 February 13, 2006

XIII. Adjournment

Moved by Mr. Stycos, seconded by Mrs. Greifer, and unanimously carried that the budget work session be adjourned.

There being no further business to come before the work session, it was adjourned at 10:00 p.m.

Respectfully submitted,

Anthony J. Lupino

Clerk