

# **CRANSTON SCHOOL COMMITTEE MEETING**

**WEDNESDAY, FEBRUARY 9, 2011**

**WESTERN HILLS MIDDLE SCHOOL**

**400 PHENIX AVENUE**

**EXECUTIVE SESSION: 6:00 P.M.**

**IMMEDIATELY FOLLOWED BY PUBLIC BUDGET WORK SESSION**

## **MINUTES**

**The Cranston School Committee held a regular meeting and a public budget work session on the evening of the above date at Western Hills Middle School with the following members present: Ms. Iannazzi, Mr. Traficante, Mrs. McFarland, Mr. Bloom, Mr. Lombardi, Mrs. Ruggieri and Mrs. Culhane. Mr. Nero, Mr. Balducci, Mr. Votto, Mrs. Coogan, Mrs. Nota-Masse and Mr. Dillon were also present.**

**The meeting was called to Order at 6:00 p.m. It was moved by Mr. Lombardi and seconded by Mrs. Culhane and unanimously carried that the members adjourn to Executive Session pursuant to RI State Laws PL 42-46-5(a)(1) Personnel; PL 42-46-5(a)(2) Collective Bargaining and Litigation (Contract Negotiations' Update – Bus Drivers/Trades People/Mechanics, Custodians);(Secretary Arbitration Award); (Teacher Assistants/Technical Assistants/Bus Aides Arbitration Award).**

**The Public Session was call to order at 7:00 p.m.**

**The Pledge of Allegiance was conducted and the roll was called.**

**Executive Session Minutes Sealed – February 9, 2011**

**Moved by Mr. Lombardi, seconded by Mrs. Culhane and unanimously carried that the February 9, 2011 Executive Session minutes remain confidential.**

**Chairperson Andrea Iannazzi reported that there were no votes taken in Executive Session.**

**Minutes of Previous Meetings Approved – January 3, 2011**

**Moved by Mr. Bloom, seconded by Mr. Lombardi and unanimously carried that the minutes of January 3, 2011 be approved.**

**Adjourn to Public Budget Work Session**

**We will now adjourn to the Public Budget Work Session for a public hearing on the proposed budget for 2011-2012 and the clerk will assist during these proceedings by calling speakers to the podium.**

**Michael Traficante – Athletic Director**

**I want to take this opportunity briefly on behalf of the 1100 high school student athletes we have in our City and the 121 coaches who coach in our City; take this opportunity on behalf of all of them, the Superintendent and each and every member at the Laborers school that had anything to do with putting together the Resolution that sits**

**before you tonight for approval. If this Resolution does not pass we'll have an excess of 450 athletes that will be displaced from their sport and 52 coaches that will no longer have a coaching position. I sincerely appreciate the generosity of the Laborers Academy once again and the Superintendent for his efforts. Again, on behalf of the student athletes and coaches, we sincerely thank everybody involved for the efforts of putting together this Resolution for approval. Thank you.**

**It was noted by Ms. Iannazzi that the Resolution is actually not on yet....we will have it as a Resolution on March 21st.**

**Mrs. McFarland**

**I had a question, since I'm on the Charter School Board. I have a question of how many children actually utilize the Sports Program from the Charter School either at Cranston West or East. Mr. Traficante answered that, so far, up through and including the Winter Season, there are six (6). Mrs. McFarland asked how many students overall are returning the \$79 thousand or so in the budget; how many students actually participate in all school; the total number in the Sports Program.**

**Mr. Traficante answered that every year it's in the area of 1100 students at both high schools.**

**Ms. Iannazzi**

**I would just like to recognize a good friend to Cranston Public**

**Schools, Councilman Steven Stycos has joined us tonight.**

**Mr. Lombardi**

**While Mr. Traficante is discussing Athletics, I know that there may have been some questions raised about the publicity surrounding the action by the Charter School. Mr. Traficante, if you don't mind addressing those issues and how it came about so that the public is aware.**

**Mr. Traficante**

**Approximately a couple of months ago I was approached by Mr. Nero, the Superintendent to speak with my immediate supervisor and boss, Mr. Armand Sabatoni, to basically gain his support to see if the Cranston Public Schools Construction Career Academy would once again step up to the plate to help keep the Sports Program emulated from the 2009-2010 school year. I did approach Mr. Sabatoni. Being a former teacher in Cranston and being a former athlete himself and a former basketball coach in Cranston, he was very supportive of the contribution; however, we had a Board to contend with. Therefore, I contacted each member of the Board individually and told them that a Resolution would be on the forthcoming docket which occurred this past week and the Resolution would read, "The donation of \$79,928 in support of several sports that were identified by each line item"; however, I asked them to keep it to themselves until such time that a final vote was taken at the Board in Public Session. That did occur and was supported unanimously and what I said at the Board Meeting**

and I will repeat again tonight, “Having lived on the athletic field for some 25 years of my own life, as both an athlete and coach in the Cranston School Department and in the Youth Programs, I know first hand that the valuable lessons that are learned on the athletic field; on the field of play; by the way, lessons that can not be duplicated in any classroom; lessons that can not be duplicated in the home; you know the lessons that I’m talking about such as self-esteem, self-determination, self-motivation, sportsmanship, teamwork, etc., just to name a few”. I said at the Board Meeting that athletics in many cases is the life blood of many of our students. Many of our own Charter Students who participate in the athletic program, in many cases it keeps them in school, it helps them to maintain their academic eligibility, they acquire these great in-kind qualities and for many kids, it leads to a scholarship. Unfortunately many of our students at the Charter School cannot participate in many of the Music Programs at the High School level. Not because they don’t want to but because our schedule doesn’t permit it to happen. That’s unfortunate. However, they can avail themselves of the Athletic Program and therefore, I too supported it and I want to thank Mrs. McFarland as well who sits on the Board, for her support as well on that particular evening.

**Superintendent Nero**

First of all I also want to thank the Charter School and just to let everyone know when I had talked to Mike about this, he said he would see what he could do but I was also sworn to secrecy on this as well.

**I recused myself from the vote as I did last year because I am the person following the Performance Audit and the Consent Order of the instigator, so to speak.**

**I met as well with another member of the School Committee and the Director of the Music Program; when we met last year to discuss and negotiate the Consent Order there wasn't any negotiation. It was a matter of this is what it is and again, I respect people coming to the podium to say they read the BEP and they're looking at it but we were bound by certain things that their auditor had explained to them and that's what we did. When you heard members of the Council last year asking, "Are we at the BEP yet?" We've heard that a number of times last year. Knowing that I don't want to destroy the Music Program, we met to discuss possible alternatives where we can use; again, staying with the Consent Order because I told them when we sat down last year during negotiations, I said that we spent \$2.25 million on music. I can understand some of the cuts, not all of them, because as a former Middle School Principal, we're going to destroy the Middle School Program. There wasn't anyone saying, "Here, look, why don't we negotiate this and that". There wasn't any. Anybody that tells you anything different is not telling you the truth. We were forced into that situation and I'm abiding by it, for the good and the bad and the ugly of it all. Let me just say this that we sat down to look at ways because we figured if we could put music in and some instrumental, some type of a music activity in a stipend and still stay within the Consent Order of the BEP and so forth or what the**

perception of the BEP is by a lot of people that were forcing the issue, we would. I said this when I made my presentation. I have a plan to keep some of the instrumental and chorus at the Middle School level. It's not going to cost a whole big bunch of money to do that. When I was principal of Western Hills and we were having our SALT visit in 1999-2000 I sent teachers out to some of the finest middle schools in Rhode Island, Massachusetts and Connecticut and no one had music to the extent that we had in Cranston; even programs that were outstanding had instrumental programs where the kids came in in the morning or stayed after school to do it. So, again, it won't be the Cadillac of programs but I had no one rushing to say, "I think you're cutting sports; that was an arbitrary and capricious number, 25%. It was told to me after. We were forced to follow it. I have sat down with at least one member of the School Committee and the Director of Music and we have a plan and it stays with the Consent Order of that 25% drop that we had to do this year. I technically looked at it from every which way and think that we can satisfy the needs of our kids. Thank you.

**Mr. Traficante – School Committee Member**

I have one comment. I want, especially the BASICS people to know that we have not turned our back on the Music Program. Just today I had a conversation with another organization that may come forward and give a donation in the Music area. I plan to meet with the Superintendent and that particular individual who plans on coming in and speaking with the Superintendent regarding a particular direction

**for the Music Program. Keep in mind that we still have a \$2 million music program in this school system and we didn't throw music under the bus.**

**Mr. Lombardi**

**Since we've gone to the budget as a whole, I think, and Annette if you would just indulge me since you're the next speaker, but I feel compelled just to address an issue regarding the budget. One thing I will say is that Maria from the Providence Journal and Meg from the Cranston Herald are both very good writers and I would never accuse them ever of misquoting me or somehow misrepresenting what I said.**

**What I said, Meg wrote accurately in the Cranston Herald and it said, "Unless and until we meet with the City Council and with the Mayor's office to point out to them whether or not they believe we are at the BEP and whether they believe that there are cuts to make somewhere else that we are not aware of, that's the only way we are going to resolve this." I go on, as Meg puts, "We need a more realistic City Council and a reasonable Mayor to find some resolution for the School Budget". It is what I thought Meg wrote my words and I thought it to be a benign comment but I've learned this week that perhaps I may have somehow drawn the lines with some members of government on the side of Park Avenue. What I said and what I meant, and I'll say it again very quickly, is that we're facing a \$3.6 million problem inclusive of our budget deficit, our budget projected revenues, and exceeded by our budget expenses and all of those budget expenses are as we all know pretty fixed items such as**

salaries, pensions, benefits and the like. We have a loan payment of \$1.5 million and we are presuming \$3.75 million from the City. That is probably not an accurate assumption on our part since the Mayor has indicated that his inclination as of February 1st is to balance fund us once again. Since that time, I pointed out, I think in my presentation last time, that Mr. Nero has said that we've cut 300 people from the budget, we've cut EPIC, Sports has come and gone and come back again, Music, Strings at the Elementary level; we have invited the teachers back to the negotiating table. They are coming back and I think Meg ends my quote by saying, "Of course we're going to invite the bargaining units back". Mrs. Ruggieri and I met with the bus drivers' union last night along with the members of the Administration; there's an RFP to privatize bus driving; we privatize the Food Service because as Mr. Nero has said many times that we should not be in the Transportation and the Food business. That's what the Performance Audit said. My benign comment remains a benign comment. This is not an us and them situation. The Council is not them, the Mayor is not them. I have nothing but the utmost respect for the Mayor and I have a lot of respect for this current Council because three of its members sat right here and they understand what we're going through. I think that school services are as much a City service as Police and Fire are and should be treated with the same degree and level as those City services are. And, I'm concerned, so all I did is not intended to be in anyway in a front to any member of government on the City side. I want, with all due respect to the Mayor and to the Council, to get together; and

**there are three things that we have to do:**

- 1. Please tell us where we're not at the BEP**
- 2. Please tell us if we have not complied with the Performance Audit; and if we haven't, where we haven't done that**
- 3. More importantly, it went out to a vote this year that the City Council now gets to ratify all our collective bargaining contracts. Ratify is the seminal word in that phrase.**

**I suggest that we have a representative from the Mayor's office and representatives from the Council to come and participate in the negotiation sessions and tell us where we're doing the job wrong. I think we're doing the job right. I think the mere fact that our bargaining units are coming to the table, understanding that they need to make some concessions, is a giant step towards that direction. It's an invitation. We're all in this together and that's what I intended and I intended no affront to anyone. Thank you.**

**Annette Bourne, 51 Community Drive, Cranston**

**Given the comments that have preceded my remarks, I would be thrilled to be proven foolish in having authored these but I'm going to go ahead and read them anyway.**

**Outrage. Frustration. Suspicion. Sadness. Great, great sadness.**

**These are the emotions and feelings I had upon reading that the Cranston Public Schools Construction Career Academy, whose Board and Advisers are populated by members of this committee and**

**its personnel, would have voted yesterday to make a donation to restore most of our districts' sports programs for a second year in a row.**

**My feelings are not directed at, nor about the young athletes whose lives are enriched by participation in our sports programs. I am happy for them.**

**My feelings and incense concern the fact that a public institution that is governed by members of this school district should be able to choose where its surplus should go. If this institution were a private foundation or a donor I would not take issue, but it is not. It should be up to the School Committee as a body to received this surplus each and every year and decide what to do with it – whether that is to save a particular program or even help defray this districts' debt to the City. If that is not to be the case, then I would at least seek a statement from the Charter School for the following:**

- 1. How this donation is in keeping with its mission;**
  - 2. A list of any other donations ever made;**
  - 3. Notes from the deliberations of its board in making this decision;**
- and**
- 4. An explanation of why, despite numerous years of School Districts' deficits, no previous surpluses that I am aware have ever been provided to the school districts' budget prior to the proposed cut to the sports program.**

**The fact remains that music is a curricular subject and sports is not. And despite explanations used in the last budget seasons, we know that the performance program was not mandated to be cut by the performance audit. It has been cut by this committee's approval of the budget submitted by the Superintendent.**

**Music, performance in particular, is a curricular subject that helps our students toward their graduation credits. So my question beyond that of propriety is "why"? Why a non-curricular program that does not offer credits toward graduation would be "saved" ahead of a program that supports the excellence of those middle-school students moving into high school; especially by another public academic institution.**

**I am very proud to be a member of the group who helped plan the Music Is Instrumental Program that BASICS launched this week. I am thrilled to think that the program might keep alive the interest and proficiency of our young musicians so that the high school bands and orchestra will not diminish in their excellence. However, even the most dedicated among us know that this is not a substitute for the curricular program.**

**Mr. Traficante, I have heard you voice a number of times "why is it that more parents do not come to fill the auditoriums?" or march down the streets to City Hall to demand the continued excellence of**

**our education programs, and I submit to you this evidence. That even when given a chance by a fellow educational institution, the excellence of our educational program is not chosen to be saved. It is better to stay at home with ones family or perhaps even work a second job so that you might earn those additional dollars needed to continue for ones child what was once provided by our schools.**

**Thank you.**

**Domenic Fusco, 167 Fiat Avenue and also BASICS Vice President**

**I had some prepared remarks but unlike Annette, I only wrote them an hour and a half ago so I'll ignore them now, based on the comments that were made tonight. I am encouraged to hear that there is a plan in place for middle school. I am encouraged to hear that you are not throwing Music under the bus. As part of BASICS, we're excited to see what would come out of that. We hope it will be something good. This week we're very proud to have launched the elementary program and we hope that that continues. One thing I am going to read is that this past week one of our BASICS members found an excellent site for music and education. He sent out some quotes that I thought were relevant and struck a cord with me so I would just like to share them with you right now. The first one is from John Sykes, President of VH1, "In every successful business there is one budget line that never gets cut, it's called product development and it's the key to any company's future. Music and education is critical to that product development of this nation's most important resource, our children".**

**The next quote, “Things I’ve learned from my experience in Music in School are discipline, perseverance, dependability, composure, courage and pride and results”. Not a bad preparation for the work force. Gregory Enrig, President, Educational Testing Services.**

**Just like in sports, Music does teach children certain disciplines and I do hope that the plans that are in place that they do come to fruition and that our music can continue and remain to keep our high school music program as excellent as it is not. Thank you.**

**Dick Tomlins, 400 Farmington Avenue**

**I’ve been to a lot of these meetings; I wish they had a recording. They do at the Council’s meetings and it would be nice to go back and review some of the things that’s said. Not only by the members but also by anybody that chooses to speak.**

**Mr. Lombardi**

**Excuse me, Mr. Tomlins, we do record it and there are minutes posted on the web-site. We do every meeting.**

**Mr. Tomlins**

**No you didn’t because I spoke and it wasn’t recorded at the last meeting because they only set up the mike after everybody got through talking.....**

**Ms. Iannazzi**

**Mrs. Macera has a recorder and she did record it last time.**

**Mr. Tomlins**

**Mr. Lombardi you may have meant your remarks as benign but your straight on; that's the battle. There's no sense of coloring it. I know enough to know that between the Mayor's office and the Council, remember now it takes five to four votes, that this battle is probably going to be worse this year than it was last year and the money is not forthcoming. You're not going to get 4.2%; you may get very little or it may be level funded. You're going to be in a rock and a hard place. We're beyond the rock and a hard place actually. Everything I've heard so far and I've gotten involved in that myself because it's so frustrating and that is on the music and the sports; all of which I support and have done it financially right down the line and would continue to. But what we're doing here is grasping at straws. There's no guarantee that you're going to get money from the Laborers' Union next year and quite frankly, I don't even know where all that money comes, only from what I read in the paper. But I'll let Mr. Stycos get me informed on that. The problem is no matter what you're dealing with....**

**Mr. Traficante**

**Mr. Tomlin, any time you want to know about any line item in the Charter School Budget, I'll gladly sit down with you and I'll explain to you where that money came from, in detail. Don't make comments that are irresponsible. They are very irresponsible because you**

haven't tried one iota to find out exactly where the surplus came from.

Mr. Tomlin: I've read in the paper where the surplus came from.

Mr. Lombardi

Mr. Tomlins you have about two minutes left.

Mr. Tomlins

And I'll talk as long as I please.....respectfully get a sheriff and take me out. That's all right with me too. I'd love to see that in the papers.

I'm sorry if you feel offended but I've heard.....Mr. Traficante: I'm not offended I just think that you make irresponsible comments. Go do your homework.....Mr. Tomlins: I might challenge you on the fact that we can only use this on sports. I think the Music Director would actually make a combination for people to come to the Charter School. Mr. Traficante: You want to challenge me, by all means do so.

Mr. Tomlins

Never the less, here's where the real problem is. You can go down any road you want. You can talk about the Charter School, this Charter School, or you can talk about any one of the programs but it's all for not. Because where we are the only hope we have is what Mr. Bloom is set out to do. If you don't have a five-year plan and put it up on the board for everybody to see, then we're going to be at the same spot next year and I think it's even going to be worse than this year.

If anybody here can convince me or think that that's irrational or irresponsible for me to say that your budget is in tough shape and it's not going to get better by the Mayor or the Council. No matter what you get out of it. This idea of somebody ....I talked to some people today..very responsible people that are willing to come up with money to put into certain programs and I just thought about it and I was almost jumping up for joy then I said, "you know, you got to go back to your roots, Richard. You got to go back to what you said for twelve months on the campaign trail that nothing is going to be solved unless we put a five year plan up there that everybody is involved with. The council, administration, the school department, your committee; everybody that has an interest in this City. Otherwise, we're just picking at straws. So, the only hope we have...I mean just take Mr. Bloom and I hope he gets your support...the other thing is you hear these remarks. The Mayor said that we're going to be level funded; he doesn't have a dime. Then he turns around and wants to spend money on another Charter School. If anybody can tell me how that makes sense, I'll be glad to get.....I'm not against Charter Schools by the way but how can you spend money on a Charter School when you've got....It's like people having two children that they can't take care of. They don't have enough money and they say let's have a third one. That's what's it's about. Just to get your name on a plaque. I don't know why they're calling them Mayoral Schools anyway. They're not putting up the money. Somebody better get a hold of that and I think that the tide has turned somewhat on that and I think you people and the council should say, "look, we're not

**anti-Charter School but show us where the money is so that we can renovate our schools. I've been through the schools. I know what has to be done. We're hanging by a thread; all you have to have is one bad storm and blow the roof off or something. Then where are we going to be. There's no money for that. You have no reserve fund whatsoever. Let's look at it as far as the Charter School is concerned, along that line and then let's really get behind a five-year plan and decide what we have to do today, tomorrow and the next day. Thank you.**

**Ms. Iannazzi**

**Mr. Nero, because we need a little break from the budget, would you like to report out on the travel to the Labor Collaboration Conference?**

**Mr. Nero**

**So everybody will know, when we signed our last contract we had a MOU between the Cranston Teacher Alliance and the District to develop a new Teacher Evaluation Instrument. The one that we had, I was on that committee for about four or five years. It was time for a new one. About a year and a half ago, I was approached by the union who said that the AFT was getting Grant Funding through the Gates Foundation through the Innovation Grant which is really an unheard of proposition and as well as since that time, a number of organizations have stepped to the plate, including the RI Foundation to fund. We've been working for about a year and a half significantly and not always in Rhode Island. We've been to Troy, NY, Albany,**

Minnesota, and everything is grant funded. In fact we've sat with the folks at our table from the Bill and Melinda Gates foundation. As we started rolling and developing this evaluation instrument, not only with six communities, five in RI, Tom Brady in Providence and Steve Smith from Providence, Bob Gerardi in Woonsocket and his union president; there are about five urban districts. Just to let everybody know, it started to gain national attention. In the Labor Management Collaboration as a result, the US Dept. of Education has recognized Cranston and a number of other Districts in the State that are involved in this and we are going to be, myself, School Committee Chair Iannazzi, Liz Larkin, are going to be flying with the contingencies from the other school Districts, to Denver, Colorado. We're leaving next Monday at 6:30 a.m. and we'll be back next Wednesday at midnight. We're going to be recognized by the U.S. Dept. of Education. I think we'll also have somewhat of a speaking role. Again this is a U.S. Dept. of Education recognizing the work that we've done in collaboration on the Educational side, especially in the Teacher Evaluation. I've been invited by the Department of Education to sit down; I began Monday. The Department of Education has their own teacher evaluation instrument and they've asked to see if we can co-join them together in the common ground. So I sit on that committee as well. That work started Monday and we're starting to make head-way because I think we can agree with the Commissioner on a number of items in there and we're making progress. I just want to let everybody know and be informed.

**Mr. Traficante**

**This is unrelated to the budget but I want to report out that as you know we had a Cranston West Prayer Banner meeting on November 30th. We had a rather lengthy meeting; we passed a resolution that particular night giving our solicitor an opportunity to investigate several options. He has completed his investigation; therefore, our next meeting of that committee will be held on February 22, 2011 in the conference room in the Briggs Building. Hopefully, we'll come to a conclusion that night as to what direction we are going to adhere to the ACLU demands or fight the issue.**

**Mrs. Culhane**

**Mr. Traficante, I just have a little bit of a concern. That is during School Vacation week and I just want to know if there is any way we can reschedule that because it's important for us to give people an opportunity to come to be heard and I'd hate for there to be any implication that that's not what we're doing.**

**Mr. Traficante**

**I was called by the solicitor today and he encouraged me to have it ASAP because apparently he was contacted by the ACLU.**

**Mr. Lombardi**

**I can shed some light on that. The date of the meeting was based on the fact that the ACLU has employed legal counsel locally who will be doing it pro-bono and we because they're ready to go full steam**

ahead in the lawsuit. I would remind you Mrs. Culhane that we had public comment at that November 30th meeting and the purpose of the meeting on the 22nd is for Mr. Cascione to report to us his findings on the directive we gave him. That is what if anything, these defense firms have to offer in terms of a defense of the School Prayer case.

**Ms. Iannazzi**

We are going to take the rest of the agenda out of order. Mr. Bloom is going to make his presentation and then we're going to revert back to School Committee questions.

**Presentation by School Committee Member on Proposed Budget (2011-2012)**

(Please see presentation paper work on file in the Superintendent's office)

**Mr. Bloom**

I'd like to set out first, what the objective is here tonight, which is ultimately to adopt a budget with the following objectives:

**Presentation Objectives**

- Implement a multi-year focus over the School District budget setting process. A single year focus will not offer solutions
- Accomplish repayment of deficit according to agreement with the City.
- Minimize the tax burden on the citizens of Cranston, ultimately

**everything that the school spends comes from the City.**

- Restore control over the school priorities back to the District, not court oversight – you’ve heard the Superintendent mention many times tonight that decisions made related to sports and music are out of the District’s control and that’s because we’re operating under a court order because of the deficits that have been running for prior years. Until that deficit is repaid, the District is going to have little control over those issues.**
- Restore the focus of the School Committee from budgeting to education.**
- Establish predictability within the School District budget setting process. That is probably the single largest problem facing the District. It’s not money; it’s knowing when money is coming, how much money we’re going to have and until we have some predictability over those types of revenues, it’s very difficult for the District to budget for expenses.**

### **Some Guiding Principles:**

- This is something that everybody needs to maintain in their mind as we go through this – The School Committee has to balance two goals which right now are in conflict. The first is that we have a legal requirement that we must operate with a balanced budget. The fact that we are under a Consent Order puts myself and other members of the School Committee, if we have not done our job, in contempt of court.**
- State legal requirement and Department of Education mandate that**

**we must offer an educational program that is in compliance with the minimum requirements of the BEP. Right now, this fiscal year, those two goals are at odds with each other. We have to find a way to balance both of those objectives. Not just the School Committee but the City Council, the Mayor and the citizens of Cranston.**

- **Good government requires a balance between accountability and responsibility. Parties with control over costs and revenues must be held accountable to controlling them. But if there is no control, the converse is true. So if there is no control over certain expenses to hold the District accountable to them makes no sense.**

- **We need to recognize that the Cranston School District has limited control over certain expenses and no power to tax – Our revenues are completely at the discretion of the City Council and the Mayor and the State. We only spend money that's been appropriated to us.**

- **Many of the educational expenses are driven by mandates that we have no control over.**

- **Lastly and this an important point, and this is something that I would like everybody to also keep in the back of their minds: Financial uncertainty must be accommodated between the City, the District and its collective bargaining groups. The issue may be raised; we don't know what revenues are going to be. We don't know what expenses are going to be and in many cases that's true; however, those can be accommodated: The Maintenance of Effort, Contracts and just as an example, anybody that has a mortgage is required to take out insurance in the event that that house is a loss. That's simply because banks aren't in the business of making losses.**

**Those are the types of issues that have to be accommodated in the agreements between all of these parties. There is some financial uncertainty and I think with some creativity, some of that financial uncertainty can be dealt with.**

**3-Point Framework Outline – In terms of going forward.**

- First is that the District needs to balance current and future operating budgets. We will not get out from under the Consent Order until the previous year deficits are repaid in full.**
- We need to adopt a budget format that's consistent with good financial reporting practices that facilitates the budget setting process.**
- Adopt an alternative budget framework.**

**Let's talk about Balancing the Current Budget**

- We need to operate with a balanced or a surplus budget for 2010-2011 and going on into the future. I don't know; some of you may be aware but in December, the district filed it's monthly report with the City and projected a deficit of \$201,000 for the year. That's \$180,000 increased over the month of November alone.**
- This year alone, there's been a \$600,000 increase in one line-item. There are variances across many other accounts. This is in your slides. There's lots of information there; and I know it's hard to see**

these slides. What I've highlighted in green is the variance. There's a \$600,000 variance there in just special education costs alone. The District can budget for special education expenses; however, in the middle of the year, a decision can be made to move a student into additional special education expenses. Those are unpredicted expenses that the District and the City has sustained.

- The District is attempting to be pro-active.
- Special Education expenses can best be thought of for this year like the snow budget for the City. There are going to be good years and there are going to be bad years. They are not years that can be predicted. The only thing we can do is hold a reserve for those bad years so that there are funds there to address it.
- Bottom line is even though the District has a deficit projected right now, we're actually operating a surplus. When uncontrollable expenses are excluded.

### **Balance the Current Budget**

- I'd like to propose that the School Committee adopt a Resolution requiring monthly exception reporting to provide some greater transparency to the City. That would include a list of line items that are just discretionary ones so that the majority of the accounts within the budget just march along. Things such as turnover, maintenance, purchased services, those are the accounts where the District has control and with greater transparency, the City will know where the District is.

## **Budget Reporting – The second point in the framework**

- **We need to adopt a budget format that's consistent with good financial practices. For the purposes of Cranston and the School Committee, unfortunately the UCOA which is the new Uniformed Chart of Accounts, which has been imposed upon the District, has actually been a step backwards. A lot of valuable history has been lost and it makes it difficult to see where we're going.**
- **There's no transparency: One of the things that has been lacking that the City has been asking for has been a reconciliation by department for all the personnel, which I do believe Andrea had mentioned to me is something that's going to be included in the budget for this year. This is correct.**
- **A proper budget should include not just a list of accounts but summary revenue and expense with historical comparisons. The current presentation lacks the summary information**
- **The departmental summary with historical comparisons.**
- **Expense categories**
- **Payroll by certain major categories, benefits, payroll taxes, health and dental insurance, etc.**
- **Projections at least 3-5 years into the future.**
- **Department worksheets for certain departments: Transportation, Food Services, Purchased Services, others to be identified.**

## **Budget Reporting**

- **I'm proposing that the School Committee adopt a reformatted budget utilizing one that was submitted two years ago to be**

completed by the end of this month. Just as a point of order, this budget is in process; it's about 95% complete right now. All the data up through last years' budget is in process and the District is working right now to reconcile the new Uniform Chart of Accounts so that it can be reformatted into this more useful budget.

- With a personnel list to follow no later than the end of March.

What I'm going to show you to follow is what the format with which...No information is better than wrong information; what I believe to follow is about 95% accurate and is useful for the discussion we're going to have tonight. It does need some final review by the Superintendent, the CFO and the COO of the District but I believe that this is about 95% accurate.

At this time, Mr. Bloom continued to review the Historical Data. Top section is revenue by category. Mr. Bloom read some of this historical reporting (which you can read on the hand-out) With this information, the District, the City Council and the Citizens can see where the trends are going.

Then, we can look at all these trends and what's going to follow is the forecast for the next six years. Some of these trends are:

- Step increases at 1.5% per year on the total faculty salary
- Contract raises on non-administrative compensation at 1% per year
- Administrative compensation at 1% per year
- Special ed tuitions at 4% per year and that may be conservative

- **Instructional consumables at 1%**
- **Overheads at 3%**
- **Survivor benefits at 1%**
- **Bus Driver pension contribution at 1%**
- **Certified pension (this is the killer) up 2% this year and continuing at that trend for the next couple of years and hopefully returning to 1% thereafter.**
- **Non-certified pension following at the same trend**
- **Medical insurance at 4%, which may be conservative**
- **Life insurance at 1%**
- **Dental insurance at 4%**

**These are all trend-increasing costs that the District is going to be sustaining over the next six years which is why we can't put a budget together by looking at this year alone. Next year expenses are going to be higher; there's going to be compounding on top of it and we need to put together a forecast that follows the same format based upon the historical information that we're looking at. It's difficult to look at this but some of these trends are ugly. Assuming moderate increases from the City, there are huge deficits. In using moderate, starting this framework for 2011, I took what was in the budget projected on the 18th. Then assuming 2 ½ for the next couple of years and then 1 ½ farther down the road. There are some other ways I've carved things out which I will talk about in just a few minutes.**

**Alternative Budget Framework**

**What I'm going to outline here is the District is facing \$8 million in additional expenses for 2011-2012. Which is going to come from someplace. Someone's going to be responsible for that \$8 million. How do we carve that up.**

- Limit growth in School District education and operations. I mean just educational expenses. There are a few things that need to be excluded from that and most of that's going to be provided under the Education Funding formula which is supposed to be phased in this year.**

- ½% per year beginning in 2014-15 and 1% thereafter.**

- Seven year phase in of the RI Funding formula – \$1.5 million beginning this year and continuing until it's up to 10 ½ million at which point just assuming it's going to continue.**

- The City Appropriation limited to non-controllable expenses that crowd out education. Let's be realistic, when pensions go up \$2 million, pensions are not being used to provide programs for the students. That is a non-educational expense and all that's doing right now is forcing the district to make a choice of cutting of which arm. That's not something that we can control. Those expenses are to continue until the Deficit Reduction Plan is completed. To establish some accountability, because this is to recognize that on the City side, Maintenance of Effort is a serious concern. From the standpoint of Maintenance of Effort, that's a blank check that's issued to the district and that's what upsets the City in terms of the funding that they're providing to the district. Certain accounts I'm going to talk**

**about and I think the way to handle the financial uncertainty. We don't know what's going to go up with pensions next year. We don't know what is going to go up with Special Education. So we set up a fund. Just like the City has a fund for snow removal. If there's a surplus that's paid to the district for that year, for that fund, it stays there in order to balance out the bad years. We've had pretty good trends on Special Education; this is over the last few years and we're now going the other way.**

**If the funding formula gets accelerated, in my personal opinion, it's not a panacea because what is going to end up happening is that's going to be tax relief for the City and what will happen is we will get less. In some respects, the worse thing for the district would be acceleration under the funding formula because that would be viewed as tax relief and not funds for the district.**

- What we need to do is incorporate this financial uncertainty into agreements between the City/School District and the School District and its collective bargaining groups. I personally believe that these issues can be addressed and to everybody's mutual benefit.**

#### **Detail from the Schools Perspective**

- The schools to be 100% responsible for its operating expenses. We have to be accountable for what we can control. We will be 100% responsible for funding all of these operating expenses until the Deficit Reduction Plan is completed. That's a commitment that I think**

**the School District needs to make to the City. Those expenses include:**

**All faculty, administrative and support staff compensation.**

**All instructional supplies**

**All overhead expenses, such as plant maintenance, transportation, etc.**

**If we have control over them, we need to be responsible.**

**What I've done here (Alternative Budget Framework) is I took the historical data up through 2011, dropped in the Superintendent's budget and then I've made some changes and rearranged them. At this time, Mr. Bloom explained this chart to the audience.**

**We need to address what to do about those \$8 million and 12. I'm proposing that the City fund 100% of the increases of the pensions in 2010-2011 and all future increases for the following reasons:**

**The school district pays a percentage of its certified and non-certified payroll for which this contribution rate is set by the State based upon its investment performance. Currently that's 13% for 2011-12. Contribution rate is set by the State. Investment decisions for the pension fund are made by the State. The benefits are defined by the State. The district has no control over these costs and all they do is crowd out education. The only controllable aspect of this is the number of employees that the district has enrolled in the plan and the level of compensation that's paid to them. There's 220 FTE's that the district has reduced its payroll by with corresponding**

reductions in its pension contributions. The fact that that is going up is not a reflection on what the district is doing; it's a reflection of what happened in 2008 when the stock market crashed. The contributions rates lag by three years. The rates that we're seeing today are the ones that hit in 2008. That's why we're forecasting a 2% increase over the next three years and we're hoping that some of those investment turns will be coming back and those contribution rates will slow.

They're not going to go away because those years of funding have been lost. At this point it's a 25 year funding cycle and those years are gone. Those trends are only going to get worse.

I'm suggesting that a fund be set up within the accounts of the school. That overage is paid by the City into the fund which the district will then disperse back to the State and if there's a surplus at the end of the year, it stays there. If there's a deficit, the City makes up the deficit because the schools have no money. Anything that we have is from the City.

At 2% we're looking at an increase of \$1.9 million this year and another \$1.4 next year and continuing on for a couple of years and then it slows and it drops to 1%.

What I'm suggesting is we're going to draw a line; all the future increases are going to be funded. That's what we're fighting over right now. We're debating right now.

**No matter what happens, this \$8 million gap doesn't go away.**

**If pension reform is taken up by the State, this is a benefit for the City.**

**The district doesn't care; we care but it's not going to drive our budget and that's what the important point is. We can't control these expenses; we can't forecast them but by transferring these increases to the City, it means if pension reform is taken up then the City lobbies for it. The City benefits. It's a win for everybody.**

**Special Education Mandates – another mind field for the district. We just say in five months alone for fiscal year 2010-2011 that Special Education expenses are up \$600,000 at the beginning of the year. These are not predictable; they're just like the snow the City faces.**

**I'm proposing:**

- That increases above 2010-2011 base year be funded with a 75%/25% split with the City. Why not 100? Because we're responsible for managing those programs. We have to have some skin in the game. If we're going to do our job of running the district and we have to be responsible for some of the funding. What I'm proposing is that these are not part of the Maintenance of Effort because the concern that the City Council's going to raise is we don't want to give a blank check. The benefit here for the pensions is if there's pension reform the City gets something back. I could make a similar argument on special education. It's a very small population; this is a State problem and it should be funded at the State level not at the district level because the populations are so small and what**

typically happens is one student could move out of a district into another. These are unpredictable and it's better, just like the district self-insures for the State to pick these up and then level fund them.

**Why do we do a 75/25:**

- The mandates are set by the Department of Education, we don't have any control.
- Enrollment is unpredictable
- The district has some control over the expenditures in the sense of who we conduct business with; where the placements are going and so on, so that's why we should have some skin in the game.
- A separate account set up so that there's transparency with the City and if programs do well and the costs go down over time, then the City wins.

This year we're looking at almost \$1.2 million in Special Education increases of the \$8 million. Forecasting 4% increases; those are much more moderate.

- Non-educational Operating Expenses – this is going to take a little more work because there are a lot of accounts but we spend \$3 million a year on electricity and oil and gas and heat and those are subject to price increases. That again is not something that the district can control. We can invest in newer technology; we can put an energy consultant in but we can't control those increases. The

**price of oil was \$140 per barrel a couple of years ago and now we have the threat of civil war in Egypt and the price of oil just crossed over per barrel so the district needs to be insulated from those types of price increases because we can't control them. They're ultimately the City's expenses; they just happen to be in our budget. I'm proposing that:**

- These accounts be identified and a set percent for increases be identified. Again all of these accounts can be listed; an agreement can be made with the City; everything can be audited and the City fund increases in those accounts; surpluses accumulate; deficit is made up by the City.**

### **Accountability for City Funded Framework**

- To make this work with the City we have to have accountability and propose establishment of separate sub-funds within School District General fund to provide accountability over these City funded increases above the 2010-11 base year.**

**Three funds: pension, special education and non-educational**

**Surpluses to be retained**

**Deficits to be made up by the City**

**No commingling with general operations**

**What does this mean for the School District?**

**What it means is with the City taking those responsibilities, that works out to \$3.2 million in 2011-12. Which is ½ million shy of what is currently in the school district's budget. It's not a number taken out of the air; it's not a number that's come from what's the max under the cap. It's based upon expenses that the district can't control.**

**That means that the district has to find roughly \$5 million in expenses to stick with its side of the deal. That doesn't sound fair; however, there's a reason that I selected these numbers as a starting point; because we need to look at the trends. Looking at this one here for 2010-11, the district needs \$4.3 million and \$2 million in 12-13 and it declines to \$800,000 in the two years afterwards. These are the numbers that the district needs to look to find savings within its budget. I'm assuming right now for 2011-12 the City's contribution is around 3.7. We have an \$8 million deficit and the schools are going to come up with \$4.3 million. The numbers are going to vary going forward and the numbers continue to go down. The biggest hit is this year. If you look down near the bottom, the Deficit Reduction Plan is included in there and thereafter I'm hoping and I would like to see if we can't come up with ways to accelerate but that's reinstatement of music, sports and so on. What happens is that once the cuts are implemented the total expenses are carried forward to next year to make up that budget.**

**What does this mean for the City?**

**These are what the City has to pick up:**

**Pensions**

**75% of the Special Education**

**40,000 estimate for the overheads and non-educational related expenses**

**There is a reason why I chose these particular numbers. If you look at the last line item, there's a cumulative total. The cumulative total and I ran it out seven years, but after four through the deficit funding, the total for the City is 8.5 and the total for the District is 8. What I've proposed is a carving up that roughly balances where these savings have to come from and more importantly with pension reform and special education reform; those numbers can be significantly lower for the City or they could be higher. We don't know. The City, because they have the power to tax, is in a position to deal with unpredictable expenses and cost-overs. The district has no money. All the money that we have is appropriated either through the City or the State. If we have an unpredictable expense like this, we have to go somewhere to get it. Otherwise, we have to cut programs. As I mentioned earlier, there aren't any left. We're at the BEP.**

**At this time, some comments were made and some questions were asked.**

**What I have tried to set out is that it's not just 2011-12 that we have to address these, it's 12-13, 13-14, and so on. That's why I brought up**

issues about addressing and accommodating financial uncertainty in these agreements. There is uncertainty about the future but we can contract for it. People do it all the time. Institutions hedge investments and we need to be able to try to come up with creative solutions where concerns are addressed in contract. I have complete confidence that it can be done. These numbers; all of you are free to challenge the assumptions that are underlying the numbers here. This budget is going to go to the Superintendent, the CFO and the COO and it's going to be reviewed and the raw data has been completed and I would hope that within another week or so, the formal document will then come in front of the School Committee for adoption. These numbers need to be reviewed and they need to be challenged and everybody needs to come to an understanding that this is what they are. Let's not kid ourselves. We have a problem; a challenging one. It is solvable if you take a look at it. This is where the issues come in. There's uncertainty in terms of these projections so if the projections are lower than what we expect them to be, then those are the types of things (financial uncertainty) that gets built into agreements. Then we can all work together to make it work.

Mrs. Culhane asked about a five-year plan that shows that we're taking responsibility for where the trends are.

Mr. Bloom:

Just to add something to Paula's question. The reason that I'm suggesting that we draw a line is because the Maintenance of Effort

that is currently in place is paying for those. The agreement that was set in place through the Consent Order and the monies that was funded to the district last year, recognizes a certain level of expenses and so we need to draw a line; that's ours and it's the increases that we need to address because all they're doing is crowding out educational programs.

At this time, Mr. Bloom's presentation was complete.

### **Superintendent Nero**

When you've been around as long as I have you see trends that happen and Joe will probably attest to this; in the category of "no luck at all", as Superintendent, I happen to take over during the escalating costs of special education, spiked special ed. staffing plans and so forth. We ran trends in the late 90's early 2000's where we would get to the end of the year and we would have a \$1.4 to \$1.8 million dollar deficit in our special education account. We had budgets...we know and the Council still thinks ... we had budget back then that, I was a principal and assistant principal...that had money hidden everywhere. That's how we made it through. You could take a \$1.8 million hit ....by the way on budgets that was significantly less than what they are right now. We don't have that ability of having anything built in whether it was hidden in a medical account, blue cross, etc. but the money was there. Then we went through a period of time where it all evened off for three or four years. People need to know the changing demographics of this City. We were talking about

it today. Ten of our elementary schools are Title schools and fall under the guidelines of poverty based schools. Altogether there are 13 of all of our schools are at that level. We have 72 more kids in this year that's come into the district in special ed. Some of them coming in and the IEP's written where they're not going to a Cranston Public School; their going directly to a private placement. Ten came in who they register at Cranston Public School; their IEP dictates where they're going to be placed or where they are already placed at an outside placement, but the district picks up the tab. When I was principal of Western Hills we had a heavy hitter come in and as our responsibility and the tuition and one day as I was driving through Cranston, I see a moving truck in front of that house and they were moving out again. That expense went to Coventry. That's the way it works. As our demographics change, it'll increase more and more.

**Ms. Iannazzi**

Mr. Bloom, I would also like on behalf of the School Committee to thank you for your presentation. I know you spent a lot of time and a lot of effort went into creating the presentation and as a new comer it's a deep commitment on your part to catch up to speed so quickly and we do appreciate your effort.

**Mr. Bloom**

I have some actual facts for Mr. Pelletier. Going through the accounts in 2005-2006, the special education tuitions were \$4.3 million; in

2006-2007, it was \$4.1 million, in 2007-08, \$4.2 million, \$4.6 million, \$4.1 million and the current budget is at \$5.3 million so there's your negative trend. That's the 2010-11 and 2011-12 is projected at \$6.4. So the last two years have been...At this time, Mr. Pelletier was asked to come to the podium with the microphone so that the committee could hear him.

Mr. Bloom: What I'm proposing is that the City, of the increase which this year is about \$1.2 million, the City to accept responsibility for 75% of that increase and the district – 25% and that those percentages continue on into the future. The reason I'm suggesting a partial sharing with the City taking on most of the responsibility is that the cost are unpredictable but we have to have the incentive to manage it well and so should have some of that responsibility.

Mr. Pelletier

Just to be clear, according to your proposal, the City will still be allocating you an additional \$8 million..

Mr. Bloom – No.

This year the district is facing \$8 million in expense increases over and above the budget from last year. What I'm proposing is that three of those line items which total about \$3.2 million, which is pensions, 75% of special education tuitions and something from the increases in the overheads (I have \$40,000). Those increases not the total of the line items but the increases over the 2010-11 base year be funded by the City. That works out to about \$3.2 million; \$2.2 for the

pensions, \$800,000 for the special education and \$40,000 for the utilities.

**Mr. Pelletier**

That would be the beginning of this next budget?

**Mr. Bloom**

That would be for 2011-2012 and then the rest of the \$8 million the district would have to find.

**Mr. Lombardi**

Under this scenario, we're not asking for the \$3.75 that the Superintendent is asking for under the so-called cap. So it's defensible in that stand-point because there have been times in the past when people looked at our request of the cap to be just that; merely a request for the cap now it's defensible, number one. There's also a good pro-quo here; he's demanding that there's transparency on the part of our financial people to account to you for all of the other accounts that we're responsible for and more importantly, it doesn't have an effect on your Maintenance of Effort. That's where everyone in prior councils have had a problem; that the increase to the MOE. This is not a \$3.2 increase in your MOE this way.

**Superintendent Nero**

If you go back to 07-08, the issue was they never knew what the dollar amount was because their fear was whatever the dollar amount was,

**escalates the MOE. I'm willing to say that's why we went to Caruolo.**

**Ms. Iannazzi**

**Just to clarify things, I just asked Mr. Bloom and he is more than willing to meet with you and the Council President privately to explain this budget to you if you would like to take him up on the offer.**

**Mr. Traficante**

**What makes it even more defensible, if we set up a legitimate non-restricted enterprise fund for each of these categories; it's very transparent you can see these accounts very clearly. Any revenue generated stays within the enterprise fund; any deficits stay within the enterprise fund. It has to be a legitimate enterprise fund because if we don't set up a legitimate enterprise fund, in the future when we're not here any longer, people will think it wasn't established as an enterprise fund officially and we can dip into it to a general fund.**

**Ms. Iannazzi**

**Mr. Balducci, can that be done in accordance with the uniform accounts?**

**Mr. Balducci**

**We do currently have sub-funds which again roll up to our entire \$132 million budget. I see there's no difference with the creations of these new funds. They will be sub-funds but we would account for them as**

part of our overall budget. That is how we would handle it. I would work with the City financial people to make sure everything is done within accordance with UCOA and General Accepted Accounting Principles as well.

**Mr. Lombardi**

The only other thing that I want to add is that what I notice is that once the Deficit Reduction Plan is completed, it looks like with the City's obligation towards those segregated funds – increases, there's no additional money projected for 2015-2016.

**Mr. Bloom**

Let me clarify that. Projecting out five years is very difficult. The trends look worse for the City; they look worse because pensions are growing and that's a problem that has to be addressed. The same thing is true with special education mandates. The State has to deal with it. The one benefit of doing this is it makes it transparent that this is a problem that has to be addressed at the State level. The district has no revenues to pay for these; only the City does because they have the power to tax. By putting it specifically on the shoulders of the City, it provides an incentive for the tax payers, if they're not happy paying for property taxes to fund these, to complain and lobby for change at the State level, which is where the reform needs to be.

**Mr. Pelletier**

Actually just by putting it on us to tax the people; it comes back to us.

**Mr. Bloom**

**Ultimately, everything comes back to you.**

**Public Hearing on Proposed Budget for 2011-2012**

**Ms. Iannazzi asked if any members of the School Committee have any questions relative to the budget.**

**There were none at this time.**

**Announcement of Future Meetings-February 14 and February 17, 2011**

**There is also a Sub-committee meeting to re-name a classroom at Woodridge after Sue Tardio – Tomorrow at 5:00 at Woodridge School**

**Adjourn Work Session**

**Moved by Mr. Lombardi, seconded by Mrs. Ruggieri and unanimously carried that the work session and the meeting be adjourned.**

**There being no further business to come before the committee, it was adjourned at 8:45 p.m.**

**Respectfully Submitted,**

**Frank Lombardi**

**School Committee Clerk**