

**WOONSOCKET SCHOOL COMMITTEE  
SPECIAL MEETING MINUTES  
MONDAY, MARCH 12, 2012**

**OPEN MINUTES**

Call to Order  
Roll Call:

Chairwoman McGuire Forcier	Present
Vice Chair Phongsavanh	Present
Mr. Donlon	Present
Ms. Nadeau	Present
Mr. Roberts	Present

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**AGENDA**

**New Business:**

**1. Discussion/Vote of Corrective Action Plan-C. Roberts, A. Forcier, G. Donoyan**

Chairwoman Forcier asked Mr. Roberts to read the action plan.

Mr. Roberts read into the record the corrective action plan.

**March 7, 2012**

**To: Mayor Leo T. Fontaine  
Woonsocket City Council  
Director Rosemary Booth-Gallogly**

**From: The Woonsocket School Committee**

**Re: Corrective Action Plan**

The Woonsocket School Committee, pursuant to RIGL 16-2-9, hereby notifies the Mayor of the City of Woonsocket, and the Woonsocket City Council, that we are estimating a \$7.3 million dollar budget deficit for FY2012. The announcement of the anticipated deficit was made on Monday March 5, 2012.

The following items comprise our immediate corrective action plan.

1. The immediate posting for a permanent Executive Director of Finance & Operations. A statement of qualification is being prepared for approval by the full School Committee at its Wednesday, March 14<sup>th</sup> meeting for consent and direction to advertise.
2. The immediate posting for a permanent Finance Manager. A statement of qualifications is being prepared for approval by the full School Committee at its Wednesday, March 14<sup>th</sup> meeting for consent and direction to advertise.
3. There remain a number of vacant positions, ranging from Deputy Superintendent to Elementary School Principal. The current deficit projection assumes we will fill these positions this month. We are committed to having them remain vacant, reducing the estimated deficit.
4. The Superintendent is preparing a series of waiver requests relative to expensive, educational mandates.
5. While our educational facilities require extensive maintenance, we will work to preserve every dollar of our capital improvements account. There remains approximately \$250,000 unspent, and our deficit projection assumes its expense prior to fiscal year end.

6. A thorough review of all recommendations made in the WED Performance Audit. This process has already begun, and likely will result in a number of immediate layoffs.
7. The Committee will ask each bargaining unit to open their contract to see modifications.
8. The Committee is considering a unilateral reduction in payroll disbursements through the end of the fiscal year.
9. A deliberate and transparent preparation of fiscal year 2013 budget that involves the School Committee, the Superintendent, the Finance Sub-Committee, and contracted auditors.
10. Actively pursue any and all receivables due to the WED.
11. Establish payment plans that recognize our current cash flow challenges with vendors.

It is important for the City of Woonsocket's Administration to know that we have also taken a number of steps recently to curb spending, increase revenue, and allow for maximum flexibility in the preparation of the fiscal year 2013 budget. They are:

1. A district wide spending freeze on all purchases.
2. A recently approved action by the School Committee to increase paid lunch prices for the 2012-13 academic year to restore the lunch fund on a budget basis.
3. A recently approved action by the School Committee to raise all fees for use of school property and/or athletic facilities.
4. A recent action by the School Committee to issue layoff notices to all employees required to be notified by March 1<sup>st</sup>.
5. Recent support of Rhode Island Senate legislation S2406 and S2461.

It is the intent of the Woonsocket School Committee, through the (11) steps of our immediate corrective action plan, to further reduce spending. It is important to note though that cash flow remains an immediate concern. With payables in excess of \$4,000,000, and vendors threatening to terminate services, the need to receive an immediate cash infusion cannot be overstated.

Recognizing our commitment above, the Woonsocket School Committee asks the City of Woonsocket to issue a supplemental tax bill to cover a portion of the deficit. With that decision made and executed, we request the State of Rhode Island immediately accelerate our State aid payments, allowing us to satisfy vendor requirements through carefully negotiated payment plans.

The Woonsocket School Committee commits to amortizing the balance of the deficit after supplemental tax bill and savings realized from the action above, over a (5) year period.

Respectfully submitted,

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**Ms. Forcier asked for a Motion to approve: Mr. Roberts**

**Seconded by: Ms. Forcier**

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**Discussion:**

Mr. Roberts: for everyone who came today, I want to let you know that this is a step as we as a School Committee are required to take by law. RI Law dictates that once the deficit has been announced we do have to present a corrective action plan. I don't believe that this plan is all encompassing, or that every item on here will end up coming to fruition. I don't doubt that there will be new items and suggestions as we go through the process. Again, it is required to be submitted by law. The City Council will obviously have an opportunity to review and formalize decisions on there end. It will also go to Rosemary Booth-Gallogly the Director of Revenue for the State who will issue feedback. I will be supporting this.

**Ms. Forcier asked for further discussion:**

Ms. Nadeau: Corrective Action #7, which states, "The committee will ask each bargaining unit to open their contract to seek modifications." Ms. Nadeau would like to ask Mr. Ackerman if they can have discussions with the Union without opening the contract. Mr. Ackerman stated, "discussion, yes." Ms. Nadeau said that is a broad term "open the contract." "If I was the Union, I don't think I would want to open the contract." Mr. Ackerman stated "you won't know until you ask." Ms. Nadeau asked if you could have discussions prior to this and just have a discussion about what directions you are taking and what you would like to see happen. Mr. Ackerman stated, "Sure." Ms. Nadeau said before you do this you have to have these discussions. You never know what is going to come out of discussions. Maybe something unexpected will come out. Ms. Nadeu questioned Item #8. "The Committee is considering a unilateral reduction in payroll disbursements through the end of the fiscal year. Explain this."

Mr. Forcier referred to Mr. Roberts.

Mr. Roberts said, "If no action is taken, the day will come where there will not be enough cash to pay bills. So through through this corrective action plan, and legislation at the State House, we are trying to avoid this. Even if the City goes through with the supplemental tax bill, it takes time for this to be prepared and get mailed out for people to pay it, for those that do, and for it to make it back to us. The reality is that there will be a day where there is no cash. I cannot speak for everyone, but I would tend to assume that people are going to prefer to receive a chunk versus nothing. We are working to avoid that. The truth is that this needs to be on the table."

Ms. Nadeau said, "They were told that they would run out of cash at the end of March. It is almost the middle of March. How fast can any of these steps be taken to prevent this from happening."

Mr. Roberts replied, "We have a regular School Committee meeting on Wednesday, March 14<sup>th</sup>. Number #1 will be tackled on that night, which is the new Executive Director. This is no secret that this will not impact immediate cash flow. We need to get some in here to start working with Dina Dutremble that can benefit from her, so number# 1 and #2 are on the agenda for Wednesday night. Number #7 is on, which I refer to as opening of the contract. I think we are on the same page. I used a different set of words. As for discussion, I know that Mr. Partington is not going to give this a broad based opening on day one, but I thing we are on the same page as far as, let's talk for the benefit of the district."

Ms. Nadeau asked if there was a plan for the short term. She thinks that none of these items can happen by the end of March. What happens between now and the end of March? She said, "There have already been appeals to the Department of Education from vendors and they are going to pay them and take that money out of our state aid to education, which further sets us back." "Is there a quick fix between now and the end of March." "Say all of this takes place, what happens in the meantime?" "We do nothing?"

Dr. Donoyan responded, "That we do something. The paper that you have is a corrective action plan is actually the first step, as Mr. Roberts indicated. That will give credence to the Rhode Island Department of Education as well as the State that we do have a plan in place. The outcome of this is to ask the Director, Rosemary Booth-Gallogly, to accelerate our June financial aid for the State to us, so we will be getting our June payment at the end of March. The exact same action occurred in East Providence recently to help them through their cash flow problems. What happens in the short run, if we get June's payment in March, we won't have anything in June. With the anticipation of a supplemental tax bill, we are hoping that some of that revenue will come in by June, to cover the expenses at the end of the year.

Ms. Nadeau said that this will be done in the short term. "What about the statement about working out a payment plan with vendors? This has to be done quickly. If the vendors are appealing to the Department of Education, and the Department of Education agrees to pay them, then that dilutes our payment plan. So how fast can this get done so this doesn't happen?"

Dr. Donoyan stated. "That there are two things that are happening with vendors. One is that some of them are going directly to the Department of Education, and the Department of Education has committed themselves that they will sweep dollars right off the top of our State aid to meet the needs of our Special Education out of district placements. The other is, in my conversations with all of the vendors, they understand our cash flow problems and I cannot promise a payment plan without knowing how much revenue we have." "I call it my pot of gold. I don't know how much is in the pot to share with all the vendors." It wouldn't be fair if I said, I owe and give you \$100,000 next month and I don't have it. This goes towards a false hope." The vendors are waiting, and have been patient, and are good people and provide services and the payment plan will be known, once I know how much money we have in hand.

Ms. Nadeau stated that there are Special Education out-sourced children to these agencies that will go under if they don't get paid. So will they get paid up-front?

Dr. Donoyan said "They do get paid up front."

Ms. Nadeau asked "How much will get taken out of our State aid to Education."

Dr. Donoyan said, "At the present moment, we have approximately \$2,000,000 in over due in out-of-district placements tuitions that we have not paid in the last six months. Some of them back to the beginning of the year." "We do have an issue with that." "We have been dealing with them and giving them partial payments along the line. "When we get reimbursements from grants and Medicaid, we parcel it out accordingly." "We have been in constant communications with all of our vendors and we are doing the best we can."

Ms. Nadeau asked, "If they take 2,000,000 out of the State aid, where does that leave us?" "We will not be able to make payroll and this will not get us through."

Ms. Forcier said, "They will not be able to meet payroll if this happens."

Ms. Nadeau said, "If this happen, we need to try to get everyone to agree to a payment plan, so they don't get all this money upfront."

Ms. Forcier said, "They are working on this."

Dr. Donoyan said, "They have a payment plan that would show how much we owe, 30, 60, 90 and more than 90 days overdue. What we appear to do is insure, with the first chunk of money that would come in, we would apply that to our vendors over 90-day balance. So, it wouldn't be the entire \$2,000,000 balance, but the oldest invoices would be paid first."

Ms. Nadeau asked if we owed 4,000,000 in payables.

Dr. Donoyan said, "\$4,000,000 in payables, \$2,000,000 which belong to the out-of-district placement tuitions."

Ms. Nadeau said, "We have to get the Department of Education to work with them, because if they are giving all this money upfront, this will not help them."

Dr. Donoyan said, "The State side and not the Department of Education that would be funding them."

Ms. Nadeau asked if this would be coming out of the State aid to education.

Dr. Donoyan said, "This will be released by Rosemary Booth-Gallogly, who is the Director of Revenue for the State."

Ms. Nadeau asked, "When the next payment is due."

Dr. Donoyan said, "The beginning of April."

Ms. Nadeu asked if they want the summer payment to be backed up into the budget.

Dr. Donoyan said, "They want it to be accelerated by two months."

Ms. Nadeau asked, "Who has to approve this?"

Dr. Donoyan said, "Rosemary Booth-Gallogly."

Ms. Nadeau asked if she was the only one.

Dr. Donoyan stated, "Yes."

Ms. Forcier asked for any further discussion.

Ms. Phongsavanh said she understands that this is a State mandate and we had to draft this up because of the deficit that they are in. She said she likes most of the points and some of the actions they need to take, but is having a hard time with Number #8. The Committee is considering a unilateral reduction in payroll disbursement through the end of the fiscal year. The reason is, a couple of weeks ago we did issue layoff notices and sat here and gave our word that we wouldn't break the contract. We gave our word and my word is pretty strong. I want people to believe in it. I want to make a motion to remove this item.

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**Ms. Phongsavanh made a motion to remove Item #8 from the Corrective Action Plan.**

**Ms. Nadeau seconded.**

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**Discussion:**

Mr. Roberts: He agrees with Ms Phongsavanh about keeping their word. "Things are so dire. I don't know how anyone could vote right now saying that everyone is going to get 100% of what is due to them for the remainder of the year. I am going to take to opposite position, if the day comes where I am forced to make sure that if 600 employees receive 80% of their money, if this is the number to use for a round figure, versus telling them that one day your going home with nothing, I don't want to be forced to do either. I cannot promise that this will not happen. I am going to vote no, for the change. I think we are doing everything possible to eliminate this as an option. I cannot put myself in a place of telling everyone that your payroll is 100% solid. I would think that everyone in this room who is a taxpayer or employee knows how dire it is and I would be lying to tell you that your money is definitely coming. I will be voting no on this change.

Ms. Nadeau stated she has the same problem as Ms. Phongsavanh. "They laid off 600 people until the end of this fiscal year, but isn't number #8 a contradiction to number#7? You're asking bargaining units to open their contracts to seek modifications, and then you're saying, regardless of what they do, you are going to make unilateral reductions.

Mr. Roberts responded to Ms. Nadeau. "It's my hope that on Wednesday night that we are going to have a positive response from both Unions to open for "discussion." "From the point of transmitting our plan to Director Gallogly, from what I have seen and heard from her in discussions, she is looking for some concrete steps, and I think if we were to send this paper back saying that we are going to just have conversations, that bankruptcy gets closer. I my eyes this provides a level of seriousness and escalation in the worse case scenario, in speaking with Mr. Partington, I know that we are on the same page, that we need to discuss this. This is the first step.

Ms. Nadeau said that this is a very scary statement. It doesn't tell anybody anything except that they will reduce your payroll. It doesn't say 5%, 10%, 20%. It's open ended. That's why it's frightening.

Mr. Roberts said he does not want to be the person that says, at this instant that it is 5, 6, 8, 10, 50. I don't know this number, and I can't be the person to make this promise.

Ms. Nadeau said, "We are in a tsunami right now and everyone is speculating, and this just leads to further speculation." "I don't like to do this to peoples lives." "I don't know what I am voting on with #8." "It is so open-ended, I have no figures, I have nothing and you can do anything you want to do. What does this mean?"

Mr. Roberts said, "That they are submitting the entire plan." Before anyone could cut payroll it would have to come back to the Committee.

Ms. Nadeau stated she realizes this. It is just scary.

Mr. Roberts stated it is open-ended on purpose. He stated that he would hate to put any number to it and used a number that was high. It's scarier to have people find out last minute that there will not be a check on Friday, as opposed to making it part of the general discussion. I can see both sides and understand what you are saying.

Ms. Nadeau asked for further discussion.

Ms. Forcier stated, "I understand where Ms. Phongsavanh and Ms. Nadeau are coming from. I do not want to cut everyone's paycheck. However, we are in a situation that is bigger than us. Let me give you an example. March, State aid, 3.6 million, payroll 3.2 million, pension \$650,000, blue cross \$850,000, unemployment \$33,000, we owe over 4 million to outside vendors. There is going to come a time when the money is going to run out. This is an option we leave open. Would you rather have zero paycheck, or if we are able to get a little money back, even if we work out something where the employees get paid over the next couple year, reimbursed on it, we are going to run out of money. You can laugh, I agree, the intents good, but when your paychecks bounce you won't be laughing. This is not a joke. I understand. You work here and feel this is not your issue, but if your paychecks bounce, it will be your issue. We are trying to prevent this. By showing the State that we are willing to work diligently with the City Council until we get a supplemental tax bill, we will have a better of them giving us our June State aid and making it until we can get the revenue in.

**At this point the audience was asking questions about school closing and special education and Ms. Forcier stated that she will address the issues at Wednesday, March 14<sup>th</sup> School Committee meeting during good and welfare.**

Ms. Forcier stated that she understands their dilemma. "Right now we must work on the corrective action plan." "How can you run a school without employees?" "We are taking these steps to try to prepare for the worst and pray for the best." "If we can accelerate our State aid, by passing this and working with them, and preventing shutting down schools, preventing all the unnecessary stress on everyone, as far as cutting pays, then let's do it." This is one step towards that. So at this time, I will not be supporting this amendment. I want the State and City to know that we are willing to work hard to do whatever we can do to get our June monies accelerated now. This is not a joke. This is for real."

**Again, the audience asked if the cuts would be for all employees. Ms. Forcier said from the Superintendent down. Ms. Forcier said that they do not have control over City Hall, to the audience to come back on Wednesday.**

Mr. Donlan stated, "As far as the corrective action. I feel that everyone here realizes that they have to show the State that they are working diligently to cut back and come up with a corrective action plan. Mr. Donlon said, "Everyone is concerned about their jobs and he is sure that Mr. Partington has spoken to his members." Mr. Donlan stated that he is sure that they will be able to come up with a plan. He said that they have to pass this plan so they can show the State that they are acting in good faith. I will be supporting this plan."

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**Ms. Forcier said that there was an amendment to removal of #8: The Committee is considering the unilateral reduction in payroll disbursements through the end of the fiscal year:**

**Motion by Ms. Phongsavanh Seconded by: Ms. Nadeau**

**We are just voting on the amendment.**

**ROLL CALL:** Ms. Forcier No  
Ms. Phongsavanh Yes  
Mr. Donlon No  
Ms. Nadeau Yes  
Mr. Roberts No

**Motion Dies: 2-3**

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**Previous motion to send the full Corrective Action plan to pass, as is, to the City Council, State and Mayor.**

**ROLL CALL:** Ms. Forcier Yes  
Ms. Phongsavanh Yes  
Mr. Donlon Yes  
Ms. Nadeau Yes  
Mr. Roberts Yes

**Motion passes. Corrective Action Plan stands as is.**

**Motion to adjourn: Mr. Roberts                      Seconded by: Mr. Donlon**

Respectfully submitted

Dorothy DeRemer  
Recording Secretary