

Approve 04/09/2013.

5.1

**NEWPORT SCHOOL COMMITTEE/
NEWPORT CITY COUNCIL
Special Joint Meeting, 6:00 p.m.
Wednesday, March 27, 2013**

MINUTES

1.0 OPENING ITEMS.

- 1.1 Call to Order.** City of Newport Mayor Henry F. Winthrop called the Special Joint Meeting of the Newport School Committee and Newport City Council to order at 6:04 p.m., at the City of Newport Council Chambers.
- 1.2 Roll Call.** Attendance was as follows: School Committee Members: School Committee Members: Chairperson Charles P. Shoemaker, M.D., Vice Chairperson Jo Eva Gaines (absent), Rebecca Bolan, Sandra J. Flowers, Ph.D., Robert J. Leary, Thomas S. Phelan, and Robert B. Power, Ed.D.; City Council Members: Mayor Henry F. Winthrop, Vice Chairperson Justin S. McLaughlin, Marco T. Camacho, Michael T. Farley, Kathryn E. Leonard, Jeanne-Marie Napolitano, and Naomi L. Neville; School Department: Superintendent of Schools John H. Ambrogi, Ed.D. (absent), and Director of Administrative Services Joan Tracey; City of Newport Administration: City Manager Jane Howington and Finance Director Laura Sitrin.

2.0 DISCUSSION ITEMS.

- 2.1 Initial Discussion—FY 14 Budget.** Discussion followed regarding federal and state funding sources, FY 13 Budget Forecast and FY14 Budget Projections (attached). City Revenue Estimates for FY2014 were provided (attached).

Adjournment. At 6:20 p.m., Ms. Bolan made a motion to adjourn the meeting. Dr. Flowers seconded the motion, which carried unanimously (6-0).

Charles P. Shoemaker, M.D.
Chairperson

John H. Ambrogi, Ed.D.
Clerk

COUNCIL/SCHOOL COMM, Wed Mar 27 @ 6 PM

Status of 2012-13 Budget: Due to manpower shortages and the extra time needed to implement the new UCOA, Uniform Chart of Accounts, accounting system, we do not have a current budget.

Even if we did have an up to date budget, the following outline shows how many of anticipated revenues and expenses will not be fully known until September when we will know our enrollment and if we have enough room in the new Pell School for all of our students or if Triplett School is needed.

We all realize the City attempts to establish the tax rate by August. The school department could make an educated guess at the enrollment now, but think of the consequences, if the guess were wrong. If the estimate was low, students and teachers might need to be relocated, and the school would have a deficit; on the other hand if the estimate were high we might have hired teachers without a position, opened up a school and we would have a surplus.

Below is list of key elements of the budget and the timelines:

1. Baseline. Until the financial books are closed in Aug, we won't know if we have a surplus or deficit for this current year that could be carried over into the next year.
2. Revenues
 - a. Decrease State aid
 - i. Based on the formula, Newport is projected to receive less state aid. We will know more in May/June when the final numbers are released.

- b. Federal Aid
 - i. Impact aid, has been effected by sequestration.
 - ii. Title I & II and IDEA are projected to decrease.
 - iii. \$500,000 AARA no longer available as a revenue source.
- c. Loss of \$548,000 in fund balance available for FY 2014.

3. Expenditures

- a. Salaries
 - i. Enrollment dependent. With the completion of the Pell School, we will be able to consolidate administrative staff, nurses, etc., and we will be able to consolidate classrooms and reduce staff; but, this will not be known, with certainty, until this summer.
 - ii. Union contracts call for 2% for teachers and 2% for Council 94.
 - iii. Steps in grade: 32% of our teachers will also receive step increases.
- b. Healthcare
 - i. Enrollment dependent, will follow the same pattern as salaries
 - ii. Change in healthcare policy for active employees have lowered cost; but, next year, we expect a 4.9% increase for active and retired employees
 - iii. Retiree healthcare will increase due to more retirees and higher premiums.
- c. Capital Concerns
 - i. Triplett Roof
 - ii. Rogers—Partial Replacement for Roof.
- d. Pension costs
- e. Special Education: enrollment dependent

- f. New Expenses:
 - 1. 2nd grade academy for students, who are lagging vs mandatory retention at third grade.
- 4. Impact of chronic shortages has been on the personnel infrastructure.
 - a. Over the years the school has cut back on the number of community outreach persons, who made home visits to families associated with truancy and absenteeism. In talking to Pre-K program directors and Kindergarten and elementary school teachers these outreach persons should be increased, not decreased.
 - b. Loss of Leadership Positions—Since 2005, we have lost the following administrators: Assistant Superintendent; Coordinator of Special Education; Business Office Coordinator; Network Technology Manager; 2 Elementary Principals; 1 Assistant Principal at Rogers High School; 1 Dean at Rogers High School; and Director of the Newport area Career and Technical Center.
- 5. Portsmouth and Middletown budgets: (I would like to know the enrollment of each of these districts and the amount of the town allocations.)
- 6. Overall impact: Over the past decade, with the one exception when the school district had begun a Carrulo proceeding, the school district has received no increases in their allocation from the City. The School Department has actually received \$892,238 less money from the City in FY 2013 than it received in FY 2006.

One argument for the lack of increase is that Newport has one of the largest per pupil costs in the state. An analysis of the comparative data, shows that our retiree-benefit package accounts

for Newport being so expensive, but the money we spend on teachers, administration, books, etc., is average.

Another argument against raising the allocation has been the district's academic record. If one compares the demographics of our students to surrounding communities, it is obvious that we have relatively more minority and students from low income families. It is recognized that as a group minority students and students from low income families tend to score lower in achievement testing such as the NECAP testing; yet in the Newport school district each year these students are continuing to have higher scores in response to the recognition that Newport has many students that need extra intervention and we are providing these interventions.

Hopefully, with the savings with the addition of the Pell School and other savings, the district may not need additional funding. On the other hand, if the district needs extra money, there are two options

1. Increase the allocation, or
2. Use the revenues from the sale of the vacant elementary schools as suggested in the City's comprehensive land use plan.

**NEWPORT PUBLIC SCHOOLS
2014 REVENUE Budget**

Description					3/25/2012		Difference 2014 versus 2013 Budget
	Budget 2011-2012	Actual 2012	Over (Under)	Approved Budget 2012-2013	Projected Budget 2013-2014		
<u>FEDERAL REVENUES:</u>							
PL-847 Impact Aid	\$ 400,000	\$ 717,900	\$ 317,900	\$ 636,817	\$ 415,000	(1)	\$ (221,817)
E-RATE REFUND	\$ 45,000	\$ 45,382	\$ 382	\$ 45,000	\$ 45,000		\$ -
JROTC REIMBURSEMENT	\$ 56,000	\$ 67,148	\$ 11,148	\$ 30,000	\$ 30,000		\$ -
INDIRECT COSTS	\$ 25,000	\$ 23,059	\$ (1,941)	\$ 25,096	\$ 25,096		\$ -
MEDICAID	\$ 450,000	\$ 649,891	\$ 199,891	\$ 500,000	\$ 500,000		\$ -
TOTAL FEDERAL REVENUES	\$ 976,000	\$ 1,503,380	\$ 527,380	\$ 1,236,913	\$ 1,015,096		\$ (221,817)
<u>STATE REVENUES</u>							
<u>Unrestricted</u>							
OPERATIONS AID	\$ 10,717,391	\$ 10,205,734	\$ (511,657)	\$ 10,661,062	\$ 10,647,363	(2)	\$ (13,699)
TEXTBOOK AID		\$ 1,599	\$ 1,599				\$ -
TOTAL STATE AID	\$ 10,717,391	\$ 10,207,333	\$ (510,058)	\$ 10,661,062	\$ 10,647,363		\$ (13,699)
<u>LOCAL REVENUES</u>							
REAPPROPRIATION OF FUND BALANCE	\$ 1,370,211	\$ 1,370,211	\$ -	\$ 548,179			\$ (548,179)
TUITIONS	\$ 820,800	\$ 730,112	\$ (90,688)	\$ 680,000	\$ 680,000		\$ -
RENTAL INCOME	\$ 36,200	\$ 70,610	\$ 34,410	\$ 50,335	\$ 50,335		\$ -
TRUST FUND INCOME		\$ 136,771	\$ 136,771	\$ 90,010	\$ 90,010		\$ -
MISCELLANEOUS		\$ 264	\$ 264				\$ -
TOTAL LOCAL REVENUES	\$ 2,227,211	\$ 2,307,968	\$ 80,757	\$ 1,368,524	\$ 820,345		\$ (548,179)
ARRA - Education Jobs Fund				\$ 502,800	\$ -		\$ (502,800)
CITY TAXES APPROPRIATION	\$ 22,564,158	\$ 22,564,157	\$ (1)	\$22,564,158	\$ 22,564,158		\$ -
TOTAL REVENUES	\$ 36,484,760	\$ 36,582,838	\$ 98,078	\$ 36,333,457	\$ 35,046,962		\$ (1,286,495)

(1) Assumes no additional receipts in FY 2013 and 2014 = to 2013 received to date.

(2) Governor's Recommended

City of Newport
Revenue Estimates for FY2014
as of March 27, 2013

Changes:

Meals and Beverage Tax	(100,000)	No America's Cup/Tall Ships
Hotel Occupancy Tax	(250,000)	No America's Cup/Tall Ships
Real Estate Conveyance & Recording Fees	150,000	Starting to see upturn
Building Permits	75,000	Starting to see upturn
Parking Tickets	(50,000)	No America's Cup/Tall Ships
Investment Income	150,000	Economic Projections
Newport Grand	(73,000)	Continued Decline
State Aid	100,000	Not including pension incentive or road aid which is a pass-through
Minor adjustments	<u>(86,600)</u>	
Net projected increase to total revenues	<u>265,400</u>	Before any tax increase