

EAST PROVIDENCE SCHOOL DEPARTMENT

East Providence City Hall

145 Taunton Avenue

East Providence, Rhode Island

March 12, 2007

Public Session

At 5:36 P.M. Mayor Ramos called the meeting of the Joint Session of the East Providence City Council and the East Providence School Committee to order. Present: Mayor Isadore S. Ramos, Ph.D.; Bruce DiTraglia; Robert E. Cusack; Valerie A. Perry; Bryan P. Silva; Richard Brown, City Manager; Mildred S. Morris, School Committee Chair; David A. Medeiros; Robert Faria; Eileen Lovett; Steven Santos; and Jacqueline B. Forbes, Ph.D., Superintendent of Schools.

The meeting proceeded with the Pledge of Allegiance.

Mayor Ramos and Mr. Brown indicated that the purpose of the meeting was to discuss the School Department's budget.

Dr. Forbes presented information concerning the status of the School Department's budget. Dr. Forbes indicated that a projected deficit of

\$270,631 as of 1/31/2007 had been fixed for the time being, and that as of 2/28/2007, the School Department's budget was balanced. Dr. Forbes informed the assembly that whether the budget would be in deficit at the end of the fiscal year would depend upon Special Education costs, and Health Insurance claims, both of which fluctuate, and the School Department can't control.

Dr. Forbes then presented information regarding a looming financial crisis of a \$2.9 million projected deficit for the School Department by the end of the 2007/2008 fiscal year. Dr. Forbes said that the General Assembly has a 5.25% cap on local tax increases, and the East Providence City Council has approved a local cap of 3.5% for increasing taxes. Dr. Forbes said that the School Department's contractual obligations in 2007/2008 would require an increase in excess of the City's tax cap based upon the following projections: salary and step increases are expected to rise 6.4% or \$2,750,000; Health Insurance costs are expected to rise 5.8% or \$550,000; employer contribution for pensions are expected to rise by 12% or \$600,000; Special Education tuitions are expected to rise by 20% or \$1,000,000; utility costs are expected to rise by 10% or \$139,000; transportation costs are expected to rise by 3% or \$78,000; and the costs of the debt service is expected to rise by \$270,000. Dr. Forbes anticipated that there would be revenue increases in the School Department's budget as follows: 3.5% or \$1,448,783 from City appropriations; 3.0% or \$802,868 from state aid; and 9.0% or \$187,000 from local revenue increases for such things as Medicaid

reimbursement, vocational tuitions and building rentals. The difference between the anticipated revenue increases and the projected expenditure increases results in a budget shortfall of \$2,948,349. As possible solutions to the projected deficit, Dr. Forbes indicated the following: allow the School Department to operate under the state cap rate of 5.25% instead of the City's tax cap of 3.5%; encourage legislatures to revise state education mandates and address reforms in educational funding; seek relief from unions, legislatures and the Rhode Island Department of Education; look for savings that maximize efficiency while maintaining high quality education; and transfer the debt service to the City side of the budget.

Mr. DiTraglia asked where is the School Department going to get the money? Dr. Forbes indicated that the School Department is looking to cut expenses wherever it is feasible.

Mr. Faria indicated to the assembly that Dr. Forbes looks at solutions to the School Department's budget every day, and that she has aggressively pursued revising mandates in order to reduce costs, but that to date she has received minimum relief in this area.

Dr. Ramos indicated that he would have a problem if the School Department worked a 5.25% revenue cap, as opposed to the City's cap of 3.5%.

Mr. Brown indicated that if the School Department's debt service was assumed by the City, all this would do would be to shift the burden from the School Department to the City.

The City Council and the School Committee discussed exploring the feasibility of consolidating services between the School Department and the City in order to save costs. .

Mr. Cusack inquired whether the School Department's third party health insurance administrator could be changed in order to save costs. Mayor Ramos indicated that this was being explored as part of contact negotiations, and that further discussion at this time would be inappropriate.

The City Council and the School Committee discussed the need to continue to work together in order to address the budget.

The meeting adjourned 6:39 P.M.

Respectfully submitted,

Andrew A. Thomas, Assistant Legal Counsel

Eileen Lovett, Clerk of the Committee