

UNAPPROVED

Members of the Cumberland School Committee in collaboration with members of the Cumberland Town Council had a joint meeting on Monday, March 16, 2015 at 6:30PM at the Cumberland Public Library's Community Room, 1464 Diamond Hill Road, Cumberland, R.I.

The purpose of the meeting was: Pre-Budget Consultations and Three Year Forecasting Pursuant to the Requirements of RIGL § 16-2-21 through 16-2-21.3

Members Present: Lisa Beaulieu, Raymond Salvatore, William Dennen, Paul DiModica, Mark Fiorillo, and Linda Teel. Craig Duffy was absent.

Administration Present: Dr. Phil Thornton, Superintendent, Alex Prignano, Business Manager

Town Council Members Present: Mr. Dwyer, Mr. Shaw, Mr. Call-Fregeau, Mr. Lambi, Mr. Schmitt, Mr. Scullin. Town admin: Mr. Silvia, finance director.

Agenda Item #1: Call to Order

Chairwoman Beaulieu called the school committee meeting to order at 6:33 p.m.

Council President Craig Dwyer called the town council meeting to order.

Pledge of Allegiance

Agenda Item #2: Pre-Budget Consultations and Three Year Forecasting Pursuant to the Requirements of RIGL § 16-2-21 through 16-2-21.3

Mrs. Beaulieu began the discussion by welcoming everyone to the meeting, saying that members of the school committee and administration were available to answer any questions the town council had.

Dr. Thornton gave an overview of his budget request. His request includes a 2.5% increase in the town appropriation, and uses \$1.1M in fund balance, half of which will be used for one-time costs, and the other half is carried over from the current budget year.

Dr. Thornton gave highlights of his budget request, including:

- Chromebooks for grades 6, 10, 11, and 12.
- TV Tel studio at the high school - \$25,000
- Modernization of the technology education program at the middle school level, with "Project Lead the Way"
- Changes in staffing -- the net is a reduction of 3.2 FTE district-wide

Dr. Thornton stressed that two of the biggest budget movers are outside of the district's control: pension costs (\$500k increase over current year) and charter school tuitions (\$800k increase over

current year). In addition, Dr. Thornton said that FY19 is an important year for the district, as state money will cease to increase and charter school tuitions will likely continue to expand. Council President Dwyer asked about funding the Chromebooks. Dr. Thornton said that the \$651,000 that was used to fund the Chromebooks last year was included in the base for his budget request for next year. Dr. Thornton said that his budget requests 2.5% increase over that base, as maintenance of effort.

Councillor Lambi said that the \$651,000 in the current year budget was for capital expenditures and was specifically separated from maintenance of effort. Mr. Lambi asked why the school department would include that money as part of its budget. Mrs. Beaulieu expressed the need for a funding strategy and plan moving forward, and that the school department has publicly and candidly said that the \$651,000 helps bridge some of the funding deficiencies that the schools have had. Mr. Lambi said that meeting the school department's request would require a budget amendment on the town's side to include the \$651,000 as town appropriation to the schools.

Mr. Prignano said that the maintenance of effort law allows for the town to pay for one-time capital expenses (for example, repairing a school roof), without adding to maintenance of effort obligations. Mr. Prignano said that the \$651,000 in question was used to purchase math workbooks and Chromebooks, and that these are not "one-time expenses" and would need to be purchased regularly.

Mr. Prignano provided an overview of the school department's 3-year fiscal forecast, including projected revenue and expenses. Mr. Prignano reviewed some of the changes with the most recent teacher's contract, including: health care co-payments (22%), reduction in number of sick days (from 12 to 8), lane and step changes, and deferred raises. Specifically, raises in the contract were 0%, 0%, and 4%. Mr. Prignano explained that this saved the district money by avoiding the compounding effect of raises. The district is seeing a true 4% cost, rather than 8%, which is what it would be if each year of the contract was a 1.33% increase. Mr. Prignano said that over 7 years, there have been 4 years of 0% raises.

The committees discussed the total request for FY16, and its possible effect on the town's tax rate. Mr. Schmitt said that he was concerned about rising charter tuitions, but he is also concerned about the fire district tax increases that the town is likely to see.

Mr. Lambi discussed the \$651,000 that is in the current budget, saying it was recorded in such a way that it would not obligate the town to fund it forever. Dr. Thornton responded that the money purchased workbooks and Chromebooks, and as a result, it is not capital, and should be considered maintenance of effort. Mr. Silvia said that the expenses in question were paid by the town, not the schools, adding that the town has cut checks directly to vendors. Mrs. Beaulieu said that the school department is asking that the \$651,000 be considered part of the request for next year.

The committees discussed health care plans and the implications of them reaching "Cadillac" status. Mr. Fiorillo said that the teachers already pay 22% and that this is the highest in the state. Mr. Lambi said that the schools are probably far from "Cadillac" status, as a result.

Mr. Lambi said that the overall school budget has gone from \$52M to \$62 in 4 years and he expressed concern about the town's ability to support continued increase, without additional state aid. Mr. Lambi also express concern about the school surplus. Mr. Prignano responded that the surplus is \$3.8M, and the budget request for FY16 seeks to spend some of it. He said that it would not be wise to spend too much of the fund balance, and that the current fund balance is 3.77% of the budget and within the 2-4% fund balance policy. If the fund balance surpasses 4% of the budget, anything over 4% automatically goes toward capital repairs. Dr. Thornton said that RIDE has said that any community that uses over \$1M in surplus in a year could be labeled a "distressed community."

Mrs. Beaulieu presented a brief slide show. From 2012 to 2014, "face to face teaching," "pupil and teacher support," and "leadership" were relatively flat. Mrs. Beaulieu said that these areas are the most important, related to the Basic Education Program (BEP). The areas that have seen significant cost increases are "operations" and "other commitments." She said that the pension and charter tuition costs have increased over time, but the costs for current students has not. She compared Cumberland's "per pupil expenditure" (PPE) of \$12,280 with BVP's PPE of \$12,056, saying that both school districts are the lowest-funded in the state. BVP has about \$1000 per student more than Cumberland does, because BVP does not have charter tuition payments or retiree benefits. Mrs. Beaulieu said that the UCOA data from RIDE shows that the Cumberland schools are fiscally responsible and efficient. She added that the school programs are lacking in resources to support instruction and facilities. She said the schools hope to address some of the deficiencies by adding support for RTI to the FY16 budget. She also said the school committee would be discussing possibly changing the start time at the high school, which is connected to student achievement. Dr. Thornton said that the schools looked at the high school start time a couple of years ago, and additional buses would be needed, costing about \$450k.

The town council discussed the expected tax base for FY16, and Mr. Silvia estimated that the levy would increase 1.38% or \$846,000, without a rate change.

Mr. Schmitt asked about charging for buses and sports. Dr. Thornton said that North Smithfield tried to charge for things, but was denied by RIDE. Dr. Thornton said that some districts in Massachusetts currently can charge for sports and buses.

Mr. Lambi asked about the certified retirement projections, which will go from \$4.5M to \$5.7M, and asked about teacher step and percent increases. He asked how we can sustain both steps and percent increases and wondered if how this would be approached in the next teacher's contract. Mrs. Beaulieu said that the district has sought changes in the past, including higher copays (11% to 22%) and plan design changes, to help lower costs.

Mr. Lambi said that the school budget had gone from \$52.5M in 2012 to a projected \$62.5M in FY16. Mr. DiModica pointed out that the increase includes an increase in state aid. Mrs. Beaulieu showed some information from UCOA that shows where most of the increases have been, including "operations" and "other commitments." Mrs. Beaulieu said that state aid is supposed to be used for educational expenses and not these other areas. She said that the audited numbers show that the increases are not going toward the instructional program. She said that the district needs a plan with the town council to improve the educational program to build a better school program.

Mr. Schmitt asked about teacher longevity and what percent of teachers are at the top step. Mr. Prignano estimated that about 240 of the 405 teachers are at step 10. Mr. Schmitt asked about early retirement incentives for teachers who are close to retirement. Dr. Thornton said that the district offered incentives not too long ago and saw 18 teachers take an early retirement. He added that recent pension rule changes encourage teachers to stay longer.

The committees discussed next steps and agreed to communicate with each other if either side had questions.

Agenda Item #3: Adjournment

Mr. Fiorillo made a motion to adjourn, 2nd Mr. Duffy, approved 6-0.

Meeting adjourned at 8:07pm.

Meeting minutes respectfully submitted by William J Dennen, Clerk.