

Minutes
**Special Meeting Board as a Whole for Finance
West Haven Board of Education**

Chairman of the Finance Committee Patrick Leigh called a Special Meeting of the Board as a Whole for Finance with Discussion on the Proposed BOE Budget for 2016 – 2017 and line items to order at 6:00 PM. This meeting was held in the Board’s Meeting Room on the second floor of City Hall, 355 Main Street, West Haven, Connecticut on February 10, 2016. Patrick requested everyone to stand for the pledge.

**BOARD MEMBERS
IN ATTENDANCE:**

James W. Morrissey, Chairman
Robert Guthrie, Vice Chair
Susan Walker, Secretary/Treasurer
Patrick Leigh
Karen Pacelli
Rosa Richardson
Rosemary Russo

BOARD MEMBERS ABSENT: Patricia Libero
Mark Palmieri

ADMINISTRATORS PRESENT: Neil Cavallaro, Superintendent of Schools
Dr. Anne Druzolowski, Assistant Superintendent
Matt Cavallaro, Director of Finance

CITY OFFICIALS PRESENT:

**STUDENT REPRESENTATIVES
PRESENT:**

Chairman of the Finance Committee Patrick Leigh said although it is not an agenda item there are quite a few people here and I would like to make a motion for a public speaking portion, Karen Pacelli seconded the motion and all board members present were in agreement.

Public Portion

Kristen Molloy Scanlon, 77 Court Street, West Haven, CT President of the West Haven Federation of Teachers and Nurses cautioned the board on making cuts that affect our schools, staff and resources. We need to keep every teaching position in every school in this district. The children of West Haven deserve a Board of Education that puts

education, our teachers, school nurses and students first. Your constituents are watching. Thank you. The board gave thanks. Public session closed at 6:05 PM.

Chairman Leigh said we will go through the high level items: tuition, student transportation, salaries, operation of plant, benefits & fixed charges, purchased services and instruction. We will go through the line items and if there are questions from the board they can be addressed. Superintendent Cavallaro stated that Matt Cavallaro will know the details and between the two of us we will be able to help you.

Patrick started with tuition and wanted to see how they came up with the \$7,625,938.00. Matt said the actual is much higher than that it is around \$9,000,000.00 and this is for kids who are outplaced to private schools. We came up with this number because we need to start increasing and addressing the high cost of this expense. We know we won't get all of it in one year but thought this was a good start. With this number combined with the excess cost grant it will offset the high cost of Special Ed tuition and there would be no overrun. Patrick asked how are we trending so far this year? This year we are trending right to the 9M number. Are we over what the budget is yet? Not yet. Special Ed schools bill slower than most so you see an influx of bills a little later and much of the expense is yet to come. How many students are enrolled? Neil said students are out placed. It was 114 and now it is 116 with two new students. The average tuition is about \$58,000 right now but all the schools are different. Superintendent Cavallaro said the sheet we have given you will continue to be updated.

Rosemary said you have underfunded tuition because you think it is going to be \$9,000,000.00 correct. Yes. Teacher Aides and Pupil Services all go up along with coordinators and directors so is this deficit going to get bigger because you have underfunded for tuition and all these line items have increases? No we have accounted for the raises for employees in our budget and have also increased the line items. A further discussion continued about IDA etc.

Jim Morrissey asked if any Special Ed students had left the district. Yes several have left but the number 116 is the current number. We have had over 70 Special Ed students move into the district this year and several were already in outplacement when they moved here so that number fluctuates constantly. Rosemary asked if the two students had moved into the district or did we outplace two students we had. They moved in. A further discussion took place.

Student transportation is a contract item with Winkle Bus Company and for the 2016/2017 year there was a 2% increase. Special Ed transportation went up 2% across the board also. Each year Special Ed transportation is sent out to bid so that number could vary depending on the number of kids and who wins the bid but historically it has always been about the same. Jim Morrissey said you sometimes only have one bid how do you know if that is a good bid or not a good bid. Through the years of experience we have had we can determine if it is a good price for the student that they may be transporting but if we don't like the price we can absolutely go back out to bid. With fewer bids it is usually for higher needs students that require a harness or aides to be on the bus and sometimes

only one company is willing to transport that child. It doesn't happen often but there are some exceptions where it is only one company. Jim asked what the cost would be. The price would depend on what the student requires and where they are being transported. Matt can get him a number.

Salaries include every person we currently employ with their raise based on their contract. The three unions with contracts coming up have a 3% place holder for a raise. Top step teachers get about \$800 but for a step you are probably getting anywhere from \$2,500 to \$3,500 with the step and increase the following year of 1.75%. A further discussion took place. Rosemary Russo said with central office you have 12 secretaries; yes from two different unions and one is non-union. How many administrators do the 12 secretaries work for? They are not purely secretaries my accounts payable staff comes out of this account. It is basically any clerical, data processing, AFSCME or CWA employee's salary that comes out of this account. A lengthy discussion with questions and answers took place.

Operation of Plant includes utilities, our building security, our SRO's and the security company we employ. Whatever breaks down at the schools that need to be fixed the bills come from these line items. Karen Pacelli asked if we have a recycling program. We budget for it and have tried to get one going for quite some time but it hasn't taken off. Neil said there are two or three different contracts that handle our trash. We have tried to bring in some sort of a program that the kids would be excited about and get them involved with but we do recycle. Patrick asked what location has natural gas. This is propane for the concession stands. Patrick asked if most of our institutions gas or oil? They are all gas. Rosemary Russo asked how equipment, operation of plant and repair to buildings always stay a round figure budget after budget. She would like an accounting of how that stays the same and what repairs are done and how equipment to the operation of the plant and maintenance stays the same number. Matt said we have a lot of things breaking at our schools. Rosemary said that is why she thought she would see a fluctuation. There is no fluctuation because the increases we get go to salaries not to these items. We pay the bills and the underruns go to offset some of the costs that go over. If we get an increase from the city it goes straight to the salary line to keep the people employed that we employ. Rosemary wants to keep the people employed but would like to see a breakdown of the real spend. Yes Matt will get that for her. A further discussion took place. Jim Morrissey stated on our HVAC Services we are way over last year's budget of \$200,000.00 and for six months we are now \$220,000.00 so basically we have six months to still go in this budget and will probably double that amount in the next six months. How can it just jump that high in one year. Matt said the deterioration of our equipment has a lot to do with it and we did lose some employees to help keep that number down but when we have an issue we call someone to fix it. Jim said going forward should we think about bringing someone in house to save money. It looks like we will be spending more this year and it is an awful lot of money. Can you talk with the city and take half from the city and half from the BOE because there are buildings throughout the city that need to be taken care of. Jim said we should maintain our buildings before they get broken. Matt said as our equipment becomes older and older it is more important that the city and BOE plan together to replace the equipment. This is

something that we desperately need. Jim agrees and said we have the Grant for Carrigan in place to help out over there. However as Jim previously said for that number (\$200,000.00) to double is pretty astounding so he has to question the amount we are paying for those services. We are looking at a budget and trying to stretch every dollar as much as possible so we need to do a better job in this area and watch it a lot closer than we are doing right now and come up with a better plan to save money down the road and be more cost effective in this area. Matt said any way we can save money we will absolutely look into. Neil said his understanding was that the city has a maintenance plan and they do a good job but they were not as interested in joining with us. The city does not have the number of buildings and their equipment is probably in better shape but that is not to say it couldn't happen. The conversation has been started with the city. Patrick asked what the average contract length negotiated with the utility companies is. We don't do this the city does so we are locked into whatever the city negotiations are. Matt will get Patrick a copy of the contract.

The Benefits and Fixed Charges heavy hitters are the health insurance as we are self-insured and every year we are told by Anthem that the trends are going up so we budget an increase. The city is very concerned about where our benefits are and where they are going. We are still in a good position for this year's budget but that could change next month. With Workman's Comp our deductible is \$400,000.00 so every case up to that amount comes out of our pocket. A further discussion about line items took place. Patrick said with Anthem's cost the last few years we have been under. Matt said we had significant changes in our plan design and went to a comp mix plan that is not so popular with our employees but had some real benefits from that change and we might not have been able to make it work without it. We are going to be able to live off those savings for only a short period longer. We have been pretty close to hitting and pretty close to going over historically. We went over in Workman's Comp in 2010 as it is really based on illnesses and what happens with the claims throughout the year. With the 2M saved tuition was supplemented. The savings in health care is really the only reason why we have not had to go to the city and ask for the excess cost grant for our tuition. As the savings shrink year after year it is likely we will have to go to the city to get that money which is legally ours. Patrick asked the amount of the cost grant last year 2.2M and this year it is 2.3M. Patrick asked if those funds can supplement any area or only certain categories. Matt said it has to be tuition. A further discussion continued.

Jim Morrissey said we have less employees; we have part time custodians now so with the one's we have lost are we paying for their workman's comp? Yes there are still some claims on the books for employees we no longer employ and if they settle that hits our budget and those are generally the large claims that have been in process a number of years. Jim asked if we have many pending claims. Neil said yes we have a few and we work with PMS our party who works with the city and monitors this. Communication with Corporation Counsel is very important because they will remind us of a case and it could be something that happened six or seven years ago and when they settle them they settle them. Matt said this is the difficulty we have with fully expending our budget at times because we don't see the bills for health insurance or workman's comp they are given to the city and paid by the city. Our share is transferred to our budget. We try to

keep 1.5M in our budget to cover all risk of going over. We run the risk of going over if we have a bad month. Jim asked if they feel comfortable with these numbers. Yes but God forbid something outrageous happens tomorrow these numbers could go through the roof. A lengthy discussion continued.

Purchased services are when we have contracts with outside consultants like our IT, Berchem Moses and Devlin, Technology Programs, Board Supplies, Copy Center, Postage and the offset for the sports facility comes out of these line items. The only increase to this line item was the long term plan that we feel we need for this district the \$150,000.00. Patrick asked with the postage amount what happened that it went from \$90,000.00 to \$55,000.00. We had a third party, the rates were better, and less usage. This coming year we think the expense will creep back up and we will be closer to \$90,000.00. Neil is interested in getting a lot more on line. They have done a good job with centralized registration and we are coming up with better ways to do this now. We use info snap for the new students but not for returning students because it is not as much of a cost savings as we thought it would be. A further discussion took place.

Rosemary Russo asked if there was any way we could save money on F12 consultant services. That is the Business Network Group, AFB, Berchem Moses and Devlin, Prism and basically people we need to run our operations. Rosemary asked if AFB money is from there? Yes, AFB is a service contract. Patrick asked with F34 the Sports Complex the \$60,000 we spent zero in 2014/15 we budgeted \$60,000 this year and so far we are at zero. Why is that budget item in there if it doesn't seem like we are getting any cost? There are no expenses to hit this line item they are audit adjustments that we use to offset the field which runs a deficit every year. In 14/15 that entry wasn't made by the auditing firm and once the audit is complete in 15/16 that entry will be made. Do you think it will be about \$60,000? Yes that is all we budgeted.

Bob Guthrie asked if that is just the salary of the employee for accounting purposes. There is no longer an employee salary; we moved the rink manager and the field manager. It comes out of the rink budget because that is more profitable. We left the number the same to offset any expenses. Is that salary in the salaries because the rink has zero all the way. We no longer support the rink. The rink supports itself and the same with food service. What does the rink make a year? The rink usually makes about \$30,000 a year profit. What do they pay salary wise if it only makes \$30,000? The profit is \$30,000 when all expenses are done. Karen Pacelli asked with the contract being up with AFB would we go outside? Neil said we have options. We could put it out to bid, bring it back in house and hire a full time manager; another option could be to look at a couple of our managers and divide up the responsibilities and keep some reserve aside for some consulting work expertise if something happened to a building. Karen wasn't here before and asked why we went outside. Neil said we went to the labor board with two or three managerial positions we didn't feel should be in a union. We were able to be successful with that position which was in our CWA management union and when that person retired we removed it. We looked at the idea of going outside and getting a comprehensive service in and AFB would give us a full time employee in addition to looking at contracts and seeing if we are running more efficiently. The next time we went

out to bid AFB was the only bidder. It is now up to bid and he is not sure they are as efficient and we are not getting the service that we first got. He would not make this a managerial union position again. Is this money for one person? Neil said we get one full time person assigned to oversee our facilities and some consulting services. Patrick asked on F08 what line items drove up the BOE miscellaneous expense. Matt will get him the information. Neil said a lot of that is for CABE Conferences and those kinds of things which we actually encourage board members to go to. Matt said to provide for seminars, meetings, travel, and out of pocket expenses for board members.

Jim Morrissey wondered why the AFB contract in two separate accounts. Just to make the accounts balance. We have leases which vary if we get a machine and it is to try to offset the expense. The bottom line is the same it is just to make the numbers work. Jim said consultant services are for legal also. Yes. Jim knows educational law is totally different than regular law and is very aware of that. With the expulsion hearings we bring outside attorneys in. Neil said we normally don't unless we are pretty sure the other side will have an attorney. We try not to and have cut down on this. Jim asked why we can't do it in-house on this type of matter. Neil said Mr. Russell attends these most of the time and is the one who is able to negotiate them without an attorney. Jim said outside counsel might be something we can do in-house down the road. What does an attorney cost for an expulsion hearing? \$300 but Jim thought it would cost more and Neil said our legal fees are \$350 an hour or in that range and the hearing officer is by the case. Rather than have three different hearing Dave tries to work out a reduced rate and bring the hearing officer in to accept the three agreements that are reached. Jim would like to see Corporation Counsel used more for this because we are looking to save every dollar we can. Neil said if they have the time to do it. Jim said we have a full in-house attorney that is there five days a week along with our head corporation counsel and four other attorneys. Neil said if they are willing to do it that is an easy one. Maybe you can have someone reach out and ask them. Neil said with someone with a law degree and Dave's knowledge of how the expulsion works we might be able to work something out. Patrick asked the approximate number of expulsions a year. We have about 30 or 40 and have reduced them quite a bit from previous years. How many are won by the city? Neil said by the time we get that far we are pretty confident they have committed an offense that rises to the level of expulsion. A further discussion took place about the appeals process and agreements. By law you have to provide an alternative form of education if you expel a child. Neil said if there is anything positive that comes from an expulsion it is that we can somehow maybe right the ship and find a way to get the student a high school diploma and get them back on track. Patrick asked if the school is responsible for the supplemental education. Yes we are. We pay an hourly rate for teachers in most cases or we send them to Molloy School where you have somebody who oversees our computer Odyssey Program which kids can do on line, or adult education. A further discussion took place.

The last item is instruction. The items we provide our teachers and staff like teaching supplies, textbooks, library books and all our sports activities come from here. Patrick asked how books are purchased. Books are bought in bulk from the manufacturer. How often are they recycled? Do you wait until you change your curriculum or update

additions regularly? Anne Druzolowski stated that one of the largest expenses in any educational system is the reading program because the amount of materials that companies have loaded into the programs have made it overly expensive for most school districts. It is a business. Yes and they change it every time they have a chance to. We rely a lot on those materials and resources that teachers use most in classrooms; whether they are manipulatives or textbooks for kids to be able to use in different levels. This has worked out very well. Where we could do better and we talked about putting this in the budget and it requires money is the electronic version of purchasing textbooks and library resources. Like using tablets and things like that? Yes, or being able to access that book at home rather than carrying those huge mounds of texts of which not everything is always used. If we could afford to do this we would probably save quite a bit of money and this would have to be a contract. Patrick asked if grant money is used. Grant money is used for assorted texts like fiction and non-fiction for all of the classrooms, libraries and for instruction. Without the grant money we wouldn't be sufficiently funded in those areas. Patrick asked how much we receive in grants for this. The \$67,000 is local money that goes in and it is an obligation by law that you have to provide local money into the libraries and beyond that anything we can get that is culturally relevant and more importantly the classroom libraries as well. Patrick said we are talking thousands of dollars correct? We are talking hundreds of thousands of dollars; millions. Patrick is glad there are grants for this purpose. Neil said there are entitlements the Alliance Grant and Title I Grant and we are entitled to the money every year but you have to spend so much on materials. Patrick asked if they work with companies like Scholastic where you buy so many and they supply extra. Anne said we were doing very well with these companies until we haven't paid their bills but right now we work very well with them. Karen asked if the textbook line items are mostly consumables like math work books? Not as many work books as we used to have but pencils, paper and crayons so it is for all supplies. There was no further discussion on instruction. Patrick asked if there were any other questions or discussion on the budget as a whole.

Jim Morrissey said 77% of our students are on free or reduced lunches which is a staggering figure. In 2012 and 2013 it was 51% and has climbed up to 77%. Have we tried to get more grant money? Neil said this is a good thing we receive the money for these kids. Matt said that is how our Title I Entitlement Grant is determined by the amount of free and reduced lunch kids we have in the district. Anne Druzolowski said we apply for every grant that comes up and have been very fortunate in being able to receive that dollar.

Rosemary Russo stated you said the revenues go right to the city. Yes. Then the city pays our bills? Correct. Matt said we make an order and the company will send an invoice to my attention. We will process this to the point where the check is to be cut. Once that happens we send it to the city to be cut as we don't cut checks here. The city does there processing and a check is cut and is mailed when the funds are available to be mailed. We have no control on when checks are released. Matt said he has a good relationship so if he needs one particular check he will be able to request it but with the mass amount of business we do the checks aren't always released in a timely fashion. Rosemary said the small amount of money we get for rental at Molly goes to the city too. Yes it is booked

to a school grant account. Rosemary asked if the Community House paid us anything? Neil said they pay us a little money. That money goes to Blue and White Up All Night and to cover the expenses of the UI. Tracy Morrissey said yes they split it. Patrick asked on salaries do you have the percentage paid through grants and the percentage paid through city funds? Matt has this and will give him a copy. Patrick said to just take the sheet he sent him and highlight it in yellow if they are on the grant. OK. There was no further discussion on the budget but Jim Morrissey wanted to thank Neil, Anne and Matt for giving us the answers to the questions they had. He believes the Superintendent and the Mayor's office are still in discussion to see how they can work things. Jim sees the number of people here tonight and wanted to stress that we are not anti teachers. We have teachers on this board right now and a retired teacher and we are all city residents. We are trying to work together with these figures to try to come up with a number that is good for everybody. Neil said part of our job is to educate you so that whatever the number is you can not only support it but advocate for what it is that we are doing. Anne and I are teachers by trade and we want to make you guys understand better and Matt did a great job tonight of explaining it and Neil said he learned a lot as well. There are good points that you raised and we will look into all of them.

Rosa Richardson said if there is no other discussion she would like to make a motion to adjourn. Patrick seconded the motion. The meeting closed at 7:35 PM.

Respectfully Submitted,

Marylou Amendola
Board Secretary