

**Meeting of the
Finance Subcommittee**

Wednesday, March 4, 2015
5:30 PM

School Administration Building
417 Rock Street
Fall River, MA 02720

Agenda

- Overview of the FY16 budget projections
- Discussion of the City Council's \$3.3M appropriation to the School Committee
- FY15 February report

MINUTES

At 5:39 PM Mrs. Panchley, Chair of the subcommittee, read the open meeting law and then called to order the meeting of the Finance Subcommittee for Wednesday, March 4, 2015.

Mrs. Panchley then asked for a roll call for attendance which showed Mr. Costa and Mrs. Panchley were present. Mr. Hart was absent.

Also present were Superintendent Mayo-Brown, Mr. Michael Saunders, Mr. Tom Coogan and a member of the press.

- Overview of the FY16 budget projections

Mrs. Panchley said the first item on the agenda was the overview of the FY16 budget projections and Mr. Saunders handed out a document.

Mr. Saunders said the Governor's budget as proposed had been published and he got information on how that budget would affect Fall River specifically which was outlined on the handout. The net school spending requirement is going to go from \$126,851,512 up to \$130,963,260 which is a \$4.1M increase or a 3.24% increase. The good part of that is the state aid that will flow into the City of Fall River is going up from \$102.9M to \$105.7M. They will get another \$2.8M which is a 2.74% increase for Fall River which is slightly higher than what was in the news release of 2.4%. There is a need in Fall River and it is being recognized by the Governor so there is an increase in Chapter 70. The offset of that is also because of the student population needs they also have a requirement of a 3.4% increase in net school spending. He will have to do the estimates to see how it will flow through the budget process when he gets a firmer handle on the charter school because those monies would be stripped away from Fall River Public Schools to the charter schools.

Mrs. Panchley said they will be adding new seats - Argosy will be adding a 7th grade and Atlantis will be adding a 10th grade.

Mr. Saunders said that was correct and those numbers would impact them by a decrease in the monies that would flow to the district because they are an offset.

Mrs. Panchley asked what happened when a student enrolled in a charter school and then in the middle of the year went back to the public schools.

Superintendent Mayo-Brown responded that it is where ever the student was on October 1.

Mr. Saunders said the number has fluctuated. Last year the reason they had the additional \$911,000 appropriation was because the numbers they used on the cherry sheets were really off at the Governor's time then they were fine-tuned again at the legislative time and then were re-issued in the summer based on the enrollments. That changed the allocation for the charter schools which also made that money float back to them. He thought when they went through the budget process they would have that discussion again with the cherry sheet saying one thing and they will get information from DESE that will say something else. The cherry sheet has always been delayed on the timing of the updates for the charter schools and that is what they found last year and he expects that to still go through. He added that there might be some confusion during the budget process as to how much they are actually asking and how it relates to net school spending. He will try to communicate that correctly during that process.

Mrs. Panchley asked if they had a figure of what would be needed to maintain level services for next year.

Mr. Saunders responded that he did preliminary numbers and he is looking somewhere in the area of a 5% increase to keep level services. The areas are the 2.5% salary increase plus the step increase in the major contracts. They always use payroll projections and they have contracted services so they are going to see an increase there of approximately \$1M and utility costs which they talked about earlier. That is somewhere right now from \$600,000-\$800,000 but they will tighten those things up as the budget goes through. He is going to put a placeholder in for a transportation increase and they will be having discussions on that. He put a minimum increase of 3%. Their contracts really don't require any increase coming up in the next year so they are going to look at that with the Argosy and the charter school as to how much impact that is and if they are going to have to add buses over on that side. There could be some room there to bring that back down to flat lined in the budget process.

Mrs. Panchley asked Mr. Coogan if he saw any possible savings with buses. She knows they had talked when Henry Lord opened that eventually down the road when everyone was in their neighborhood schools they would see maybe one or two less buses needed.

Mr. Coogan thought they were looking more towards that after the second year to see what the settling out effect would be. Originally they had left some buses in place for Viveiros and they ended up shifting those buses over to Henry Lord so it initially appeared as a savings but it ended up becoming a wash. They had to add an additional bus at Morton over the course of the fall going into the colder weather. Other than that they have been pretty static and he does not see a big change from one year to the next going into next year.

Mr. Costa said it is looking like the city's contribution towards education is going up about \$1.3M and it reemphasizes the comments that he made Monday night regarding this year's projection toward net school spending. If they are already projecting \$800,000 their number/\$1.1M the district's number going back to last month. A \$1.3M increase right off the top in addition to what they already may not be able to make is a substantial amount of money one year over the next for a city that typically has a difficult time remaining flat lined in its appropriation for education. The upside is that the district is getting more in Chapter 70 so that may flush itself out but they would obviously have to see. They have to have those conversations with the city. He thinks there is a commitment or at least there were some discussions about building budgets that truly represent 100% of net school spending and not over inflating indirects in order to make it look truly 100% of net school spending. He thinks there is going to be a real effort on the city's part to provide them with the funding that is going to meet 100%. It is a projection but he thinks they can be better at projecting certain line items so that they get actual funding and not numbers as placeholders and then when the actuals come in finding that they need to come up with that funding down the road.

Mr. Costa continued that he thought really tackling the transportation piece and sharing their data and the trends that they see and how they have been decreasing over the last several years; he thinks this is information that the city's finance team should undoubtedly have. They need to hammer that home during this budget cycle because that seems to be the tipping point in most cases and last year it was a combination of the transportation and the health insurance. The numbers are certainly promising having seen the Governor's numbers come out time after time for many years they all know that it is probably not going to be what they see but it is promising that it is coming out with increases. They have seen years where the Governor's number is pretty much flat lined or somewhat of a hit and then it is the legislator that does the work to balance it or give some sort of increase. It is nice to know that they are starting with his support for an increase and they can see how it goes from there.

Mrs. Panchley echoed what Mr. Costa said. Last year was the first time she went through this process and she remembers a lot of conversation around the health and Mr. Saunders saying that the trend was downward and warned that the number should have been budgeted lower. As they move forward if that is not what is going to happen then she thought they needed to be stronger about if that is the budgeted number then the money needs to be set aside. She is all for saving \$1M and being able to spend it elsewhere but the money needs to be available to be spent elsewhere. That was a lesson learned for her from the last budget. They do not have control over that but as a School Committee they can maybe be a little stronger about the expectations for that line item.

Superintendent Mayo-Brown said her question to the Committee was if they wanted to have control over it because there have been some initial conversations with the city's finance team regarding if they wanted to have control over that line item so that a School Committee they can transfer it or is that something they prefer that the city continue to manage. They are just very initial conversations.

Mr. Costa said his feeling on that would be how much additional work is needed in order to accomplish that task. He thought that the school department being responsible for the health insurance is beneficial from a budgeting and revenue standpoint but from a claim standpoint and making sure the claims are paid out he thought he would need to hear more from the Superintendent, Mr. Saunders, Mr. Almeida and others regarding what impact that would have on their department in order to keep up with that. Also, how does that further impact net school spending because a percentage is charged off on the city side for government to do that work. If they are not going to be doing the work then what resources or impact does that have on the overall net school spending number.

Mr. Saunders said the approach that he has gotten from the city was not to change the processing of claims but to reflect in the district's budget that is passed by the city the appropriation for the healthcare. It would be an object within their budget line. If they looked at the current year their budget is \$99M and then there are the indirects. He explained that a portion of the indirect which is for the healthcare would now be added into their budget and then it is a matter of them transferring within the line item.

Mr. Costa said that was okay and may benefit them more because they would actually have the funds. As the Chair has said if the projections are lower and the claims are lower than that money is actually in their budget and can be transferred to other educational uses. He thought that was a win-win for the district and it certainly would put the emphasis on making sure that they have a better handle on what their health insurance cost projections would be. Whatever information the city is using is not accurate. This has now been several years where their health insurance has come in under what has been projected by the city in terms of the claims that have been processed.

Mr. Costa said he would not be adverse to that because he thinks it offers them additional latitude. The only downside and question he would have is how they would come to an agreement upon what that health insurance number is. He knows the process Mr. Saunders uses but he is not as familiar as to how the city comes up with that formula and what percentage they use. It is clearly not the same methodology because their number is typically higher and it is proven that the claims come in much lower. He would want to know who would be responsible for factoring in what that healthcare allocation would be and whether or not the school department would have a say on that or if the city would figure it out and say we are giving you "x" amount of dollars toward health.

Mr. Saunders said if they take the concept of 100% of net school spending against the budget their projection would be the one that's being used in there. Right now they report to the Committee on a monthly basis what their projection is; if their projection was coming off one way or the other they would be communicating with the School Committee and it would be a decision whether they are spending too much and have to cut back in some other area or if they are generating more savings then there was then that would go into other education. He said it would be the district's budget monitoring process.

Mr. Costa said he is okay with that but he is saying in terms of for budgeting purposes would they be passing down as part of their operating budget a budgeted healthcare insurance line item number that would meet the needs of the healthcare expenses that they project they are going to need. Is that the number that is going to get forwarded to the Council for consideration when they do the appropriation or is it going to be that they send down the operating budget as they deliberate and vote on it and then the city says wait a minute in addition to that we are going to send to the Council "x" amount of dollars so that they can take care of the health. As long as it is incorporated in their operating budget and they set that factor. He thinks they have done a pretty good job with it over the last several years and their numbers have been better than the city's projections. He would be okay with that kind of procedure going forward. He would want to hear from the city their reasons for wanting them to do that because it does not seem very advantageous for the city to give them an allocation of funding that historically they know they don't have. The methodology that has been used is no secret. They project their healthcare higher than what they know it is going to come in at so that they can get the credit toward net school spending and they can show on paper that there is 100% of net school spending being allocated when in fact they historically know that is not the case. Then they play a game of going back down and convincing the Council and the administration that the number they used was higher than the

actuals and wonder where the difference is going to come from. That is usually a conversation they have after the fact so he is curious and would like to know if they feel as though they are going to do a better job in terms of developing a budget and identifying those funds so that they don't have those conversations later on in the budget cycle. If they can do that upfront and identify the funds then he is okay with that but he felt it was peculiar as to why historically they have done it in a fashion in which they project what they are going to and tell the district that is the number and use it towards their contribution toward net school spending and then they have to convince them otherwise down the road that they need to give the school department more. He said again that he would need to hear more from them about their thoughts on this.

Mrs. Panchley said she agreed with Mr. Costa and what her main concern with this would be how they come up with the number because the experience last year was that Mr. Saunders had a certain number and was showing the projections and pinpointing where he thought it should be but that number was put into the budget higher. She does not know if there is going to be an epiphany this year that Mr. Saunders is right about the downward trend and that number gets decreased below the appropriate number and then the district is transferring into health because the number wasn't high enough. She would be very concerned with how that number is going to be determined.

Mr. Saunders said this is coming out of the finance and the transition team that they want the emphasis more on the school department managing the number in transparency. If they give a net school spending appropriation which is buying services from the city for that section and medical as part of the district's budget then everything is inside of that and the district manages that. If there are higher rates then they have the conversation internally as to how the estimate was done and what has changed just like they had the conversation about budget transfers right now; it is all managed inside. The message he is getting is that they would be given a budget that met net school spending and will manage it. He is not sure how they finance it.

Mr. Costa said that is exactly the conversation he has had with Mayor Sutter regarding his intent and he believes at this point that he is truthful when he is saying that his goal is to provide them with whatever 100% of net school spending is. Until things seem to get better that is the funding that he thought they should be at least starting with and no less. The Mayor said he was going to get the school department the money and he did. It was a tough choice to drain the reserves. The Council was also set on making sure that the students got 100% of what the state said we were minimally required to spend on education.

Mr. Costa thought they had partners going forward with this. He knows that commitments can be made but at the end of the day they have to produce the dollar amounts in order to make that happen. He is optimistic at this point that the conversations are to meet what is required by state law. He emphasized that that is what is minimally required to spend on education and thought they needed to be a community that at some point gets away from being satisfied that they minimally spent what the state said on education. They should be looking to be put on a trajectory where they are spending more and more and not less. They will see as this budget develops but he thought staying in close contact with the city's finance team is beneficial.

Mrs. Panchley said she should not try to guess what the Mayor is thinking but she did think that maybe he does not want to be put in the position again where the school department says they are down and maybe he is being proactive and saying he does not want to deal with that situation. She thought the Mayor may be thinking if the district controls the health insurance and puts it into the line items then

they are not going to come to him in six months and give him this information; they are going to be responsible to handle it.

Mr. Costa agreed and said that his hope was that previous administrations had all good intentions on funding schools at least at the minimum that it is required to; however, when all the numbers came together and all the competing interests were at the table and they divided up that pie that is where he thought the shortfall came from. If the current administration is saying they want to look to fund it at least what is required by state law that is great as long as that conversation continues to happen with all the competing interests at the table. If they fund them the way Mr. Saunders talked about and give the district healthcare they are not going to be able to use that as a budgeting strategy.

Mr. Saunders said it is going to be transparent.

Mr. Costa agreed and that the appropriation would have to be made up front which is great. He wondered if maybe they have a better handle on it or if their emphasis was going to be on educational funding but he just wanted to continue to have the conversation.

Mr. Costa asked to make one more point and said that last year their net school spending agreement was discussed and scrutinized and questioned and there was some confusion over it. There was talk about going back and revisiting it and shedding some clarity to it. He asked through the Chair if at a future finance subcommittee meeting they can invite the city's finance team to come so they can have a discussion about what the issues with the agreement as it is currently written are and discuss possible changes so that they have a document that everyone is in agreement with. He thought before they start to build their budget for FY15, they should start there.

Mrs. Panchley said she is fine with having that conversation but never really understood the controversy. She thought if they had read the bottom of the first page it clearly told them in the pages after that which line items were not included in net school spending. She thought it was almost like they did not get the bottom part of that first page. She felt if they had read that there should not have been any controversy.

Mr. Costa agreed but said he has learned over time to not try to figure out what others are thinking or why they miss certain things. There was clearly an issue with that. It is tough to determine motives and why. He thought they should start off on a more amicable process and try to agree to what the net school spending indirect cost agreement would look like in a public session.

Mrs. Panchley said she did not want to block the process and she was okay with that.

Mr. Saunders thought it would be good if they did that because he felt there was a communication problem last year. All of the decisions were made and now is a pretty well documented process. The interpretations are all down so it is a matter of determining the process they are going to use and everyone being on board with it.

Mr. Costa said they can maybe just add that as an addendum to the agreement stating that the rulings have already been made and cite the rulings that were made.

Superintendent Mayo-Brown agreed to arrange that.

2. Discussion of the City Council's \$3.3M appropriation to the School Committee

Mrs. Panchley said that they voted on the \$3.3 million appropriation on Monday night to accept that money and asked if they had recommendations.

Superintendent Mayo-Brown said that they do and that Mr. Saunders would walk them through the recommendations in terms of putting some in the out-of-district special education line limiting the circuit breaker to offset tuition so that that can continue to build. She thought the big question for the Committee was outside of that \$2M million what the Committee's pleasure was in terms of the \$1.3M remainder and how they want to approach that. They have had some capital projects recommendations and they had talked about the Wiley school so they are looking for direction.

Mrs. Panchley asked if Mr. Coogan had the capital project list or if he had red lined new items.

Mr. Coogan said he did not have the list with him but could get a copy if they needed it for the meeting. He can prioritize the items and come up with a paired down list if they can give him a number first.

Mrs. Panchley said she thought they needed to talk about all of that but did not know where the Wiley School figures lied. She thought that was something that the Committee had expressed interest in.

Mr. Coogan explained that he had reached out to Ken Pacheco on the city side to find out what the costs incurred were for the code compliance and development of the Westall projections that were used in the resolution of the insurance claim so that they have an in-house party that can steer them through that process. He would like to know what those fees are and suggested they get somebody working on the compliance piece and get some real numbers back to them for a more accurate projection rather than the estimates that were collected in case there is some issue that they are overlooking. Once they get those numbers he can come back with firm numbers.

Mrs. Panchley asked if the city has come up with a resolution for the Westall with the insurance company.

Mr. Coogan said no and that his last conversation with Mr. Pacheco was about two weeks ago so he will circle back to him.

Mrs. Panchley thought there was a lot to consider with Westall and Wiley before they really make any determinations as to where some of the money should go.

Mr. Costa liked the idea of getting a better projection based on the history they just went through with the Westall but thought that in order to get to that point it was incumbent upon the full Committee to decide if this was a project they truly want to move on. He saw a need for it and thought that maybe moving the Durfee Academy to the Wiley would alleviate some of the issues that they are having at the high school now and would give those students an opportunity to be in a close knit community like at RPS where their needs can be met a little more closely. He liked the idea of working with more definitive numbers but thought they should see if the Committee was on board with that before they use the resources to get those numbers.

Mr. Coogan said in the meantime with their permission he will go ahead and try to get a number so they can have an idea what the cost of a feasibility study would be.

Mrs. Panchley said her recommendation based on what Mr. Costa said would be if they could get it on the agenda for the March 16th meeting and get the will of the Committee as a whole. They will then be meeting weekly on the finance and can always incorporate it at the end of their meetings with the Principals to try to hammer it out.

Mrs. Panchley continued that her concern with the \$2M is where that would go in the next budget making sure they don't put themselves in a situation a year later that is going to be hard to dig out.

Mr. Saunders explained that the city wants credit for the \$3M that goes to net school spending and he thought that was the Committee's intent. The issue was sustainability. They are going to get a big input of money and he questioned how they can stretch it over a longer period of time. The recommendation is because of what rules and regulations that are available to them allows them to take a portion of that \$2M and put it into the current budget. It allows them to move the circuit breaker up to one year of revenue which means it is reserved and available to be drawn down to offset tuitions which would allow operating tuition monies to be transferred around. Also, they have the capability under the regulations to pay a quarter of special education tuitions in advance.

Mr. Saunders continued that they have \$3.3M and do not want to take an impact and add FTEs that they cannot sustain over a long period of time.

Everyone was in agreement with that statement.

Mr. Saunders explained that they are looking at taking the \$2M and putting it into tuition and taking advantage of the idea that they can carry up to a year of circuit breaker and take advantage of the quarterly payment. That allows them more time to strategize on how they spend that money. He further explained that how they get it credited into net school spending is when they do the end of the year report which is based on what they actually spent and what they are budgeting to be spent next year. The pre-payment of tuition might be spending cash but it is not credited. They take that into the next cycle and make an adjustment to the report when they file. It shows they have a decrease and didn't meet net school spending this year but that they have a plan in place to meet net school spending.

Mr. Saunders said he would also talk about that as the case if they do construction projects. He explained that the idea of the Wiley coming online at a cost of \$500,000 between today and June 30 and getting that completed is rare. He spoke to DESE and if they can get them under construction or under contract then they would be eligible as long as the work is done prior to June 30, 2016. Their intent is to spend that money now or within 2016. There is a sense of urgency because they have \$3.3M but they also want to show that the city gave them \$3.3M and met net school spending. When the letter comes out it says they didn't meet net school spending but they have that money set up for the next cycle. He has talked through the mechanics of it with DESE and there would be a letter but it would also say at the same time that they have projected in 2016 to meet those.

He continued that when they talk about tuition it is almost the same thing as when they talk about the construction projects. The School Committee has to okay the construction projects and if they were

above the \$150,000 mark would have to ask DESE for a waiver to count it towards net school spending. Those things could be done and he was told they would be favorably looked at as long as the School Committee wanted to do that. They are deciding to do capital whereas capital has always been under the city side. They are giving them some relief by allowing that process and the School Committee has that authority.

Mr. Costa said he is personally okay with what he is hearing and he agrees that they may not have a need for FTEs now but having that approach puts them in a better position when Westall comes back online because they are going to need to staff that. They may be able to move staff around but it certainly is going to come at the cost of personnel in order to get that up and running. This would give them some flexibility. He knows through the last budget there was talk about how important it was to meet net school spending and what impact the shortfall would have. Some of his comments were very specific about wanting to address the needs of class sizes in the early elementary grades. This funding would at least give them some opportunity going forward to have that available to them when the time comes. In terms of credibility they are making a plan to use the money for what it was advocated for. He thought the public would want to see that money go towards impacting education and he thought this allowed for them to do that.

Mr. Saunders said it buys them more time.

Mrs. Panchley said she is more open to go for a waiver if the capital projects are related to opening schools that would decrease classroom size rather than for a building that has been open for 30 years and there is a repair needed. She feels that is the city's responsibility. She thought that the Wiley was different in that when it was closed down it was never really intended to be reopened.

Mrs. Panchley added that they cannot forget that Henry Lord will be adding teachers next year and the year after and not just the Westall. They have to keep those staffing needs in mind as they grow to 7th and 8th grade over the next couple of years. With that being said as they talk about Henry Lord expanding and the Argosy adding seats at some point they will have to be looking at staffing at their other middle schools to make sure that they are not overstaffed.

Superintendent Mayo-Brown said that is a process that they are going through now with Morton, Kuss, and Talbot because Argosy has a 6th grade and is expanding to the 7th grade so they have been looking at the numbers with the Principals to see what the impact is. She noted that it was small right now because Argosy has only 100 students.

Mrs. Panchley said Henry Lord is doing the same thing at the same time. Even though they are in the district they are relieving some of the other schools of students.

Mr. Costa said that there was a change in the district's enrollment by 175 and a portion of that could be Argosy.

Mr. Saunders clarified that those were districtwide - charter schools and the district. The foundation budget is established across which is why when the money flows to them they take it out for charter schools.

Mr. Costa clarified that the entire district including the charter schools lost a total of 175 students.

Mr. Saunders said it was actually a gain of 175.

Mr. Coogan said yes.

Mr. Costa apologized and agreed it was a gain of 175 in the entire school district.

Mr. Saunders said the foundation budget is built that way and then the charter school is credited and then there is the reimbursement that reduces that. It is very important for them to know the enrollment counts at the charter school because they have a direct bearing on the school department's budget.

Mr. Costa said not only from a tuition standpoint but also from a transportation standpoint.

Mr. Saunders agreed and said that sustainability is why their recommendations are to put the \$2M to build up those expense things for them again. They are looking at their costs increasing faster than their net school spending increases. Those are things that they have to look at; either that or they change their level of service but they are marginal on their level service now.

Mrs. Panchley said that gets back to it sustaining them for next year but wondered about 2017.

Mr. Saunders said it allows them to build up the reserve in circuit breaker to a full year of circuit breaker. It allows them to pay for one quarter of 2016 and in FY16 they can take credit for that one quarter and their reserve is still maintained at the same level.

Superintendent Mayo-Brown asked Mr. Saunders if the budget for next year will be over net school spending by about \$2M (for the sake of discussion), how do they continue that trajectory for 2017.

Mr. Costa finished Superintendent Mayo-Brown's question by adding "without making it look like it dropped off the table?"

Mrs. Panchley said she did not want to be in a situation where they are laying off people in two years.

Mr. Saunders said those are the discussions they are having. They are taking advantage of putting money into reserves then they are going to have to spread that money. They also need time to adjust their enrollments. It normally takes them a longer time to shrink than to grow. When they pay a quarter it allows them to basically next year, if they were asking for \$2.4M, he could reduce that request by \$1M realizing that he still has a circuit breaker of \$2M out there. He basically has three years to get that back up to the current level.

Superintendent Mayo Brown asked if he was saying they could use some of the circuit breaker for FY17.

Mr. Saunders said that was right; that reserve has not been touched but has been built and they have it available to draw down overtime.

Mr. Costa said the only question he would have on that is their rate of reimbursement for circuit breaker is based on their special education population and if there would be any adverse action taken from the

state when they look in see what they have in reserves for circuit breaker. He does not want them to say they are going to reduce their reimbursement because Fall River has \$2M.

Mr. Saunders explained that circuit breaker is based on extraordinary expenses above the average. It looks at the individual case no matter how it was paid and gives a reimbursement for it. The regulations allow that money to be reserved up to one year of circuit breaker remedy which is about \$2M. During the ARRA period where that money came in they got a big increase in special education money. They took a portion of that and started a reserve because there was no reserve in Fall River. They have now been able to maintain that reserve and are moving it up to a year.

Mr. Costa said the only other question he has is that with this recommendation what financial impact it has for FY15. He realized while asking that it may not impact them until FY16.

Mr. Saunders said in FY16 he would recommend - if they were requesting the \$2.4M – that they pre-paid \$1M of tuition; he would say they lower their requests from net school spending and reduce the budget by the \$1M so it really only contains three quarters. How they make it up in FY17 is by starting to look at their net school spending again where growth is coming in in some kind of method and they could draw down a portion of it out of the circuit breaker in FY17 and FY18. They would be spreading the costs over time. Everything is based on timing and allowing them to adjust the workforce to also put the Wiley online. It gives them a little more flexibility.

Mr. Costa said he is okay with the plan as it is presented but he was just wondering since it was money to make up the shortfall last year, how much of an impact it would have on this year's budget. It sounded like minus some capital projects that they approved on Monday and the potential of bringing on the Wiley or at least starting that process, the impact on the \$3.3M they just received FY15, there isn't much more.

Mr. Saunders said there isn't and he would even say when they did the pre-pay in FY13 and they paid approximately \$400,000, they did not see that grow them out of FY14 because they kept on moving forward. They also looked at the population and tried to look at services to be provided in-house. All of those management decisions take place and they actually might not need the tuition money because they took other actions. He noted that timing is everything so that they have a chance to adjust their budget through the process. By understating it, they have not found it to be that big of an impact. The worst case is that they would have three years to draw it down to adjust but time makes them make better decisions.

Mrs. Panchley said knowing that it goes through FY18 and is somewhat of a mid-to-long term plan with the things they are talking about for Wiley and Westall and what its impact will be with Henry Lord it puts them in a good position to really allocate the resources to get everything they have talked about. She thought as a Committee everyone had expressed the need to lower classroom size and she thought they needed to get that on record at the next meeting.

Mrs. Panchley said that Mr. Saunders had addressed her concerns that they were not putting the city in a position where – of course, they all want to build a trajectory at some point that they are not just meeting net school spending - but she did not want to force anyone's hand by doing something there that would force the city's hand two years from now.

Mr. Saunders said in three years from now hopefully the city is in a different position and hopefully they are on that trajectory where they can go to 101% or 102%. Those are things that they always talk about.

Mr. Costa said they were on that march where one year they were at 101% and change and then they fell just below it when they did the end-of-year report but he thought that was catching on and there was a commitment to do that until last year and then the bottom fell out and it wasn't even an issue of 100% it was whether not they were going to fall below 95%.

He asked Madame Chair if a motion was in order to refer to the full Committee.

Motion: Mr. Costa – Mrs. Panchley: A recommendation to the full Committee to consider the use of a portion of the appropriation towards the opening of Wiley School.

No discussion

2 were in favor	0 were opposed	1 was absent (Mr. Hart)	Motion Passed
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Mr. Saunders said the only other thing he was going to bring up was the \$188,000 which were the high priority projects that the School Committee as a total had approved. Looking at the transfer sheet that he provided to them, there were two things – the \$2M for the tuition and the \$188,000 for those projects to put the funding in place for what was approved at the last meeting.

Superintendent Mayo-Brown said they needed a motion on the \$2M.

Mrs. Panchley said and the \$188K.

Superintendent Mayo-Brown said the School Committee had approved those as high priority projects.

Mr. Saunders responded that they didn't increase the funding.

Motion: Mr. Costa – Mrs. Panchley: To recommend to the full Committee the approval of the addition of the \$2,000,000 into object code 532000 and the \$188,000 to line item 584800 for a total of \$2,188,000.00

No discussion

2 were in favor	0 were opposed	1 was absent (Mr. Hart)	Motion Passed
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3. FY15 February report

Mr. Saunders said they would use the same document if they ignore the last two columns of transfers. It shows what their spending process is right now and where they are at during the budget. The labor contracts that were just approved; they will be spending those out in the month of March so they will see a lot of expenses in the salary in those areas because there is a lot of retro. They don't have any deficits in there but he noted that they will probably be coming in the third quarter with transfers again. One of them is on their electric. The rate increase mid-year for distribution has taken effect on them and they are going to come back and ask for a transfer or an increase. Also, they will probably come back in the contractual area again to come up with some additional money.

Mr. Costa wondered if it was possible for the percent used column can somehow be highlighted. When he looks at it he is looking at where they are in their fiscal year and what percentage are they expended at. If they are a little more than halfway through the school year he is looking at what line items are

50% expended and if they are on target with those and which ones are much lower or much higher. He thought it would jump out to him more. It is a procedural thing more than anything else but keeps them in focus of which line items need to be addressed sooner rather than later.

Mr. Saunders replied that he understands where he is coming from on that and when he does the individual object lines they don't always go on a rate of consistent allocation every month because they let contracts out when they let them out. He can provide on a separate sheet more of a total percentage spent compared to last year.

Mr. Costa said if he can and it does not require...

Mr. Saunders said that he can do that but is more of a total because it is going to generate questions which are probably all timing questions.

Mr. Costa said that was fine. When he looks at it he is looking for any line items that have been completely expended. There are some but when they look at what they are he understands the reasons why they were expended at a certain point. However, there are some that are on a path to need a transfer to cover because they are not going to make it until the end of the year such as heat and light. He said if it is not too much trouble it would be helpful.

Mr. Saunders said it is not because he is doing it but it is more on how would he communicate that. They are looking at projections every cycle of pay.

Superintendent Mayo-Brown thought maybe he could flag line items as he is doing now but flag them in the column. He can already project for the Committee that they are going to need to make third quarter transfers.

Mr. Saunders said he could come back.

Mr. Costa said even forecasting for them.

Mrs. Panchley suggested prior year-to-date.

Mr. Saunders said that is what he would do but he wants them to know that when they get into certain line items; this year is a perfect example where they have been given money in July, November, and March so their spending patterns aren't going to match.

Mr. Costa suggested a flag or forecast so that they have an eye it.

Mr. Coogan noted that the bills run 30 days behind and then they pay a little behind so it is really almost a 60 day lapse.

Mr. Saunders acknowledged the payment process takes a long time because the regulations require all that to be done.

Motion: Mr. Costa – Mrs. Panchley: To approve and recommend to the full Committee the FY15 February budget report.

No discussion

2 were in favor 0 were opposed

1 was absent (Mr. Hart)

Motion Passed

Mrs. Panchley believes that was it. She noted that they start the budget meetings in two weeks.

Mr. Saunders said he thought March 19 was the first meeting.

Mrs. Panchley asked if he would be able to get the budget binders to them before that.

Mr. Saunders said now that he has the state numbers they are going to start going through that process. He is hoping to put the books together by the end of next week. They have collected all the information and now they do the summaries.

Mrs. Panchley said that was great. She likes to give the Principals her attention during their presentation and would like to review the book prior to the meetings.

Superintendent Mayo-Brown explained that with Durfee given that they are doing a lot of thinking and redesigning with the teachers, VPs and instructional leadership team she asked Mr. Saunders to put a placeholder. They are not going to see it detailed out right now about Durfee as they put that together. She is hoping they will have that for early April for the Committee to consider with the high school teams around that work. They will not see specific requests or information about Durfee.

Mrs. Panchley asked if that was when they met with Durfee.

Superintendent Mayo-Brown said they will have it when they meet with Durfee.

Mrs. Panchley asked if there was anything further.

Superintendent Mayo-Brown asked Mr. Saunders if he had anything to update about a grant impacted by 9C cuts.

Mr. Saunders said yes, the 9C cuts impacted their Kindergarten Grant and there were people already onboard. They have a number of vacancies inside the operational budget and they are recruiting for paraprofessionals. They wanted to keep the level services the same so the recommendation was to keep those people in place as K paras and pay them out of the operating budget where there is money since they have increased the paraprofessional line item. The other way would be to cut the person out of the grant and then have them reapply which creates a mess. There were four positions and none of them were teacher positions. They had added around 20 paraprofessionals this year which they have not been able to fill yet. This way they do not have a loss of service.

Mrs. Panchley asked if they had any classrooms with 30 or more in K and 1 that they have not been able to find a paraprofessional for.

Superintendent Mayo-Brown said yes because they are still recruiting. There is ongoing recruiting as they bring people on board. She added that this not going to stop the recruiting that they are doing but

there is money sitting in there because they could not fill all 20 positions right when the School Committee approved them.

Mr. Saunders said to keep in mind that when they deal with the FY15 to FY16 budget is that they have added a lot of FTEs currently. Their FY15 to FY16 does not show a real increase in people; it is really FY14 to FY15 because those positions were added in the current year. It is a little distorted from the budget that they passed in FY15 because they have added a number of positions since that time. When they want to look at where they are at, they are not adding that much in FY16 because they took care of it this current year when they added all of those positions. It is a FY14/FY16 comparison. They now have full year pay for them and step increases. There is an increase in salaries but a lot of that has to do with the money given to them.

MOTION: Mr. Costa – Mrs. Panchley: To adjourn.

No Discussion

2 were in favor

0 were opposed

1 was absent (Mr. Hart)

Meeting Adjourned 6:46 PM

Respectfully submitted,



Administrative Assistant for
School Committee Services

Please note: A videotape/DVD of this meeting is on file in the School Committee Office and is available for review by contacting the Interim Administrative Assistant for School Committee Services.