

Wednesday, June 10, 2020

MINUTES OF THE FINANCE COMMITTEE OF THE BRIDGEPORT BOARD OF EDUCATION, held June 10, 2020, by video and audio conference call, Bridgeport, Connecticut.

The meeting was called to order at 6:34 p.m. Present were members Chair Joseph Sokolovic, and Bobbi Brown. Also present were board members Albert Benejan and Sybil Allen.

Ms. Brown moved to approve the minutes of the committee's meeting of May 20 , 2020. The motion was seconded by Mr. Sokolovic and unanimously approved.

Marlene Siegel, chief financial officer, provided an update on the 2019-20 budget. She said she would review the document that was shared with board members and which would be displayed on the video screen.

Ms. Siegel said the financial condition report for 2019-20 as of June 30th will be completed at the end-of-year close on August 31st.

Ms. Siegel said it is projected that the district is on track to achieve a balanced budget by year end for the ninth consecutive year.

Ms. Siegel summarized debits and credits from the 2019-20 budget. She said the projected shortfall in food and nutrition services is \$800,000, but the final possible range has been narrowed. She said the Special Education/Medicaid line is projected to be a debit of \$400,000. She spoke on the

limitations of reimbursement for special education tele-education services. She said some students have been receiving speech services but not in compliance with the requirements for Medicaid.

Ms. Siegel said the category related to FEMA – with the first round of reimbursement not expected to be paid until the next fiscal year – is projected at a \$350,000 debit.

Ms. Siegel said the category of retirement payouts is projected at \$150,000 due to the likelihood of retirements increasing due to the COVID pandemic.

Ms. Siegel said the net impact of the debits is \$1.7 million but there are credits.

Ms. Siegel said the list of credits remains the same as in the May meeting. Transportation credits are \$3.4 million after the contract addendum with We Transport. There are an additional savings of \$300,000 from transportation providers without contracts.

Ms. Siegel said the credits in substitute personnel – teachers and paraprofessionals – are \$700,000.

Ms. Siegel said savings of \$315,000 are projected in this fiscal year because the AFSCME contract has not been ratified.

Ms. Siegel said there are savings projected for overtime, athletics, security, legal services, utilities, and use of grant funds totaling \$485,000.

Ms. Siegel said credits exceed debits by \$3.5 million. She emphasized the numbers are subject to change.

Ms. Siegel said the budget plan included a \$2 million withdrawal from the Internal Service Fund (ISF). With the projected surplus of \$3.5 million the \$2 million will not be withdrawn and it will be available in the 2020-21 budget.

Ms. Siegel said the net effect in 2019-20 would be a surplus of \$1.5 million, which will be carried forward through a series of rollover techniques, including grant rollovers and temporary placement of funds in the ISF.

Ms. Siegel said the state has not yet released the application for the CARES Act grant. She said expenses incurred to date from March will be charged to the grant. She said the district does not have access to the total grant amount because non-public schools are entitled to what is described as an equitable share. She said a national dispute has started around what the equitable share amounts to. She said it was assumed that the non-public schools' share would be calculated using Title I methodology, but the U.S. Department of Education has developed an alternative method which yields a much higher level of funding for non-public schools.

Ms. Siegel said the CARES Act funding covers supplemental, one-time sources, which must be spent by September 30, 2021.

Ms. Siegel said deficit prevention mode continues and she noted the successful outcomes that have been produced in balancing the budget and meeting our needs.

In response to a question, Ms. Siegel said we do not yet know the spread between the Title I model and the other method of allocating funds to non-public schools.

In response to a question, Ms. Siegel said if an AFSCME contract is approved in the new year there will be a retroactive salary increase to July 2019. She said she is not privy to the negotiations and is simply making fiscal projections.

Ms. Siegel said the superintendent is reviewing the security plan for next year and depending on the model that is implemented for reopening there may be a reduced need for security. She said some vacancies are being carried due to attrition.

In response to a question, Ms. Siegel said she had confidence regarding the Internal Service Fund because of an understanding with the city's director of finance, Mr. Flatto. She said the district has withdrawn close to \$8 million in prior surplus funds over the past few years.

Mr. Benejan said he would like an update subsequently as to why the AFSCME contract has not been finalized.

Ms. Siegel proceeded with an update of the 2020-21 budget. She said the monetary need at this time remains \$14.5 million.

Ms. Siegel said the state's biennial budget passed in June 2019 included fiscal year 2020-21 and contained a projected addition to the Alliance/ECS for the district of about \$2.8 million. The state legislature has been in adjournment since the pandemic. She said the governor has the right to reconvene the General Assembly in August to consider adjustments to the budget. This creates the possibility of downward budget adjustments to school district budgets.

Ms. Siegel said the projected increased city revenue is about \$3.18 million, including \$2.25 million in cash in the city's adopted budget in the MBR, \$500,000 in a direct payment to We Transport, and a one-time payment for year four retention of the nine SROs after the expiration of the COPS grant.

Ms. Siegel said projected savings for 2020-21 include \$1.5 million in surplus from the current year and \$2 million in the ISF.

Ms. Siegel said the gap balance is about \$5 million. She said the resolution actions are indicated in the document distributed. They include deficit prevention mode (about \$2 million). She said this consists of three parts: position control, procurement control, and internal controls. She added that we strive to fill teacher positions with certified candidates, however, there are shortages in specialized areas.

Ms. Siegel said another area of filling the gap is a series of program adjustments, including position consolidation (due to declining registers); a new strategy switching from iReady assessments to DIBELS; a new time management system for non-certified staff currently operated by Kelly Services for other personnel; savings in summer programs due to lack of need for transportation; grant contributions, including city contributions and CARES Act funds; redeployment of curriculum renewal funds; FEMA reimbursement; and the state magnet grant.

Ms. Siegel said the gap plan measures leaves a balance of only \$25,849, which can be easily covered. She said the use of rollover funds in Title I and Title IIA, Title III and IDEA

is to cover the escalated costs of the personnel in those grants.

Ms. Siegel said she wanted to emphasize any of the numbers could change, particularly if the governor requested downward adjustments from the legislature.

Ms. Siegel said the annual summer reassessment of the budget will take place as the end of year close takes place. She said adjustments of the current projections may occur during this process. She added the grant projections for 2020-21 are not usually announced until between August to October. She said special education is an important variable and can increase at any point.

Ms. Siegel said in summary she was optimistic that we have a solid plan that is viable to ensure a balanced budget for next year without taking steps that would have significant negative impact on school and district operations.

In response to a question, Ms. Siegel said most likely the city would pay the \$500,000 to We Transport after receiving an invoice in the fall. Mr. Sokolovic said he was concerned the city would reconvene and try to snatch that back.

In response to a question, Ms. Siegel said under no circumstances can restoration of positions be considered because of one-time funding such as the CARES Act. A continual funding source is need for positions. She added the CARES funding would be expended throughout the year for interventions, special education compensatory services, technology renewal, and digital curriculum, among other things.

In response to a question, Ms. Siegel said the Kronos time management was used because we needed a system to capture exact time in and exact time out. She said after review the HR office informed her we no longer need exact time in and exact time out, which led to including all staff in the absence management system in place from Kelly.

In response to a question, Ms. Siegel said the board adopted a policy that 12-month assistant principal positions would be converted to 10-month positions through attrition.

In response to a question, Ms. Siegel said she rolls over funds instead of retaining them in the department they were allocated to because she is responsible for ensuring fiscal integrity and budgetary balance. She said she had to ensure the stability of the grants. If that was not the case, the need for money in the operating budget increases. She said the decisions are made with the approval of the superintendent.

Ms. Siegel said this strategy and the extra care that accounts are monitored with means the district does not have budgetary issues of that type that occur in other districts. She added budgetary reserves are needed for things such as special education costs which can increase at a moment's notice, and it is her responsibility as CFO to maintain those reserves.

Mr. Benejan said there never seemed to be a plan to show improvement in special education expenses. Ms. Siegel said special education has improved in several areas, but it is a complex area that is subject to numerous regulations. She said the out-of-district placements did decline this year, but there was an increase in special education transportation due to decisions by PPT committees or students requiring private transportation. She said she has been informed that

more younger students have required speech services in a special education setting due to higher incidences of autism.

Ms. Siegel said the out-of-district cap on expenditures increased, which led to the district's costs going up. The cap is not known to the district until the end of February. She added legal expenses and compensatory education suits often occur without the knowledge of the finance office.

Ms. Siegel said she wanted to remind the board that they were responsible for a balanced budget.

Ms. Siegel thanked Liz Maurer, Nadira Clarke, and John Gerrity for their outstanding work and being present on the call tonight.

Ms. Brown moved to adjourn the meeting. The motion was seconded by Mr. Sokolovic and unanimously approved.

The meeting was adjourned at 7:50 p.m.

Respectfully submitted,

John McLeod

Approved by the committee on September 23, 2020