

Wednesday, October 14, 2020

MINUTES OF THE FINANCE COMMITTEE OF THE BRIDGEPORT BOARD OF EDUCATION, held October 14, 2020, by video and audio conference call, Bridgeport, Connecticut.

The meeting was called to order at 6:00 p.m. Present were Chair Joseph Sokolovic, and members Bobbi Brown and Joseph Lombard. Also present were board members Albert Benejan and Sybil Allen.

Ms. Brown moved to approve the minutes of the meeting of September 23, 2020. The motion was seconded by Mr. Sokolovic. The motion was approved by a 2-0 vote. Voting in favor were members Brown and Sokolovic. Mr. Lombard abstained.

The next agenda item was an overview of the school budget.

Marlene Siegel, chief financial officer, said the budget overview for 2020-21 was displayed on the screen.

Ms. Siegel displayed a pie graph with the operating budget on top and major grants on the bottom.

Ms. Siegel displayed a slide indicating the components of the operating budget, which is funded by state ECS and the city. The state ECS has two components: basic ECS and Alliance ECS. The grand total of the operating budget this year is about \$256 million.

The city's share is 26.9 percent and the state's share 73.1 percent.

Ms. Siegel said there are over \$33 million in major federal and state grants which also fund services. The breakdown is about \$21 million in federal grants and the state amount of about \$12.5 million.

Ms. Siegel reviewed the changes from 2020-21 compared to the prior year. The state share was increased by about \$2.3 million and the city contribution was increased by \$2.25 million.

Ms. Siegel said last year, in addition to the budget, there was a credit for \$1.4 million for bus transportation, with \$200,000 from We Transport and a direct payment of \$1.2 million from the city.

Ms. Siegel said in the current year the city added \$250,000 to the budget and is making a direct payment to We Transport of \$500,000 in the third quarter of the fiscal year.

Ms. Siegel said the \$650,000 difference is made up through the reduction of transportation costs due to the school calendar and coronavirus relief grant funds.

Ms. Siegel said the increase in the total operating budget in the current year is 1.82 percent. For the last six years the average growth is 1.14 percent, which is not sufficient to keep pace with escalating costs.

Ms. Siegel said there are four core components of the school allocation model, including the position allocation and operating allocation which goes directly to schools at \$25 per student. Schools are expected to use the \$25 to meet basic operating needs. The third component is the teacher's choice allocation, which is \$30 per classroom teacher, which

has been increased to \$50 with CARES Act funds. The fourth component is parent involvement, which is totally grant funded. The per capita amount in 2020-21 is \$8.73 per student.

Ms. Siegel said 22 percent of the budget is spent on administrative support, the major component of which is facilities, at \$25 million, and transportation at about \$23 million, and the other functions are business, human resources, payroll, IT, and data management.

Ms. Siegel said the section on instruction and instructional support, along with the section on student support, indicates this totals 77 percent of expenditures.

Ms. Siegel said the next chart shows enrollment in the district up to the current day, along with a projection for next year. She said the enrollment as of October 1 is 19,330 students, a loss of 800 students from the prior year. She said this is significant because state funding and federal grant funding are dependent upon enrollment. She said it is hoped the state would use prior year enrollment data for 2021-22 funding because the current total may be an anomaly.

Ms. Siegel said Title I funding could be impacted about two years from now due to the loss of enrollment.

Ms. Siegel said special education was 29.34 percent of the total budget last year, with overall expenditures close to \$92 million. She said as October 1 the number of special education students has dropped by 71 students and ELL students has declined by 126 students.

Ms. Siegel noted some special education positions are funded in grants such as Alliance.

Ms. Siegel said the NCEP, the net current expenditures per pupil, as of January 2020, indicates Bridgeport is ranked at 157 of 166 districts in the state. Bridgeport is below its peer districts of Waterbury, New Haven, Stamford, and Hartford. She said if Bridgeport was equitably funded with Hartford we would have \$100 million more.

Ms. Siegel reviewed out-of-district costs for special education students, which includes a partial reimbursement grant from the state. The district has to pay 4.5 times the NCEP for each placement. She said the state cap on expenditures is not finalized until May of each year, so the district has to have funds on reserve to account for a potential increase.

Ms. Siegel noted the chart which includes six major grants; Alliance, ECS, Priority, Title I, Title II, and Title IV and IDEA.

Ms. Siegel said this concluded the budget overview.

Mr. Sokolovic said the district is claimed to be top-heavy in administrative costs. Ms. Siegel said the one percent indicated for administrative costs includes positions in the operating budget, but some supervisors are included in other components of the budget.

In response to a question, Ms. Siegel said the district's administrative costs appear low compared to other districts from data compiled by the superintendent. She said the district had a streamlined organization and any position authorized has a clearly defined function in achieving the mission.

In response to a question, Ms. Siegel said generally speaking contracts for non-certified staff usually entail about two percent increases per year on average. For certified supervisors the current contract has an overall cost factor of about 1.6 percent on average. The teachers' contract is now in the first year of a four-year contract; the current year has a 1.6 percent increase without step movement. In the next three years there is step movement, for an average of 3.5 to 3.6 percent increases. She said this translates to another \$2 million in expenditures.

Mr. Sokolovic said the board often gets the question of where the money goes; he suggested the contract increases be highlighted in documents.

Mr. Sokolovic said special education makes up about 17.5 percent of our student body, but through deserved and needed services they cost up to 29 percent of the operating budget, which leaves 71 percent for the rest of our students.

Mr. Sokolovic suggested Bridgeport advocating with other cities and towns to lower the excess cost cap for special education.

In response to a question, Ms. Siegel said the NCEP is calculated on the basis of the total budget, including grants, but districts like Hartford and New Haven have more magnet schools so they have significantly higher magnet funding. Hartford also has a higher ECS and Alliance allocation. She said she was not in a position to discuss the specific details this evening of the methodology used by the state, but the reality is Bridgeport is underfunded compared to peer districts. She said there is a complex history behind this.

Ms. Siegel said when she came to the district nine years ago there was an attempt to secure more magnet funding for Bridgeport, but the state decided not to authorize any new magnet schools.

Mr. Lombard said he wondered if there were strategic things the district could do to change this. Ms. Siegel said it was important to highlight the existing inequities. She noted Hartford received \$11 million for coronavirus relief and Bridgeport received about \$4.9 million, despite being of similar size.

Mr. Sokolovic said the disparity in NCEP is the result of the lack of funding of the district by the city. Ms. Siegel said as of two years ago the City of Waterbury was contributing a significant amount beyond what Bridgeport allocates to the school district.

Mr. Sokolovic suggested a chart be prepared to demonstrate the local funding.

The next agenda item was the 2020-21 budget update.

Ms. Siegel noted she reported the district ended the prior year with a surplus of about \$3.5 million beyond the funds required to balance the 2020-21 budget. Those funds will be applied to close the 2021-22 budget gap unless they are needed in the current year.

Ms. Siegel said the fiscal year began with a structurally balanced budget. She said \$2 million on reserve in the Internal Service Fund is being used. She noted this is money available only one time. Along with funds accrued last year, the total is \$5.2 million.

Ms. Siegel said the financial condition report will be posted in early November.

Ms. Siegel said she is very concerned about the decline in enrollment. She said she did not know what portion of the decline is related to home schooling. She said the decline in enrollment could result in lower funding going forward unless there are waivers.

Ms. Siegel said the budget variables include the nutrition center, where the level of revenue is a concern due to the hybrid model and the reduction of enrollment. She said the decline in enrollment of 800 students is major. The reduction in school days produces transportation savings, but it produces a loss in food services. The meal service will be higher than in March to June, but consistently lower than in traditional years.

Ms. Siegel said there is an action plan to increase revenue. She said Mr. Garrity applied for a summer program waiver which include higher retroactive reimbursement rates per meal. The waiver includes serving weekend meals.

Ms. Siegel said there is a freeze on filling vacant positions, so labor expenses can be adjusted in alignment with meal service requirements.

Ms. Siegel said she is currently projecting a shortfall of three to four million dollars, with the hope of reducing that amount going forward.

Ms. Siegel said options are needed to offset a potential shortfall. This would include utilizing savings in the operating budget, CARES funding, and any new relief grants.

In response to a question, John Garrity, director of food and nutrition, said there is a dinner program for schools that have the Lighthouse Program, but the numbers are quite lower than in the past. He said supper meals are available for any students that want to participate.

Mr. Sokolovic said it seemed we could save about three million dollars if everybody took the food they're entitled to. Mr. Garrity said there are grab-and-go meals available for students when they depart school.

Ms. Siegel said the food service program had fixed costs in personnel and vehicles. She said she believed the projected gap would be narrowed, but there is the real possibility that there could be a shortfall by the end of the year.

Ms. Siegel then discussed the state magnet grant. She said the October 1 enrollment for the four magnet schools meets the residency standard. She noted the Fairchild Wheeler enrollment is lower this year. She said the actual enrollment is below projections and results in a loss of revenue of \$563,000, which is built into the forecast. She said if the magnet lawsuit is settled this year it counteract this decline.

Ms. Siegel said Dr. Jenkins is working vigorously to fill the pre-K seats covered by the School Readiness grant. She said the September data indicated a potential loss in revenue; it is hoped the gap will narrow in coming months. She said the excess costs of all pre-K grants are charged to Title I, which include \$1.6 million of expenditures on pre-K.

Ms. Siegel said there will be savings in some vacant para positions which are covered by substitutes.

Ms. Siegel said facilities are monitored very carefully through the year. It is not known if overtime costs are significantly higher than last year yet. COVID-related overtime will be submitted for FEMA reimbursement.

Ms. Siegel said even though there are 800 less students the loss in special education and ELL is not equivalent in percentage loss, which means expenses are growing.

Ms. Siegel said there is the possibility of lower levels of Medicaid reimbursement. There are now more in-person special education students than in March to June.

Ms. Siegel said the reduction of school days to 177 will result in transportation savings, but the total cost of transportation may increase or decrease depending on the number of routes needed to maintain rider limits on buses. She said she was inclined to expect some savings, but an increase in special education needs.

Ms. Siegel said the CRF grant includes \$1.9 million for transportation to limit the number of students per bus.

Ms. Siegel said she expected savings in athletics, security, substitute teachers, and possibly legal services. She said there was an extreme substitute shortage in Connecticut and in the country.

Ms. Siegel said she provided a historical chart of the major federal and state grants. She said the Title I grant did increase by \$2 million and the resources are being leveraged for nonrecurring expenses, including curriculum renewal, temporary paras in the kindergarten, and technology support.

Ms. Siegel said \$18,473 of unexpended parent involvement Title I funds rolled over to 2020-21.

Ms. Siegel said the CARES Act expires on September 30, 2022, so it is hoped to rollover funds into next year to meet COVID-related needs.

Ms. Siegel said the Title IV budget was increased by about \$100,000, and is being applied to bullying prevention, chronic absenteeism, and dropout prevention.

The next agenda item was on the 2021-22 budget timeline.

Ms. Siegel said the budget would be presented to the Finance Committee in January and to the full board in January, along with the capital budget request. This is followed by the community forums held by the superintendent and discussions between the superintendent and the mayor and the city about the city contribution. Next would be the mayor submitting the proposed budget to the City Council on or about April 1st. In the third week of April, the superintendent, the finance team, and board members meet with the city Budget & Appropriations Committee, followed by the final adopted budget in May.

Ms. Siegel said once the City Council submits the adopted budget to the mayor in early May, the budget is final. The amount is then incorporated into the district's budget gap plan. She said the goal is to devise a plan that does not require any major adjustments to school operations.

Ms. Siegel said as we get closer to January certain projections will have to be made based on the degree to which enrollment will be restored.

In response to a question, Ms. Siegel said every year there is a budget session at the state level, with the legislative session ending in May, so the time is approaching for the board to reach out to the legislative delegation to request advocacy. She said hopefully the state will hold districts harmless for losses in enrollment in the current year.

Ms. Siegel said the average growth in the operating budget over the last six years has been 1.14 percent per year, while most districts expect to have two to four percent growth at a minimum per year.

Ms. Siegel said the loss of enrollment does not necessarily translate into a major loss of class positions because classroom must be staffed even if there are fewer students per class.

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

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

Respectfully submitted,

John McLeod

Approved by the committee on November 18, 2020