

Wednesday, September 23, 2020

MINUTES OF THE FINANCE COMMITTEE OF THE BRIDGEPORT BOARD OF EDUCATION, held September 23, 2020, by video and audio conference call, Bridgeport, Connecticut.

The meeting was called to order at 5:00 p.m. Present were Chair Joseph Sokolovic, and member Bobbi Brown. Also present was board member Albert Benejan. Board member John Weldon joined the meeting subsequently as noted.

Supt. Michael J. Testani joined the meeting subsequently as noted.

Ms. Brown moved to approve the committee's minutes of June 10, 2020. The motion was seconded by Mr. Sokolovic and unanimously approved.

The next agenda item was on COVID-related revenue and expenditures.

Marlene Siegel, chief financial officer, explained the differences between operating funds and grant funds. She said grants have specific guidelines related to a specific purpose, which must be complied with. She said the CARES Act and a corona virus relief grant(CRF) have specific requirements. She said some of the areas covered are appropriate technology and connectivity, high-quality curriculum on digital platforms, safely reopening schools, compensatory special education services, PPE, and providing social-emotional supports for educators and students.

Mr. Weldon joined the meeting

Ms. Siegel put a document on the screen demonstrating the grants. The CARES Act grant is \$8.7 million for the district, with the non-public schools receiving a separate \$423,963. The grant expires on September 30, 2022. The CRF grant is \$4,795,113 and expires December 31, 2020.

Ms. Siegel said FEMA has announced they are no longer approving 75 percent reimbursement for PPE purchased after September 15th. She said the district spent about \$2 million on PPE to the current date, and it is hoped that 75 percent reimbursement will be received on all or most of those items.

Ms. Siegel said the document includes projected expenditures in areas such as transportation which will be covered by the grant.

In summary, Ms. Siegel said there is a grand total for expenditures and commitments of about \$9.2 million with \$13 million of revenue in the two grants, leaving a balance of \$4.3 million, prior to anticipated FEMA reimbursement of \$1.5 million.

In response to a question, Ms. Siegel said staffing during the pandemic has been extremely challenging. She said the district is working with Delta T and Kelly to secure paraprofessionals and substitute teachers.

In response to a question, Ms. Siegel said nurses have been obtained through various agencies after a tremendous effort by Ms. Earley, the supervisor. She said she believed the district was either fully staffed or had one vacancy.

In response to a question, Ms. Siegel said FEMA indicated it changed its policies because its expenditures are for emergency measures in response to a crisis.

In response to a question, Ms. Siegel said the city contributed \$1.4 million towards the transportation expenditures, but did not agree to include it in the minimum budget requirement(MBR) in addition to the \$2.25 million it did add to the MBR.

The next agenda item was on the 2019-20 budget. Ms. Siegel said the end-of-year close was completed by August 31st. The June 30 financial condition report was posted. Blum, Shapiro is conducting the annual audit, with completion by December 31st, following which the final reports are submitted to the state and posted on the website.

Ms. Siegel said the district ended the 2019-20 budget with a surplus. She said the 2020-21 budget is structurally balanced with carryover surplus funds of about \$6.7 million on reserve for withdrawal to balance the budget. She said \$3.2 million of that number is already committed to the 2020-21 to achieve structural balance. She discussed the surplus in the Internal Service Fund and how it has been carried forward and its part in the 2020-21 budget plan. The current carryover surplus is about \$3.5 million.

In response to a question, Ms. Siegel said Blum, Shapiro provides a representation letter that is generated on December 31st. Elizabeth Maurer said the CAFR(comprehensive annual financial report) is posted on the city's website.

Mr. Weldon said he has spoken about this with Supt. Testani and it is not generally known that the board's finances are

audited. He suggested placing a link to the CAFR on the district's website and having an audit presentation by Blum, Shapiro when it is completed. He said this would spotlight to the public that the board receives an audit every year.

Ms. Siegel said the budget gap plan includes revenue and savings. She said the revenue includes Alliance/ECS additional funding of \$2.3 million. CARES Act funding made up for a reduction in the projected increase. The Priority Grant went up by \$58,204 and the city revenue consisted of \$2.25 million added to the MBR, \$500,000 in direct payment to We Transport, and the waiving of the payment for the SROs.

Ms. Siegel said there was a surplus of about \$900,000 in food and nutrition, with a possible liability for payment of personnel during the period of school closure of about \$200,000. She added the AFSCME contract is still not approved and the funding saved in 2019-20 is now accounted for in the 2020-21 budget. There are also additional expenses in special education.

Ms. Siegel said savings include the \$2 million of the surplus in the ISF and the budget surplus of about \$6.6 million, leaving a gap balance of about \$2 million. She said deficit prevention mode would be used. She described this as making purchases only when services are absolutely essential and doing so with optimal cost-effectiveness. Also included are position consolidation and adjustments to assistant principal positions. Ms. Siegel said there are projected savings in transportation due to the amended school calendar from 182 days to 177 days.

Ms. Siegel said current projections of enrollment will result in the loss of \$141,000 in revenue, with the final numbers to be determined on October 1st.

Ms. Siegel said taking into account all factors, the budget is \$3.4 million to the positive. The amount is deposited ISF and is on reserve and available in Fiscal Year 2021, if needed, or in the future.

Ms. Siegel noted there were savings in the legal services line of about \$600,000.

Ms. Siegel highlighted variables that can impact the 2021 budget. She said daily meal counts under the hybrid model are lower than in traditional years, which impacts the level of revenue. The district has applied for a waiver to continue enrollment in the summer food service program through December 31st to raise revenue and benefit families. She added overtime costs in facilities have to be taken into account.

Ms. Siegel said the cost cap for out-of-district special education was 29.11 percent last year and the new cap will not be announced until February and with a possible modification in May. She said Medicaid reimbursement for tele-education services are reimbursable only if they're one-to-one and a minimum of twenty minutes.

Ms. Siegel said positive variables include transportation. Other savings may occur in athletics, security, and legal services. She noted the winter of 2020 was relatively mild, but a similar outcome cannot be guaranteed this year.

Ms. Siegel said the first formal fiscal forecast of the year will be on October 31st, with a financial condition report posted in the first week of November.

Ms. Siegel then discussed grants. Title 1 was increased in 2020-21 by about \$2 million. She said projected lower enrollment will ultimately reduce Title I and other allocations in the future.

Ms. Siegel discussed the curriculum renewal projects that are underway and projected.

Ms. Siegel said the methodology used to calculate parent involvement yielded a per capita of \$8.73 per student, up from the projected amount of \$7.00.

Ms. Siegel said Title IIa was up \$100,00, and there were further increases in Title III, Title IV, IDEA, and the state bilingual grant.

In response to a question, Ms. Siegel said the Internal Service Fund was the depository for the premium cost share from the employer and employee for health insurance. It also includes workers' compensation expenditures.

Ms. Siegel said the board and city were self-insured before they converted to the Connecticut Partnership in 2018-19. The district now pays the fixed cost of the insurance, which goes up each year. She said the percentage growth in 2021-22 is 5.8 percent. However, the insuring agency – the state – is responsible party for the full cost of the health insurance.

Ms. Siegel said she was not anticipating a surplus in the ISF in the case of basic health insurance, but a surplus could develop if cost factors for retirees or workers' compensation

is lower than anticipated. A deficit could also result from such factors.

In response to a question, Ms. Siegel said the district had a structurally balanced budget for the fiscal year ending 2021. Mr. Weldon said the board historically approved the budgets presented by Ms. Siegel. Ms. Siegel said the gap plan could be presented to the full board.

In response to a question, Ms. Siegel said a formal chart on grant appropriations for 2021 was not yet completed. Mr. Benejan asked that he be provided with it.

Supt. Testani joined the meeting. He said he had been meeting with the BEA. He said he wanted to stress the curriculum renewal is a priority of the administration. He added a committee will be looking at the high school and middle school history program.

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

The meeting was adjourned at 6:43 p.m.

Respectfully submitted,

John McLeod

Approved by the committee on October 14, 2020