

Wednesday, January 13, 2021

MINUTES OF THE FINANCE COMMITTEE OF THE BRIDGEPORT BOARD OF EDUCATION, held January 13, 2021, by video conference call, Bridgeport, Connecticut.

The meeting was called to order at 5:02 p.m. Present were Chair Joseph Sokolovic and members Sosimo Fabian and Bobbi Brown. Board members Joseph Lombard and Albert Benejan were present. Board member John Weldon joined the meeting subsequently as indicated.

Supt. Michael J. Testani was present.

Ms. Brown moved to approve the committee's minutes of November 18, 2020. The motion was seconded by Mr. Sokolovic. The motion was approved by a 2-0 vote. Voting in favor were members Sokolovic and Brown. Dr. Fabian abstained.

Marlene Siegel, chief financial officer, presented the 2020-21 budget update. The 2020-21 financial condition report for December 31st was posted on the district's website. She said she continues to project a balanced condition, but in order to balance the budget the \$1 million withdrawal from the Internal Service Fund (ISF) had to be restored to the credits. Additional savings should materialize and it is hoped to restore the \$1 million to the ISF.

Ms. Siegel said the projected deficit in the nutrition department is currently \$4 million due to reduced revenue.

Ms. Siegel said the loss in the state magnet grant due to enrollment was \$563,716, however, the actual shortfall was

about \$800,000. She said that shortfall is built into the operating budget forecast, but the expectation of magnet tuition from all districts will offset the shortfall. She said two districts have not finalized agreements yet. She noted the new formulate limits to tuition to a maximum of fifty students at \$3,000 per student.

Ms. Siegel said the retroactive payment from Stratford of \$1.3 million has been received and the funds are being allocated to the four magnet schools in separate grant accounts, with the district retaining 25 percent. She said the district account will to be used to support magnet operations in the event of further reduced state magnet grant revenue.

Ms. Siegel said the purpose of the plan is to establish a sustainable funding stream for these schools to enable program enhancements and technology renewal.

Ms. Siegel said the excess cost of pre-K grants is charged to Title I and the shortfall will be about \$1.3 million due to reduction in enrollment.

Ms. Siegel said lower revenue is expected from Medicaid, the juvenile detention center, and the excess cost cap for out-of-district tuition. She noted the number of out-of-district students are lower this year, but expenses continue to rise.

Ms. Siegel said positive factors include transportation savings and savings in areas such as substitute staffing, athletics, security, and hopefully legal services.

In response to a question, Ms. Siegel said magnet tuition lawsuits were handled by the city attorney and she did not believe the district incurred legal costs.

In response to a question, Ms. Seigel said most legal settlements are of moderate expense, but it is a variable that must be covered by a budget line designed to anticipate expenses.

Dr. Fabian said he would like to see savings in this area. Ms. Siegel said there have been savings on the legal line in the past two years.

In response to a question, Ms. Siegel said the federal government is aware that the loss of nutrition revenue is a nationwide issue. She said she was informed the state education commissioner is considering state revenue to help districts offset the loss.

Supt. Testani said a list of litigation matters is being compiled to respond to Dr. Fabian's request of last week. He said being a municipality the district is an open target for litigation. He said hiring an attorney in HR has really helped keep costs down.

Dr. Fabian said risk management might be used in this area. Mr. Sokolovic said he would put that issue on the next agenda.

Ms. Siegel spoke on the 2021-22 budget request. She said there are no substantive changes from the prior third version.

Ms. Siegel noted a displayed chart showed declining enrollment over the past several years. She said she was projecting greater enrollment next year.

Ms. Siegel said the special education population is 17.4 percent and the ELL population is 20.20 percent. She said

special education spending in 2019-20 was 29.34 of the total budget.

The NCEP, the net current expenditures per pupil, as of October 2020, was \$15,329 for Bridgeport, while peer districts all have a higher NCEP. Bridgeport is ranked at 155 in NCEP out of 166 districts. Ms. Siegel said the district is underfunded by \$20 million for every \$1,000 in NCEP we don't receive.

Ms. Siegel said the district has to pay 4.5 times the NCEP for every out-of-district placement, so any increase in NCEP would lead to higher payments for out-of-district costs.

Ms. Siegel said goals include a structurally balanced budget, a budget built on all fund sources, a school-based budgeting model built on empowerment and accountability at the school level, fiscal accountability through integrity and transparency, and comprehensive fiscal management. She said the current operating allocation was increased to \$25 per student with CARES Act funding. A teacher's choice allocation is \$50 per teacher in the current year.

Ms. Siegel said fiscal challenges continue in utilities, transportation, legal services, special education, absence coverage, and benefits.

Ms. Siegel displayed budgetary numbers including the operating budget at \$256 million. The grants displayed were the major grants that comprise the comprehensive fiscal plan.

Ms. Siegel said \$4 million additional revenue was received in the current year \$2.3 million from the state and \$2.25 million from the city to the MBR. She said the city would be making

a direct payment of \$500,000 to We Transport in the third quarter.

Ms. Siegel said the city share is about 27 percent of the operating budget and the state's share about 73 percent. The average percentage growth in total operating budget over six years is 1.14 percent; 1.82 percent in the current year. She said the increases are not sufficient to keep pace with escalating costs.

Ms. Siegel said highly favorable rates were negotiated in the transportation contract, with an increase of 1.5 percent this year. The copier contract was renegotiated in 2018. There were other savings in Kelly Services staffing.

Ms. Siegel said the growth in ELL and special education has not been matched by the growth in the associated grants.

Ms. Siegel presented the operating budget request. She said a \$17 million request was projected. \$3.5 million from the city, the expected \$2.3 million from the state, and \$11 million in the gap plan.

Ms. Siegel said the \$17 million consists of collective bargaining agreements(\$4.7 million), health insurance(\$3.5 million), MREF retirement (\$1 million), special education(\$1 million), transportation, ISF, and a reserve. She noted a \$3 million surplus from the prior year is being carried forward and the \$17 million is about 6.6 percent growth.

Ms. Siegel said the superintendent is requesting \$3.5 million from the city, consisting of \$500,000 in direct payment to We Transport and to compensate for the funds the city didn't allocate in 2020-21 to maintain the \$1.4 million credit the district had in 2019-20 of \$650,000, and \$2.35 million for

non-discretionary costs including collective bargaining increases, health insurance and MREF growth.

Ms. Siegel said this mean about a 5 percent increase in the city contribution.

Ms. Siegel said there is \$3.5 million in the ISF that was saved last year that would be available and there will likely be a surplus in the ISF for 2021. She described the savings that would result from deficit prevention mode.

Ms. Siegel displayed a slide showing the cost factors for curriculum renewal. She said districts need a continuous stream of funding to ensure that curriculum and technology stay up to date.

Ms. Siegel discussed the food and nutrition plan for 2021-22. She said the expenditures are monitored closely to make sure they do not exceed the revenue. She said 2021-22 is expected to be a post-pandemic year and we're asking the city to set up the nutrition budget at about \$20.43 million, with the anticipation that revenue will be about \$18.6 million.

Mr. Sokolovic noted the NCEP portion provided by the state is \$9,426 per pupil, while the local contribution is \$3,472, which is amongst the lowest of any local contribution in the state. He said he did not understand why we were requesting only \$3.5 million from the city, amounting to \$176 per student. He said the amount requested should be increased, particularly in light of City Council promises to redirect money from the police department.

Mr. Sokolovic noted the district's budget is always audited and reviewed by the city. He said there is a misconception that there's something wrong these numbers. He added that

administration costs are merely one percent of the budget and significantly lower than surrounding districts, so that any cuts that are made basically come out of the classroom. He said this results in a hiring freeze and departments without heads.

Dr. Fabian said he would like to see how the historic budget numbers compare to the inflation rate.

Dr. Fabian said Mr. Testani faced allegations of union-busting, but the city has continued to provide services without asking for any concessions from the unions on collective bargaining units. He said he agreed with Mr. Sokolovic that more from the city should be requested.

Ms. Brown said she agreed that the city needed to add more funds.

In response to a question, Ms. Siegel said the HR department's hiring includes diversity goals and there are funds in the Title II grant for recruitment.

In response to a question, Ms. Siegel described the district's pursuit of grants. She said numerous competitive grants have been received each year.

Grants director, Nadira Clarke, said she was in charge of looking for money through grants. She said the quarterly financial condition report lists all the current grants.

Dr. Fabian said he would like to hear a presentation on grants sometime in the future.

In response to a question, Ms. Siegel said savings in the operating budget, such as in athletics, are applied to lines that are negative and the shortfall in food and nutrition.

John Weldon joined the meeting.

Mr. Sokolovic asked committee members what amount should be requested from the city. He suggested it be a reasonable amount, not astronomical. He suggested \$6 million. He calculated the request would raise the per-student request to \$301.

Ms. Siegel said the \$3.5 million request was 5.07 percent of the city share and 1.36 percent of the total budget.

Regarding inflation rates, Mr. Sokolovic said he believed that even staff raises over time had not kept pace with inflation. Ms. Siegel said collective bargaining growth is about two percent.

Ms. Siegel said asking the city to pay for the collective bargaining growth was entire reasonable.

Mr. Sokolovic moved “*to increase the ask from the city side from \$3.5 million to \$6 million.*” The motion was seconded by Dr. Fabian and unanimously approved.

Ms. Brown moved “*to present the budget as amended previously to the full board for consideration.*” The motion was seconded by Dr. Fabian and unanimously approved.

Mr. Sokolovic moved “*to table the rest of the agenda items – the overtime budget report and the update on the new COVID funding – to the next meeting.*” The motion was seconded by Dr. Fabian and unanimously approved.

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

The meeting was adjourned at 6:30 p.m.

Respectfully submitted,

John McLeod

DRAFT