

Wednesday, February 23, 2022

MINUTES OF THE FINANCE COMMITTEE OF THE BRIDGEPORT BOARD OF EDUCATION, held February 23, 2022, at Central High School, 1 Lincoln Boulevard, Bridgeport, Connecticut.

The meeting was called to order at 6:08 p.m. Present were members Chair Joseph Sokolovic and Bobbi Brown*. Board member Albert Benejan* joined the meeting subsequently as noted. Committee member Christine Baptiste-Perez* joined the meeting subsequently as noted.

(*remote participation)

Supt. Michael J. Testani was present.

Ms. Brown moved to approve the minutes of the meeting of January 26, 2022. The motion was seconded by Mr. Sokolovic and unanimously approved.

The next agenda item was on ESSER finding balances update.

Marlene Siegel, chief financial officer, said there were three grants, ESSER I, ESSER II, and ESSER III.

Ms. Siegel said the first grant is ESSER I or CARES Act, which expires September 30, 2022. The district received \$8.7 million; about \$1.4 million was carried forward into the current year. The current balance is about \$153,000, which is encumbered for the Teachers' Choice e-card program. She said we are on track to close the budget by the end of June, but no later than September 30th of this year.

Ms. Siegel said the ESSER II grant continues until September 30, 2023. The district received \$44.6 million; the primary goal is educational recovery and learning acceleration for every student. It is projected between \$20 million and \$23 million will be spent this year, but the actual amount could be lower or higher. All funds are on track to be spent by the end of the grant period.

Mr. Benejan joined the meeting.

Ms. Siegel said ESSER III is known as ARP/ESSER, which expires September 30, 2024. The district received about \$100 million. At least 20 percent must be dedicated to learning recovery. Projected expenditures this year are about \$28 million. Second year expenditures are projected at \$31 million and in the final year, \$31 million.

Ms. Siegel said we are on track to spend all the ESSER funds by the end of the grant period in accordance with the budget plan.

Mr. Sokolovic said he was glad to hear no money was going to be left on the table.

In response to a question, Ms. Siegel said priority one in ESSER is learning acceleration, academic renewal and student renewal, and the district is spending 48.75 percent on those. She said the district is spending 4.18 percent on family and community connections; 10.30 percent on social-emotional and mental health of the students and staff; 9.6 percent on the strategic use of technology and staff development and the digital divide; and 26.12 on building safe and healthy schools.

In response to a question, Ms. Siegel said the heroes' or premium pay for staff is funded in the ESSER II grant and would fall in the first category and would be part of the academic initiative because it is utilized as a retention incentive for teachers.

The next agenda item was on the 2021-22 financial status.

Ms. Siegel said the financial condition as of February 28th is in the process of being finalized. She said in order to balance the operating budget a withdrawal of five to six million dollars from prior year savings is projected from the Internal Service Fund (ISF). She emphasized this is just a projection at this time.

Ms. Siegel said the ISF currently has on deposit about \$20 million, consisting of \$2 million, which is the pre-2018-19 or pre-Connecticut Partnership component; \$6.5 million added at the end of the 2019-20 fiscal year; \$10.8 million added at the end of 2020-21 and \$875,812 added from the food and nutrition budget in order to cover food and nutrition retirees and workers' comp coverage for active employees.

Ms. Siegel said the purpose of the ISF is to establish a mechanism for the payment of the health insurance costs and workers' compensation expenses. She said there always has to be a surplus in the ISF to cover the costs of the services for which it exists.

Ms. Siegel said the district has continued to experience significant growth in special education services and an expansion of English language learner services. She said grant funds, including ESSER grants, are being used to the optimal extent practical wherever appropriate and permissible to conserve limited operating funds.

Ms. Siegel described examples of the use of ESSER grants: eight additional special education teacher positions; four new kindergarten autism classes; and five new ELL positions. She said the district would have to continue these services through other resources if the need still exists at the end of the grant period. The annual cost would be about \$3.5 million.

Ms. Siegel said we always operate in deficit prevention mode, which includes stringent cost control and management, and the of capture accrued funds in all areas to build reserves to support a balanced budget.

Mr. Sokolovic said deficit prevention mode should be renamed “survival mode.” Ms. Siegel said maybe “budget balance mode” might be an alternative.

Ms. Baptiste-Perez joined the meeting.

Mr. Sokolovic said he would like to see a number for the structural deficit. Ms. Siegel said in order to close operating budget in the current year (2021-22) it is projected that \$6 million is needed from the ISF. She said approximately \$3.5 million would be needed to cover the additional positions in ESSER funding. She said the numbers would continue to compound without additional funding. Mr. Sokolovic said there could be a \$27 million hole in fiscal year 2025.

Supt. Testani said it could be more based on collective bargaining.

In response to a question, Ms. Siegel said there is an anticipated balance of \$14 million in the ISF next year. She noted there are other measures we use to close a gap,

including assuming every position will be filled from the start of the school year. The reality is that every position will not be filled and savings result, which help to close a budget gap.

Ms. Siegel said 2023-24 may be the year of the fiscal cliff, which would be sooner than expected. She said Bridgeport has been historically underfunded. She discussed the lack of funding from the city and the state compared to other large districts. She said the district had severe and extensive needs and we are striving to secure the maximum allocations possible.

In response to a question, Ms. Siegel said the city contributes about 27 percent of the operating budget. Ms. Baptiste-Perez said most people don't understand the actions we have to take to reduce the costs. Ms. Siegel said in the past ten years there have been years where we've had to make major reductions in programs and services.

Ms. Siegel said the NCEP (net current expenditures per pupil), as of October 21, of Bridgeport was \$16,982, which is ranked 144th of 169 Connecticut school districts, while Hartford is \$21,833. She said the calculation includes all funding in the district, including grants. If Bridgeport were equitably funded with Hartford the budget would rise by \$95 million.

Ms. Siegel displayed a slide that showed the city share of the budget is 27.3 percent and the state funds 72.7 percent. She noted the operating budget is supplemented with major state and federal grant, such as \$14 million in the Title I grant. The major grants total \$33.4 million, which means without the grants there would be serious negative impacts.

Ms. Siegel displayed a chart which showed the district's average revenue growth per year is 1.17 percent, which is roughly even between the city and the state. She said very few districts can survive on this level of support; most districts seek 3 to 4 percent per year.

Ms. Siegel said \$18 million is the projected need for this year, with collective bargaining and health insurance increases being close to \$9 million. The retirement plan for noncertified staff is expected to be about \$1 million. Additional costs in special education and transportation are also anticipated. She said there will be a new transportation contract for July 1st. She said when the new budget is built it is assumed that all positions are going to be filled, for which funding is needed. She said vacancies that materialize become part of the gap plan. She said it hoped there will be a lower number of vacancies across all personnel categories as the pandemic subsides.

Ms. Baptiste-Perez asked if funding is not received if a school would have to be closed or teachers laid off. She said she wanted to give examples when engaging in advocacy.

Supt. Testani said there is no way now to give specific impacts as we are currently discussing hypotheticals. He said hypotheticals do not do the district any good in terms of stability of staff and recruitment and retention. He said, however, nothing would be off the table when it comes time to make difficult decisions except for anything that will impact classroom instruction of high quality for students.

Mr. Sokolovic said people might have to get scared to show the reality we face. He said in the past there had been millions of dollars of budget cuts. He said he believed any cuts made would affect the kids in the classroom because

we are at the bone now. He said advocacy was needed now to prevent these things from happening in the future. He said Ms. Siegel is performing miracles with this budget and she has long advocated the need for a revenue stream.

Mr. Sokolovic said if the mayor, state and federal government do not adequately fund the district the budget will look much worse.

Ms. Siegel said successive years of insufficient operating appropriations will cause formation of a steep fiscal cliff when ESSER and other grants are no longer available. She said, based on current information, that we will be able to survive into 2022-23, but with the expectation that we will receive a reasonable addition to the budget from the city and the restoration of the original state budget. She reiterated the concern with fiscal cliff arriving in 2023-24, earlier than expected.

Ms. Baptiste-Perez said she understood not wanting to panic the staff, but she wanted to fully inform parents and other elected officials what our options are. She said she wanted to see the reality to be able to present options to the city at large. She said she wanted to feel she had done all she could on the board and on the Finance Committee to advocate for these funds. She noted the city had a surplus of funds.

Supt. Testani said the governor's proposed budget may not pass as is. He said he felt confident that the loss of funds from the state would not be reality after conversations with lawmakers. He said he believed there will be growth on the city side. He said we're not in a position to articulate options now because they could change between now and when we have to implement them.

The superintendent said he liked the phrase “hold them accountable,” but the term had been used for decades and no one has been held accountable, unfortunately.

Mr. Sokolovic said the last time budget presentations were given in various communities it was shut down because people’s feelings were getting hurt from real hard talk and because they were afraid to be held accountable. He said we should go through all the districts and present the facts clearly again. He said a Republican may never win, but Democrats have primaries.

Ms. Baptiste-Perez said with the city surplus, asking for \$8.5 million is realistic and she asked where the pessimism came from. Supt. Testani said the pessimism comes from the ten-year history of underfunding and going from zero increases or two million to \$8.5 million. He said he is meeting with state lawmakers and writing letters because he believes it can have an impact. He said there is traction at the state level. He said conversations with occur with the city in the coming weeks.

Ms. Baptiste-Perez said the city now has the money. The superintendent said if they give us \$8.5 million this year, they’re locked into that \$8.5 million in each following year. He said the built-in increase could not be negotiated. He said pessimism comes from the city having a one-year surplus.

Mr. Sokolovic said he found it hard to believe they can’t get \$8.5 million since the mayor and the City Council are talking about new projects, and if true, the tax revenue should be jumping. Supt. Testani said according to the state Bridgeport has the largest number of untaxable properties. Mr.

Sokolovic said from his recollection he believed New Haven and Waterbury exceed us in that area.

Ms. Baptiste-Perez said this is exactly why advocacy has to start early. She said the city has to do strategic planning and probably should not give out tax breaks to businesses.

The superintendent said there was a city investment that went into private projects and bypassed education in the last couple of years. He said he believed private funders should fund their own for-profit businesses.

The next agenda item was the 2022-23 budget update. Ms. Siegel said it has previously been covered, including the status of the governor's recommended state budget adjustments.

The next agenda item was on charter school expenditures.

Ms. Siegel said the board was provided a chart currently on the screen. She said we are expending about \$3.5 million for transportation and special education services. She said the charter schools provide their own resource teacher services and paraprofessionals when required by IEPs, and they bill the district for those services. She said the district provides social work, psychology, and speech services to the charter schools.

Ms. Siegel said there was an increase in the number of schools days from 177 to 181 this year, however there was some reduction in special education services at two of the charter schools and a decline in the number of bus passes issued to students in upper grades.

Ms. Siegel said we are required to provide these services in accordance with state law.

In response to a question, Ms. Siegel said charter schools receive funds from the state to operate but the local district must provide the transportation and special education services.

In response to a question, Supt, Testani said charter schools cannot transfer special education students to the district, but parents often withdraw the students from the charter schools and return them to the district. He said the charter schools can also recommend an out-of-district placement that BPS would be required to cover as well, which is why the district participates in the PPTs at charter schools. He said he has raised to the state the large number of charter schools in Bridgeport – six, with two opening second buildings.

In response to a question, Supt. Testani said the funding charter schools receive is based on October 1st enrollment. He said we are working now with a new system so there is no double-counting of students where the charter schools get to keep money after the students return to BPS. He said he has met with charter school providers to discuss this issue.

Mr. Benejan said it's not fair that charter schools after they receive the money don't deal with the students.

In response to a question, Ms. Siegel said charter schools in Stamford and Norwalk were included in the data assembled by a member of her office. Supt. Testani said he did not believe any Bridgeport students were enrolled there. Ms. Siegel said Stamford Academy billed for some special

education students two years ago. She said some speech services are being provided to the Norwalk school.

Ms. Baptiste-Perez said it appeared 236 Bridgeport students were traveling to Norwalk to a charter school. Supt. Testani said the 236 figure is not correct as to Bridgeport and it must be the total enrollment in the building. Ms. Siegel said she would check the figures tomorrow.

Mr. Benejan said he believed some staff at charter schools were working as volunteers and not being paid. In response to a question, Supt Testani said the district has no control over the hiring of staff at the charter schools or the payment of their staff members. He said teachers are supposed to be certified, but in the past some charter schools have employed noncertified teachers. He said it is the state's responsibility to handle such matters.

Mr. Sokolovic said the district had no say over the day-to-day operation of charter schools or any oversight. The superintendent said special education teachers in charter schools need to hold the same certifications as any other teacher. He said whether teachers are certified can be verified on the state Department of Education's website, which is public information.

Mr. Benejan asked how a charter school's student need for transportation can be verified. Supt. Testani said the school provides the address to us and we have no way of knowing how often the student uses the bus. He said a portal is being created to give more oversight. He said steps are being taken to control the charter school lotteries as is done in New Haven.

Mr. Benejan said he wanted it understood that BPS is trying to help charter schools and all its students because we want the best for all kids.

Ms. Baptiste-Perez asked if we know how many of Bridgeport charter schools have students from other districts. Supt. Testani said if non-Bridgeport students attend the charter schools we're not obligated to provide transportation. He said the sending district would have to provide special education services.

In response to a question, Ms. Siegel said the charter school expenditures come from the operating budget. She said it would be included in the NCEP because we are using operating funds. Mr. Sokolovic said if the charter schools were removed from the NCEP it would bring down our per-pupil expenditure. Ms. Siegel said she believes the state includes the charter expenditure in NCEP.

In response to a question, the superintendent said the state, not the city, approves new charter schools.

In response to a question about charter schools changing their schedules and impacting transportation, Supt. Testani said when the district reverted back to its prior schedule during the full reopening, the charter schools objected and the result at the state level did not go in their favor.

In response to a question, Ms. Siegel said the district spends over \$600,000 in parochial school transportation. The district is not responsible for their special education expenses. The superintendent said the district is also responsible for transportation at Bullard Havens. Ms. Siegel said that total was \$360,000 last year.

Mr. Sokolovic said close to \$5 million is yanked from our operating budget before it even touches the traditional public-school student. The superintendent said the most difficult component is providing the special education services, given the staffing shortage in the district.

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

The meeting was adjourned at 7:46 p.m.

Respectfully submitted,

John McLeod

Approved by the committee on March 16, 2022