

Wednesday, April 19, 2023

MINUTES OF THE FINANCE COMMITTEE OF THE BRIDGEPORT BOARD OF EDUCATION, held April 19, 2023, at Central High School, 1 Lincoln Boulevard, Bridgeport, Connecticut.

The meeting was called to order at 6:37 p.m. Present were members Chair Joe Sokolovic and Michael Maccarone.* Board members Albert Benejan* and Robert Traber were present. Committee member Christine Baptiste-Perez joined the meeting subsequently as noted.

*Remote participation

The first agenda item discussed was a 2022-23 budget update.

Marlene Siegel, chief financial officer, said the April 30 financial condition report was in progress. She said it is projected currently \$7 to \$9 million would be withdrawn from the Internal Service Fund (ISF) reserves to balance the operating budget at the end of year close.

Ms., Siegel said federal funds were received and the food and nutrition budget received a \$506,921 in two phases for a year two supply chain allocation. And an additional grant for \$38,911 was also received for food and nutrition.

Ms. Siegel said prior to the last fiscal year, there was \$20.7 million on deposit in the ISF. She said the surplus was created by the district not operating all services during the pandemic. The total at the end of fiscal year 2022 was \$27.6

million, which should increase by a million at the end of the year of 2022-23.

Ms. Siegel said the surplus, depending on the amount of revenue and savings that can be generated, are most likely to be exhausted in fiscal year 2025. She said the surplus in the food and nutrition budget is restricted to food and nutrition services only and the restriction is rigorous enforced.

Ms. Baptiste-Perez joined the meeting.

Ms. Siegel provided an update on the Alliance Increasing Educator Diversity Grant, which she described as a misnomer. She said it was presented incorrectly as a new funding stream, but the law specifies a diversion of Alliance/ECS resources. She said the district needs Alliance funds for its operational services. She said a meeting has been scheduled in Hartford to address the problem created by this law.

Ms. Siegel said ten percent of a \$3 million increase in Alliance funding would be about \$680,000. The grant expenditures are largely restricted to residency programs for the preparation of new teachers. The total amount might be almost \$1 million if a similar amount was received in FY2025, and it would make that amount unavailable to fund critical services.

Ms. Siegel said hopefully the legislature will repeal or modify the current law.

Ms. Siegel said the factors impacting the 2022-23 budget are the small \$15,434 increase in Alliance/ECS; transportation costs in year one of the new five-year agreement with We

Transport; special education cost sharing increases; other special education costs; the growth in the ELL population; the average teacher salary rising above turnover savings due to the teacher shortage; and the use of ESSER funds in areas allowable under the guidelines. Currently, twelve special education teachers and six ELL teachers are being funded in ESSER.

Ms. Siegel said the ELL population in October was 26.28 percent and we're now up to 27.29 percent. The special education has increased from 18.86 percent to 19.62 percent.

In response to a question, Ms. Siegel said to the best of her knowledge the diversity grant applies only to the Alliance districts. Mr. Sokolovic said the Alliance districts are being penalized to the extent of ten percent of the grants they are being given for being underserved districts in order to increase the diversity pool of underrepresented people in the underrepresented places. He said the non-Alliance districts, which are probably largely Caucasian and more well off, have to expend no funds to recruit minority staff.

Mr. Sokolovic said this was one reason he proposed a lobbyist because apparently these were voted on and passed without our knowledge. Ms. Siegel said our grants office noticed this a few weeks ago when it was placed in the system, which leads her to believe that even the officials in state Department of Education did not have knowledge of this law until the early spring.

Ms. Baptiste-Perez said the presentation was not included in the portal packet, so she did not have detailed comments. She said teachers that reflect the students is a great idea but taking it out of Alliance funds is not the best thing for it.

Mr. Traber said diversity was important, but the state should bear the burden. He said he learned there was a similar hidden bomb in the pending legislation that would require us to pay more money in a few years.

The next agenda item was on the 2023-24 budget. Ms. Siegel said the MERS rate (the retirement fund for noncertified employees) is increasing substantially. She said she believed future increases would be minimal.

Ms. Siegel said a six percent increase in health insurance was anticipated. Information was received today and is being analyzed and the growth factor should be determined by the end of the week.

Ms. Siegel said she would share what she knows at this point on the city and state budgets. She said the House bill, which would have allocated full funding over two years, did not pass. She said the district was targeted to receive at least \$3 million per year up to fiscal year 2028, which is welcome but insufficient. She said information was not yet available on comparisons to other districts.

Ms. Siegel said the mayor's budget includes a \$2 million increase. She said the city share was increased by \$2 million in the last two years. She said that is far better than prior years, but it is inadequate, and represents a 0.76 percent increase in the total operating budget. She said this growth is inadequate to keep pace with escalated costs. She said we will meet with the City Council's budget and appropriations committee on April 25th.

Ms. Siegel described the city budget timeline. By May 9th, the City Council submits the budget to the mayor, with May

23rd being the last day for the mayor to veto the adopted budget. May 30th is the last day for the Council to vote on the veto, if one occurs. On June 6th, the Council sets the mill rate.

Ms. Siegel said the news reports indicate the mayor's budget includes \$1 million for a high school promise program for college scholarships. She said that is a worthy cause, but there may be leeway for the Council to recommend a reallocation of resources in order to increase the board's operating budget.

Ms. Siegel said in odd-numbered years the General Assembly passes a budget for the next two fiscal years. She said this happened yesterday. The legislature and the governor will negotiate a budget compromise, which will be voted on, and the governor will then sign or veto the budget. She said no later than June 1 we would know the final state budget, and most likely much sooner.

Mr. Sokolovic said the House bill (HB 5003) not passing is not necessarily a terrible thing because we were slated to get \$14 million, but only \$10 million was attributed to the ECS.

In response to a question, Ms. Siegel said we're charging \$3,000 per suburban student to attend our magnet schools. Mr. Sokolovic said there are about 500 seats available for charging tuition, or about \$1.5 million. He said by not having HB 5003 we would be \$500,000 ahead of the game by charging full tuition, which would have been eliminated by 5003.

Ms. Siegel said we need to make certain we no longer lose money on the Fairchild Wheeler campus. She said the deficit

in the state magnet fund for those high schools is \$1.7 million this year and that must be covered in the operating budget. Mr. Sokolovic said the proposed \$500,000 was very familiar because that amount was slated for the board in negotiations between the mayor and the City Council last year, but it never made it to our students. He said he refers to it as Bridgeport's Broken Promise because the funds did not make it to our MBR and our students. He said this continued the chronic underfunding by Mayor Ganim in his eight years in office.

Ms. Baptiste-Perez said it was unfortunate that HB 5003 didn't pass. She said she agreed with Mr. Sokolovic on Bridgeport Promise. She said we will be faced with big decisions that impact all students and families in the city because we are not being adequately funded. She described it as an election ploy to get votes. She said she wished parents and constituents would come out and voice that concern.

Mr. Maccarone said he agreed with Ms. Baptiste-Perez and Mr. Sokolovic's remarks about the city and the political ploy. Mr. Benejan said he agreed with them also, and it was sad we have to go through this every year.

Mr. Traber said from his point of view it is not eight years, but twenty years that Mayor Ganim has underfunded the schools. He said the education of our children has not been a priority. He said the fight over HB 5003 ignores the reallocation of state monies from the wealthier suburbs to the poorer urban areas, even though 5003 was a misguided bill.

Mr. Traber said we should keep pressuring the state delegation to put pressure in Hartford to get us more money due to the state surplus.

Ms. Siegel provided an update on ESSER grants. She said ESSER II will end on September 30, 2023 and we are on track to expend all those funds. ARP/ESSER will end on September 30, 2024.

Ms. Siegel said funds were reserved for the library renewal project in ESSER II and we are awaiting the board's approval on April 24th. She said she wanted to present the funding information. The project is one hundred percent grant-funded, primarily in ESSER II. She said the funds need to be expended to ensure full usage and to receive the discounted pricing. She described the components of the programs and the funding sources.

In response to a question, Ms. Siegel said she could provide her notes as were displayed on the screen.

The next agenda item was on the presentation to the City Council budget committee on April 25th. Ms. Siegel displayed the slides that will be used in the presentation and said she would highlight the key points tonight.

Ms. Siegel said the key facts would pertain to enrollment, with special attention to special education and ELL students. The NCEP and peer district composition would also be presented. She said the district did lose students over the last five years, but we have not been able to close any buildings. The loss of students does not translate into the ability to reduce classes.

Ms. Siegel said as an urban district we are experiencing growth in the area of special education and ELL at a higher level than other districts. She said the grants we receive for these students have not kept pace with the growth in service needs.

Ms. Siegel said the NCEP indicates while our funding ranking has increased, it is temporary due to the infusion of the ESSER funding. She said the peer district comparison shows the city shares of other cities in excess of Bridgeport.

Ms. Siegel displayed further slides that will be used in the presentation. She said there are essential services included in the state and federal grants such as assistant principals, bilingual teachers, restorative practice specialists, JROTC instructors, and other services.

Ms. Siegel said the city share of the budget is 27.9 percent and the state share 72.1, and the revenue growth factor in the current year is 0.78 percent. The revenue growth over the last eight years has been 1.12 percent, which is insufficient to keep pace with escalating costs. She said we take every possible step to control and reduce costs wherever possible, but no district in this country can manage successfully with a growth factor of 1.12 percent.

Ms. Siegel said the next slide is on the operating budget request. She said \$12.4 million was requested from the city. There is a chart demonstrating why the district needs a total of \$26.5 million in additional funding, including collective bargaining, health insurance, MREF, and transportation and utilities increases. She said increased costs are projected in ELL and special education. She said \$9 million of the projected \$26.5 million may have to be withdrawn from ISF savings to balance in the current year.

Ms. Siegel said the budget is built on the assumption that all positions will be filled, however, the reality is there is likely to be a number of unfilled positions that will be filled by substitutes at lower costs. She said approximately half of the \$26.5 million is to allow for the filling of positions that in prior years were not filled and to compensate for funds drawn from reserves on deposit that don't automatically replenish.

Ms. Siegel said the current allocations are believed to be \$2 million from the city and at least \$3 million from the state, which means \$15 million would have to be withdrawn from the ISF. This would leave basically \$4 million in the ISF. She said the use of an additional \$2 million in ARP/ESSER in the final year is being considered to reduce the pressure on the operating budget.

Ms. Siegel said the district office is streamlined, with only 110 fulltime employees. She said close to 80 percent of expenditure is on direct instruction and instructional supports.

Ms. Siegel said student enrollment is rising again, despite a drop over five years. She said we have maintained by necessity 38 school sites and class sizes. She said teacher salaries have risen due to the collective bargaining agreement and to remain competitive with other districts confronting a teacher shortage.

Ms. Siegel displayed a slide with revenue growth: 1.2 percent a year over the last eight years. She said this is clearly insufficient to keep pace with escalated costs.

Ms. Siegel said the next part acknowledges the receipt of ESSER amounting to \$144.9 million, which was fortunately

received to compensate for learning loss during the pandemic. She said this was a one-time infusion of resources that will be evaporating by September 30, 2024. She noted an example that curriculum products were purchased with ESSER funds over a multiyear cycle.

Ms. Siegel said the last part of the presentation discusses the service and fiscal cliff, which are tied to the end of the ESSER grants. She said there is a pending fiscal cliff due to insufficient operating revenue due to the ESSER expiration and the historical underfunding of the operating budget at the state and local level over the course of more than a decade. She said without an acceleration in revenue growth, fiscal year 2024-25 is the year in which the operating cliff is going to emerge.

Ms. Siegel said we acknowledge funds were saved in the ISF and those funds will be used to close the gaps. This will deplete those funds by fiscal year 2025 according to current information. A balance of \$6 million in the ISF in 2025 would be insufficient to close the 2024-35 gap.

Ms. Siegel displayed a slide with all the reductions that took place prior to 2021; a grand total of 243 positions. She said we have to close the operating gap before we can even think about the possibility of redirecting funds or using available resources to maintain any services that are currently in ESSER to any degree.

Ms. Siegel said in her mind the highest priority is closing the operating gap. She said the \$2 million addition proposed by the mayor appears to now to be established as a base addition. She said that is positive, but totally insufficient. She said she put in a respectful statement asking the City Council to increase the base amount.

Ms. Baptiste-Perez said unfortunately it seems like the same story, different year. She said it was excellent that we have qualified teachers with years of experience in the district, and not substitute teachers. She said it was about time we had actual teachers in front of our students.

Ms. Baptiste-Perez said she lacked optimism or faith from the mayor or the Council unless the public joins in. She urged a simplified version of the presentation in an overview be made available for constituents and parents in the city.

Ms. Baptiste-Perez said Supt. Testani provided a great presentation to the board by department heads, but it should have been presented to the City Council. She said the presentation showed the staff is squeezed tight, leading to retention issues. She suggested the video be shared with the City Council.

Mr. Maccarone said he agreed with Ms. Baptiste-Perez. He said he did not see how any change was going to change without a change in the guard. He said he understood the need.

Mr. Benejan said he agreed with Ms. Baptiste-Perez one hundred percent. He said we need more support of the parents.

Mr. Traber said his comment about twenty years ago just covers Mayor Ganim, but he has observed the same game play out for thirty years. He said it reached a threshold period where the board threw up its hands and said it was incapable of coming up with a budget that would provide an adequate education with the money that we were being

given, which led to the state trying to take over the schools illegally.

Mr. Traber said with the state surplus the money is out there. He said 5003 gave three times more money to charter schools than to public schools, but it was giving \$22.9 million to Bridgeport schools. If we got an additional three to five million from the mayor, we would begin to crawl out of the hole. He said parents need to see what we could be doing if the schools were adequately funded. He said presenting gloom and doom hasn't moved them for years. He asked if we could move them by presenting what we could be doing in our schools.

In response to a question, Ms. Siegel said there are still about 70 to 80 teaching vacancies staffed by subs.

Ms. Siegel said the main focus is to maintain the services we have.

Mr. Sokolovic said he somewhat agreed with Mr. Traber, but what the City Council fails to understand is that if they give us every cent we're asking for, we're just filling in the hole to maintain services.

In response to a question, Ms. Siegel said the BEA increases are under the existing contract; 2023-24 is the last year of the current four-year agreement. The increase is step movement and 1.5 percent at max.

Mr. Sokolovic said it was somewhat late in the game, but we could put forward the areas where the district is short of the ratios were supposed to maintain in areas such as psychologists. He said unfortunately our parents don't get activated until it personally affects them.

Ms. Siegel said the presentation is intended to emphasize the key factors affecting the school district because in her experience she has found that Council members don't seem to quite grasp the reasons for the additional funding that we request each year, despite our presentations. She said the PowerPoint gives us the capability to present the key elements to make an impact. She said she thought they do not understand the growth in the special education and ELL populations, or what we've done with the ESSER funds.

In response to a question, Ms. Siegel said she would provide talking points. Mr. Sokolovic said he would speak with Supt. Perrin about getting them out to parents.

Mr. Benejan said he would like to work with Ms. Rocha-Reaes and Ms. Stephens to get the presentation out to parent leaders.

Mr. Traber suggested the talking points and the positions funded by ESSER would help Mr. Benejan in speaking with the parents.

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

The meeting was adjourned at 8:40 p.m.

Respectfully submitted,

John McLeod

Approved by the committee on May 10, 2023