



Finance Board – Regular Meeting Minutes **Thursday, February 21, 2019 – 6:00 p.m.**

Babcock Hall, Conference Room 111
23 Highland Ave. Westerly, RI 02891

AGENDA

1. Call to Order

Mr. Swain called the meeting to order at 6 p.m. He asked everyone in attendance to state their name for the record.

Roll Call

Finance Board Members Present: Chair Kenneth J. Swain, Vice Chair Paula Brouillette, and Members Betsy Gleason, and Stephen Lynner

School Committee Members Present: Mary Adams, Christine Piezzo, Diane Bowdy, Marianne Nardone, and Christine Cooke

School Staff Present: Superintendent Mark Garceau, Director of Finance and Operations Barbara Perino, CPA, Deputy Finance Director Cindy Kirchhoff, Assistant Superintendent Alicia Storey, and Director of Pupil Personnel Melissa Denton

Town staff present: Minute Taker Stephanie LaSota

2. Approval of Minutes

None.

3. Review & Discussion

Mr. Swain said when the Finance Board was given an introduction to the Town's budget on Tuesday, the Town Manager said he had adjusted the school's request to approx. 1.1 million dollars and it appears that the calculation is based off of the school's expenditures of salaries and employment benefits. He said at least we know that is covered and those are the contractual obligations we are immediately aware of. Mr. Swain said the Town is using the same 8 percent



rate for insurance and it balances this year. He asked the school to make their budget presentation.

Dr. Garceau said he would present for the school. He said based on contracts they have in place and healthcare budgeted at an 8 percent increase, they knew we were coming out of the gate at 1.1 million dollars. He said they can feel proud of the contracts they negotiated in previous years. He said there are other budget drivers that the school wasn't able to anticipate and the executive summary in the binder on page two bullet three under expenditures lists district tuitions. Dr. Garceau said students and families can choose to leave the Westerly Public School (WPS) district for whatever reason to attend other schools and that line item shows just under a million dollars in district tuition costs lost. Dr. Garceau said they have to fight the battle on multiple fronts and they can only control the value of their product and educate families and students on why WPS is the obvious choice. He said that special education tuition is always a significant expense, adding that the WPS out of district special education costs are 2.4 million dollars. He said transportation costs are also a large part of the budget. He said WPS has an increase of 50,000 dollars for supplies and materials in order to make Westerly High School (WHS) the obvious school of choice. Dr. Garceau said they have to invest to make sure WPS provides teachers and students with what they need to be successful. In terms of staffing, last year WPS started this process with a number of requests and when the Town Manager cut 60 thousand dollars and the Town Council voted to cut 900 thousand dollars, WPS had to make serious cuts and meet school district needs without adding staff, Dr. Garceau explained. He said when WPS opened in September, all of these reductions were made. He said after all the cuts last year he realized what was needed; the finance office was cut and needed additional capacity, they needed a medical pathway teacher, and a backup for transport in terms of a dispatcher.

Dr. Garceau said WPS is looking closely at their contributions at Tower Street School Community Center. He said they pay 700,000 dollars annually to fund programming there. Dr. Dr. Garceau reviewed that WPS identified places to decrease staff by 1.5 clerical positions, 0.5 custodial positions and 0.6 full time teacher positions. He said last year they transferred an assistant principal from Westerly Middle School (WMS) to WHS, which cut WMS – the largest school in the district. He said he is trying to reinstate that assistant principal position at WMS and has a spoken agreement with the Westerly Teachers Association (WTA) on how to do that. There are leadership positions in the contract that they have to have in place and they could move someone into the assistant principal position and out of the WTA, he explained. He added that WPS also needs a 0.8 staff increase for the culinary program. Dr. Garceau said WPS biggest issues are out of district tuitions, regular and special education tuitions, healthcare cost increases and investments in supplies and materials.

Mr. Swain asked if the reductions and increases in staff are already calculated in the budget and Dr. Garceau said yes. Ms. Bowdy said the culinary program is one of the most successful programs where they are keeping students in the district and they want to continue to grow it. Dr. Garceau said in terms of Career and Technical Education (CTE,) if students wanted to study, they had to go elsewhere, but there were changes in regulations and the Rhode Island



Department of Education (RIDE) requires making CTE available to all students and that's when WPS started to build pathways in the construction, culinary and cosmetology fields. He added that are focused on growing their criminal justice pathway at no additional expense. He said they have about 25 students who left WHS to take criminal justice at Chariho High School. Mr. Swain asked if the students pursuing criminal justice would be required to stay at WHS if they had the CTE program. Dr. Garceau said they would not be required to stay, but WHS has to improve overall and be at least as good at these other competing CTE. Dr. Garceau explained the out of district tuition costs in the budget also include Charter Schools. He said WHS has to be the best comprehensive high school it can possibly be. Mr. Lynner said the state reimburses at a lower level than what the district reimburses. Dr. Garceau said every student that leaves WPS costs them about 18,000 dollars. He added that when other high schools began intaking ninth graders, it effected their student population. Dr. Garceau said in order to accept students from other districts, WPS needs to be RIDE certified and go through the process and it's the same with special education. There was further discussion on the details of the special education tuitions and to where students transfer.

Mr. Swain asked what the cost per pupil is for the WPS student population. Dr. Garceau said it was about 22,000 dollars and change per student. He added that WPS is maintaining two buildings not used as schools. Mr. Lynner asked is it accurate to say they have no control of out of district tuitions. Dr. Garceau said they have no control except for improving the quality of the product. Mr. Lynner asked if there is any expectation of revenue from improved CTE programs. Dr. Garceau said if not a revenue inflow, he expects the number of students leaving WPS to decrease. Ms. Bowdy asked Dr. Garceau to talk about WHS's star rating. He said based on the new accountability system it's the only four-star high school in the region. Ms. Nardone said she worked in Connecticut and the model is different there; they had technical high schools so the public schools don't have to offer technical programs. She said students apply to state technical high schools in Connecticut so the Rhode Island model is a lot different and every high school is competing. There was further discussion on competition among high schools. Dr. Garceau gave examples from his work in Massachusetts.

Mr. Swain referenced page 21 of the budget on page with the numbers of student populations decreasing at WHS. There was further discussion on what was attracting students to other schools. Mr. Swain explained that a Westerly resident has a right to go to any other high school and WPS has to transport them and that's a State-wide rule. He clarified that the student would have to be attending a RIDE approved program. Ms. Storey explained why some students may attend Narragansett High School for the aquaculture program. There was further discussion on out of district and special education tuitions, listed on page 21 and 22 of the budget. Ms. Denton said the bottom of page 23 gets into the charter schools. Mr. Swain asked if WHS is competing with charter schools, as well. Dr. Garceau said yes and WHS is proud to be comprehensive, but if another school has a good niche program, students may leave.

Mr. Lynner asked for the expectation for the criminal justice program. Dr. Garceau said Chariho High School is WHS's most immediate competition for that CTE. He said Westerly



Police Department has a new Police Chief and WHS has a new principal and we have the space available so WHS is starting a criminal justice CTE. Dr. Garceau said Chief Shawn Lacey is in agreement and that will start in fall 2019. Dr. Garceau added that there have been students that have left WHS and later returned.

Ms. Gleason asked if the increases in the 2020 budget was based on the estimated number of kids going to other schools and Dr. Garceau said yes. He said WPS is looking to close a 500,000-dollar budget gap and he thinks they have it figured out, but next year it's looking like 1 million dollars will go to out of district tuition costs. He said this is a combination of changes to regulations and other high schools recruiting freshmen.

Mr. Swain asked the school staff to talk about their fund balance. Ms. Perino said their balance is 2.644 million and WPS had a positive budget to actual for this past fiscal year of roughly 300,000 dollars. She said their goal is to maintain an appropriate fund balance so investor rating agencies look at us fondly, even though it isn't our goal to use bonds on a regular basis. She said last year the 250,000-dollar transfer from the general fund balance was approved to improve the cosmetology program and that was done strategically so as not to lose students. She said the CTE, previously located at Tower Street School Community Center, was not modern and attractive compared to other schools. Dr. Garceau said they also had to transport students to Tower Street so they save on transport keeping the CTE in WHS.

Ms. Perino said in combination with the Town, it's one fund balance in terms of rating agencies and we need to make sure that one of us is not stripping the fund balance and letting other groups hanging. Ms. Perino said they were able to add about 300,000 dollars to the fund balance in 2018 because some employees chose high-deductible health plans and the finance department ensured every building leader stayed within their budget and made cuts where they were able to. Ms. Perino discussed the challenges of losing 18,000 dollars per student to out of district tuition fees as they cannot eliminate a teacher's salary each time that happens. Ms. Bowdy suggested the Finance Board tour the new cosmetology facility at WHS.

There was further discussion on salary and benefits calculations for WPS staff. Ms. Perino praised some of the school building leaders for their budget efficiencies. She expressed concern with the Westerly Town Manager cutting the school budget in half. She said her job is to convince the Finance Board to restore some of that funding. Mr. Lynner asked what the return on investment is for the cosmetology CTE. Ms. Perino said it is only the first year of the new program. She said there are 35 students in the WHS cosmetology CTE, versus two students that chose Chariho High School. Dr. Garceau said if they didn't have that program, all of those students would be at other schools. There was further discussion on the logistics of the cosmetology CTE at WHS versus Tower Street. The Boards and school staff also discussed WPS other CTE programs, particularly the success of their culinary program. Mr. Swain commented that the school could be looking at a savings of more than one million dollars because of the positive changes to their CTE programs. There was general agreement.

Ms. Perino continued describing the budget over the last year, saying she knows they are over budget with respect to the out of district costs. She said WPS snow removal and heating



costs are lower than usual this year. There were more comments on the positive impact of the high-deductible health care plan option on the budget. Ms. Perino explained how that option worked for the staff. Dr. Garceau said WPS is incentivizing retirements and they now have a large number of veteran educators that can't get their pension until sometime in the future. He said WPS is helping people retire so it can bring in younger staff at a lower cost.

Mr. Swain said the school's cover letter to their budget was an excellent summary and the Finance Board is left with the decision on where to exceed the 1.1-million-dollar budget. He said anything the Town doesn't fund; the Board has to ask the WPS how they will fund it. He said he understands the issue of digging into the general fund balance. He asked Dr. Garceau if he would like to finish his slide presentation. Dr. Garceau said they shouldn't build a budget with the fund balance and that is for one-time expenses only. He said one thing getting beat up on in WPS is building maintenance. He said WPS has to be thoughtful on how they use the fund balance and if WPS has to close the 500,000-dollar gap this spring, it may have to transfer the fund balance, but he doesn't want to gamble with it. Mr. Swain said he understands. Dr. Garceau said they are continuing to pursue budget efficiencies and savings elsewhere, as well. He gave examples of where this was happening in the budget; bidding for healthcare providers, creative approaches to staff scheduling, and financial support of other community programs at Tower Street School Community Center and Bradford Elementary School. Dr. Garceau went into detail on the costs of the latter two items.

Mr. Lynner asked what the percentage of the budget is WPS maintenance. Ms. Perino said it is at 1.94 percent. She said 1.8 million dollars is qualified expenses, repairs and maintenance. Ms. Perino said WPS is required by the State in to have a total of 3 percent of the budget reserved for maintenance costs within four years. She said there are three different ways to do this; save three percent of the budget, save three dollars per square foot of building space and the third is three percent of the replacement cost of all of the buildings, which would be twenty percent of the whole budget. Dr. Garceau added that it needs to be at 3 percent over five years and it will increase each year. Ms. Perino said that number will be there and that's a State mandate. Ms. Brouillette commented that having an overall capital plan and how to fund it is needed. She said many people can tell you what you need, but funding it becomes tricky, and it doesn't always get addressed to the school's peril. Ms. Brouillette said the Board talked about having an overall Town capital plan and how to fund it and find efficiencies that are common across all properties, and it's a conversation that hopefully lends itself for what WPS needs. Ms. Perino said she speaks to Town Finance Director Dyann Baker many times a day, to do all they can do gain efficiencies between the two entities. Ms. Perino said the school budget is as clean as they can get it and there's not a lot of fluff. She said she can show them all the detail behind it. Dr. Garceau said they spoke to the Town Manager today and he said WPS has to make a case to the Finance Board and Town Council to have that funding restored.

Mr. Swain said the constraints of the original school budget was a 4.23 percent increase over the current year. He voiced concern over going to close to the 4.0 property tax levy cap. Mr. Swain said he is going to suggest the next budget sessions start with the Town budget first and



then go to the school. He said the Board will have to look at both and get them to balance and the proposed 3.81 property tax levy is way too close to the 4 percent cap and that makes him nervous. Mr. Swain said he learned a lot tonight, but they have a lot to go over before they decide what to do with the Town Manager's school budget cuts. Dr. Garceau said Mr. Swain's points are well taken and WPS has been cutting, but he doesn't see the Town doing the same. Mr. Swain said it was explained the other night that two half-time staff positions were added and one clerical job was removed, so in essence, it balances and there's no cut, really. Dr. Garceau added that the Town cut road maintenance funds, but they also have a 15-million-dollar bond they have to work with so that's no sweat off their back. Dr. Garceau reviewed the WPS funding sources on his slide presentation. He reviewed that last year's student enrollment was 2,679 and this year it was 2,656. Mr. Swain requested a copy of the slide show presentation.

Mr. Swain asked for a forecasted number for the bond. School staff said it would be a ten-year bond. Mr. Swain reviewed that WPS has to create a three percent budget maintenance fund as a requirement of the bond. He asked what mechanism the State will use to require the community to do that. Ms. Perino said the intention is to never be in a situation where the state is where hundreds of millions of dollars in repairs to schools need to be done. Ms. Brouillette said a big advantage of a capital plan opposed to a bond, is it is something you pay as you go and you don't pay interest on that money. She said if we don't start it sometime, we will never be in a position where we are meeting State requirements of getting a bond, but it's financially smart and it doesn't fit into a yearly budget process. Ms. Brouillette said there's a benefit to doing that and a return on the investment. Ms. Bowdy said to Ms. Brouillette's point, there are some items on the capital requirements list that could be easy to cut, however we still need it and now it's in worse shape. She said there's no one here that would disagree with what Ms. Brouillette is saying. There was further discussion on the fund balance and capital budget plans. Mr. Lynner asked if they were obligated to spend the three percent of the budget on maintenance. Dr. Garceau said he is not sure what the State requires. Ms. Brouillette said it would be very easy to spend. There was further discussion on creating the five-year plan for maintenance costs.

Mr. Swain asked Ms. Perino to explain the differences between the three options of creating the maintenance fund balance. Ms. Perino explained and stated that WPS has the option of changing course if they find another method to be more successful or cost-efficient. Ms. Brouillette said that is typical and once you get to an ongoing plan you get closer to a number and reality.

Mr. Lynner asked if the compensations increase and employee benefit will rise. Ms. Perino said the WTA compensation contract stipulated 1.6, 0, and 1 percent increases, and that's the largest group of expenses. There was discussion on controlling costs of healthcare.

Mr. Swain asked if the cost of the construction and the 3 percent maintenance cost would be outside the 3 percent allowed or outside the original four percent. Ms. Perino said the original 4 percent. Ms. Perino said they put their 5-year capital plan together with their stage 2 with RIDE. There was further discussion on plans for repairs with the anticipated bond and the long-term savings as a result.



Dr. Garceau said he was talking to Town Council floating idea of using fund balance to chip away at maintenance issues in schools and if those things can come out of the 15-million-dollar Town bond, it can be a win-win. Mr. Lynner said when talking to RIDE about this 3 percent, there are a lot of districts in the State that are in worse shape. He asked if RIDE would consider further discussion on the 3 percent requirement. Dr. Garceau said the State considered those districts and picked a fixed number rather than a sliding scale. Dr. Garceau said if you look at three percent of Providence School District's budget as opposed to WPS's budget there's a big difference. Ms. Bowdy said it forces WPS to address it. She said they understand this is needed and we want to get it done and maybe when the capital plan is refined, we can show the Finance Board. Ms. Perino said an issue she has noticed is not everything they have asked for with respect to the capital plan is there, but they received no rationale with respect to why things were cut. She said she thinks if the Town Manager were going to cut it, it would be the school's decision where. She said the Planning Board didn't recommend any cuts in their special meeting in November. Mr. Swain said the Board didn't have a copy of the Town Budget in front of them and asked if the school staff had anything that shows the school's capital budget requests. Ms. Perino said in the last version the Town shared, they cut the budget by more than 400,000 dollars and she didn't think they could do that. Ms. Brouillette said one of processes she has seen in other communities is the Planning Board sees the technical nature of the requests submitted and the Town Manager makes a determination based on financial issues of what stays in and what gets cut. She said what is missing is an objective way to evaluate the requests. Ms. Bowdy agreed. Mr. Swain said they are scheduled to meet again on Tuesday, February 26 and maybe they can have that discussion then.

Ms. Perino said they applied for emergency funding from RIDE for 500,000 dollars for capital requests which RIDE approved and is funding 35 percent of that and the Town had to support our application and there are some projects listed that are mandatory by December 31, 2019 because of this commitment. Mr. Swain asked since that was already a previous commitment were all those costs in the previous budget or does it overlap. Ms. Perino said it overlaps. She gave examples of some projects. Mr. Swain asked for that information by Tuesday, because if it's a Town commitment and a formal vote we have to ensure it stays, he said. Dr. Garceau said this emergency support is separate from the regular capital process. Ms. Gleason asked if it would have been reduced because of funding you got from RIDE. Ms. Perino said they submitted it as net. There was further discussion on the application process.

Ms. Brouillette said she has two other issues that may not be solved in this budget process. She said she understands the idea of competition, but it is detrimental to the schools. She said the effects on the budget can't be accounted for, which is why we see a deterioration in the programs but it's not something we are going to solve. There was further discussion on the pros and cons of competitive high schools. Ms. Brouillette gave her highest regard to the School Committee for their efforts.

Mr. Swain reviewed that the goal for next Tuesday is for every Finance Board member to have the Town budget so we can speak with knowledge on the school's capital requests. He also



asked for a copy of the Planning Board's special meeting on November 20, 2018. Ms. LaSota said she can provide those meeting minutes.

Ms. Perino discussed bids for transport and busses. She said it was in progress and she wants to give the School Committee an overview by next week's meeting.

Mr. Swain said he is not sure they will need the Thursday, February 28 meeting. He said there may be an opportunity for them to meet again on March 14.

4. Other Business

None.

5. Public Comment

Mr. Swain asked if there was any public comment. There was none.

6. Adjournment

Ms. Brouillette made a motion to adjourn the meeting at 7:43 p.m. Ms. Gleason seconded the motion. The motion CARRIED by unanimous vote with no abstentions.

Respectfully submitted,

A handwritten signature in blue ink that reads "Stephanie J. LaSota".

Stephanie J. LaSota
Minute Taker