

Special Meeting March 31, 2009
East Lyme Board of Finance

Present: Steve Larcen, Chairman
John Birmingham
Jill Carini
Robert Jones
Allan Taylor
Jeff Langan

Also Present: First Selectman Paul Formica
Dr. Paul Smotas, Superintendent of Schools
Dr. Paul Freeman, Assistant Superintendent of Schools
Kevin Seery, Chairman of the Board of Education
Jamie Elis
Laura Greenstein
Robin Soule
David Custodio
Kimberly Davis
Rose Ann Hardy
Michael Schultz

I. Call Meeting to Order. Chairman Larsen called the East Lyme Board of Finance Special Meeting of March 31, 2009 to order at 6:30 p.m.

II. Pledge of Allegiance. The Pledge of Allegiance was observed.

III. Delegations. The Chairman asked for delegations.

Michael Schultz of 14 Lovers Lane, East Lyme, thanked members of the Board of Education for taking on the challenge of education. He stated we are in difficult economic times, and we need the cooperation from the town and school unions to get through this difficult period. The town has given back and he asked that the school administrators give back the 4.5% increase and the teachers give back 50% of their 7% and 11% increases. He asked that the miscellaneous medical expenses for the Superintendent be eliminated, because he only contributes \$500 towards his medical expenses.

IV. New Business.

a. Budget Reviews

Board of Education #999. Attached are questions asked to the Board of Education by the Board of Finance.

Mr. Seery reported the Board of Education has adopted a budget considering the students needs. Salaries and benefits will increase. Funding from the state and federal government has been promised. Salem tuition revenue will decrease. Continued development of teachers is important because many of teachers are younger. The medically fragile class is kept in the school to avoid placement costs.

Mr. Taylor stated although you are decreasing the expense of ARAMARK services by \$100,000 you are incurring the expense of a new person. Dr. Smotas replied Don Meltabarger will work an extra day. There will also be a non-certified position to help him.

Mr. Larsen noted there will be 19 positions eliminated in next year's budget due to staff reductions and attritions.

Mr. Langan asked what will be the results of eliminating teaching assistants and library aides? Dr. Smotas replied we expect lower enrollments.

Mr. Langan asked if there will be any impact on students as a result of staff reductions. Dr. Smotas stated it is difficult to determine what the impact would be on students. There is also no way to determine exactly how many students will return in the fall. There may be a reduction due to Pfizer and Casino reduction in personnel, and there may be an increase due to families unable to pay the costs of private schools.

Mr. Larsen noted there is increased cost for contractual agreements.

Mr. Taylor stated administrative costs decreased by .8 or \$130,000. Dr. Smotas stated the \$130,000 is for the Central Office position. Raises were built into the budget and .2 for Mr. Meltabarger's extra work day. Mr. Seery stated we will clarify what the net change is to the administrative line item.

Mr. Seery stated the Salem tuition costs are the per student cost. A percentage increase is built in each year. The term of the contract is twenty years, and we are now half way through the contract. A committee is being formed. Dr. Smotas reported there is a 5% inflation built into the contract. There are now fewer eighth graders in Salem than in previous years. East Lyme's revenue from Salem will be \$100,000 less for next year's students.

Dr. Smotas reported our staffing has been decreasing. Our cost per pupil has decreased because our teachers are younger.

Mr. Taylor has been informed that a number of Salem students are choosing to go to NFA, rather than the East Lyme school system. Mr. Seery stated some students are also choosing to go to St. Bernard's High School. Tuition must be paid for students going to NFA or St. Bernard's. Mr. Seery agreed to provide information on how many students are making this choice.

Mr. Taylor stated since the 5% increase is built in is it proper to bill them with a 5% increase and at the end of the fiscal year give them a 5% credit? Dr. Smotas if they have credit it is taken off a monthly bill over ten months.

Mr. Taylor felt if costs are down the 2011 credit should come back. The extra owed in 2008 isn't paid until 2009. Dr. Smotas replied it is always one year in arrears. Mr. Seery added in July 2009 the ten monthly payments will reflect the 5% increase, plus whatever the reconciliation is. Mr. Seery suggested that a representative from the Board of Finance be on the Committee.

Mr. Larsen stated in the budget you provided you show tuition revenue is \$330,000 less than what was budgeted this year. This is a 12% reduction. Dr. Smotas replied there has been a decrease of twelve Salem students coming to East Lyme. There are students from other towns

also coming to East Lyme.

Mr. Langan asked do you have any incite on why the number of Salem students has decreased? Mr. Seery felt some who attend private schools may return because of economics. Mr. Seery was asked to provide the number of students who come to East Lyme from other towns.

Dr. Smotas referred Board members to a three year history of encumbrances and money returned to the Town (see page 13 of attachment).

Mr. Taylor stated at the end of last year this Board received notification that the Board of Education returned \$60,000 to the General Fund. On page 13 you show \$88,366.65 is the estimated total amount to be returned to the Town. Dr. Smotas replied when we spend less than what we have received, the excess is returned to the General Fund.

Mr. Seery informed the Board that they will not know if there are low interest classes scheduled for cancellation until May and adjustments will be made at that time.

In response to the Board of Finance question of alternate sources of revenue that have been considered, Dr. Smotas stated they are looking at stimulus options but are not sure what money will be available. We expect to receive a little more, but most of the money will go to communities that have a greater need. Mr. Seery added we will be raising rental fees and have considered allowing advertising on school property. We have been approached by a semi-pro football team where we could have generated \$15,000 per year. They play in July, August and September. We need to put the needs of our students first. Revenue would not offset the cost and impact on our students. There are also significant sources of revenue from after school and before school programs. Those funds are used for early childhood development. We no longer have revenue from soda machines.

Mr. Taylor felt there was significant revenue received from the after school and before school programs. The Board of Finance is placed in a difficult position when two-thirds of the budget is used for the schools. Mr. Seery agreed to make its presentation easier to understand.

Mr. Langan asked what strategies for reducing cost are planned for 2010. Mr. Seery stated we are in the process of forming a Vision Committee to look at ways to best serve the district during these difficult economic times. Mr. Langan expressed concern with time in identifying savings for 2011. Mr. Seery replied we expect to have it ready for 2011.

It was noted there is a savings of \$25,000 from solar power. They were asked how much is being spent for maintenance. Mr. Seery replied we are only paying for electricity. Mr. Meltabarger stated there is a website where information can be downloaded. We need one month to determine the savings. He agreed to provide the actual savings at that time. The Power Purchase Agreement guarantees that we purchase electricity from them for twenty years. The system will become ours after that. Mr. Larcen asked how much is spent for electricity? Mr. Meltabarger agreed to provide him with that information. Mr. Taylor asked for a copy of the contract. Mr. Seery stated we agreed to purchase electricity over a twenty year period for 12 cents a kilowatt hour. Mr. Taylor stated it is 10.3 cents for commercial properties. Mr. Meltabarger stated \$1.8 million has been paid by the Connecticut Clean Energy Fund. Mr. Seery agreed to provide this Board with a copy of the contract.

When asked what is being done to optimize bus usage, Mr. Seery replied we are required by state law to provide a bus for those children in the district. A number of bus stops were eliminated and \$10,000 was saved. Kindergarten children are picked up at their door. We did not want to compromise the safety of the children. We used the same bus for three bus runs.

Dr. Smotas stated last year when gas was \$4 per gallon very few parents drove their youngsters to school. As the price came down many parents chose to drive their children to and from school. How many youngsters take the bus cannot be controlled by the school system.

Mr. Seery stated based on information from the Department of Education, we see decreasing enrollment over the next few years. We normally budget for 90%.

Mr. Larcen noted you show a 7% increase for special education from the revised budget and the proposed budget for next year. Dr. Smotas replied included in the 7% is employee salaries and tuition. Tuition costs are rising to \$230,000.

Mr. Larcen stated revenue has dropped for the Town. The Appropriations Committee will report on April 2. Dr. Smotas stated the problem with this revenue is you need to spend the money to be able to obtain reimbursement. Mr. Taylor asked what percentage of return do we receive? Mr. Meltabarger stated we received 89% last year. Mr. Taylor asked why don't we receive the remaining percentage promised by state statutes? Dr. Smotas replied this amount is prorated to all districts in Connecticut. Mr. Taylor asked if we follow principal, why would we make exception for this portion of it.

Mr. Seery replied when we adopt our budget we don't have this information. We assume 90% but we prepare for the worse case.

Board Comments. Chairman Larcen opened the floor for questions from Board of Finance members.

Mr. Taylor asked how many assistant principals are in the school system? Mr. Seery replied there are two at the Middle School, 2.5 at the High School and no assistants at the elementary level.

Mr. Taylor asked if any of the assistant principals teach? Mr. Seery replied they do at the high school.

Mr. Taylor asked are there department heads? Dr. Smotas replied each CIL has one release block where they serve their department. They receive an additional stipend for this.

Dr. Smotas stated one person at the Central Office is Director of Program Improvement. Mr. Taylor asked if there were any other management positions. Dr. Smotas replied only one in the Central Office.

Mr. Taylor asked how many department heads are there at the High School? Dr. Smotas replied 13. Mr. Taylor asked if they are all needed since there is a decline in enrollment? Dr. Smotas felt they were are all needed.

Mr. Birmingham asked if in the teachers' contract for 2009-2010 salary schedule there is a step process as well as 2.2% COLA. Mr. Seery replied each teacher may move a step and also

receive a COLA increase. If a teacher is at its top step, they only receive a COLA increase. If they receive their Master's Degree they get a step increase. They must get their Master's Degree within ten years; 98% have it. In their fourth year they receive tenure.

Mr. Birmingham asked how many substitute teachers does the school system have? Mr. Seery replied they have a vast list. We are now affiliated with the University of New Haven and seven substitutes are at school every day. This reduces costs.

Mr. Birmingham asked how this compares with New London and Waterford. Dr. Smotas replied we have a good inventory of substitute teachers. Some substitute in multiple districts. Some only work at one level. They are not paid unless they work. These substitutes are used when a teacher takes a personal, sick day or professional development day.

Mr. Jones asked what East Lyme pays substitutes from the University of New Haven? He was informed \$30,000 per year.

Mr. Birmingham asked if the Open Choice Program costs \$2,000 per student. Dr. Smotas replied this is a state requirement. Mr. Birmingham asked what is Open Choice. Dr. Smotas replied youngsters are allowed to attend other schools in the area. The student has no financial obligation for this program. Some of our students attend Magnet School, and we provide transportation for them. Mr. Birmingham noted we have 33 students at the Magnet School.

Mr. Larcen referred to page 2-3 of the East Lyme Public Schools Board Approved 2009-2010 Budget which referred to non-certified salaries. He felt most categories were increasing by more than the wage increase. Dr. Smotas agreed to provide information on this.

Mr. Larcen noted an increase of \$150,000 in health insurance before the \$200,000 adjustment. There is a decrease of \$50,000 in health insurance for next year. Dr. Smotas stated the \$200,000 includes \$150,000 plus the \$50,000. Mr. Larcen stated the forecast in savings in health insurance is \$100,000 before staff reductions. He asked if the cost per employee were frozen and operated below budget wouldn't the savings be greater? Dr. Smotas stated we hired 29 new teachers to replace teachers. This item cannot be predicted.

Mr. Larcen referred to Early Retirement. Dr. Smotas replied there are other employees throughout the district who are retired and receiving payments.

Mr. Taylor stated benefits are approximately 9%. Dr. Smotas replied we used 7%, not 9%.

Mr. Taylor stated this Board was asked if it became necessary to reduce 2.5%, what reductions would you make. We did not receive this information from the Board of Education.

Mr. Taylor stated this Board asked for a comparison of each category and its cost. We were told yesterday morning this information was not available.

Mr. Taylor stated for years we have heard from the Board of Education that special education is dictated by the state, and we have to meet this obligation. However, he discovered that the demands for one portion of the National Program are not met at the Middle School. You stated that special education case loads will be reduced by 50%. He felt this information should have been provided to the Board of Finance.

Mr. Langan asked for an explanation of dues and fees on the equipment line item on page 2-9 through 2-11 of the East Lyme Public Schools Board Approved 2009-2010 Budget. Dr. Smotas replied the dues and fees were prepaid and these lines need to be adjusted. Equipment and supplies were reduced. Instructional equipment is based on the per pupil cost. The non-equipment is at the request of the school. He agreed to provide additional information.

Mr. Langan referred to page 2-5, line 330 and 323 of the East Lyme Public Schools Board Approved 2009-2010 Budget. Dr. Smotas stated most of this money was for outside evaluations, special education and nursing costs. Paid nurses provide services to the school system and VNA costs have increased significantly. Item 323 is for in house work rather than contracting out special education.

Mr. Langan referred to page 2-8 Transportation Supplies. Dr. Smotas replied this was for fuel costs. The Town purchases gas and fuel and bills the Board of Education. This was based on the actual cost in December.

Mr. Birmingham referred to page 1-3, line 5 which increased by 5.4%. Dr. Smotas stated there have been no new programs. Mr. Seery stated the parents bear the full cost of Freshmen Lacrosse and Hockey.

Mr. Birmingham noted there are 19 different AP courses. Dr. Smotas replied there are 19 subject areas with 35 different sections.

Mr. Birmingham asked how many students receive credits for these courses in an accredited college? Mr. Sullivan replied the vast majority, but agreed to obtain the data for this Board.

Mr. Sullivan stated he supports a student taking the course for enrichment also.

Mr. Birmingham asked why proctors are used for the AP courses rather than teachers? Mr. Sullivan replied the courses are taken during the school day. They are prescribed by the AP organization.

Mr. Birmingham asked if the test is given at the High School. Dr. Smotas replied the students pay for the test and the cost of proctors is borne by the student fees.

Mr. Taylor referred to page 1-2 of the East Lyme Public Schools Board Approved 2009-2010 Budget the per student cost is \$12,000. He asked if we are saving \$1.8 million why is there a 2.4% increase? Dr. Smotas replied we have contracts in place. Health insurance will be reduced. The budget is its operating cost.

Mr. Seery stated our school district has been a source of pride in East Lyme. These are tough economic times, and we will do what's best for the community. Mr. Taylor stated we too are proud of our school system. We only want to assure that we are getting the most from the dollars we spend.

Mr. Larcen felt it would be helpful if the Board of Education could meet again with the Board of Finance on April 6.

Mr. Taylor noted there was no name under the Director of Special Education. Mr. Seery replied Steve Buck retired in December. We now have an Interim Special Education Director. She is evaluating what we do.

Dr. Smotas stated Mr. Buck was paid for vacation days. Patricia Phillips retired in October.

Mr. Taylor asked if the Board of Education was over-budgeted for CILs. Mr. Seery replied we have 9 CILs, not 13.

Mr. Taylor referred to page 1-2 of the East Lyme Public Schools Board Approved 2009-2010 Budget. He asked if more teachers will be needed. He was informed a special education teacher was added at the Middle School.

Mr. Seery replied we have had significant savings in special education costs.

Mr. Taylor asked why is there a greeter at the Middle School? Mr. Seery stated office staff is at times called away, and this individual greets individuals who come into the school. This offers control of the entrance to the school.

Mr. Birmingham noted there are science coordinators at each of the three elementary schools. Dr. Smotas replied these are teachers who receive a stipend for this.

Public Discussion. Chairman Larcen asked for public discussion.

Michael Schultz of 14 Lovers Lane stated the AP program should be fully paid for by the parents not the taxpayers.

Rose Ann Hardy has taught the AP program at the High School for twelve years. The recommended class size is 15. Approximately 80% of the students buy the textbooks. Every college sets its own standards and the student does not know whether these credits will be accepted. If you are looking at this to cut costs, those students would have to be educated anyway. Since they are paying its full cost the Town is actually saving money.

MOTION: Mr. Langan moved to adjourn the East Lyme Board of Finance Special Meeting of March 31, 2009 at 9:30 p.m. Seconded by Mr. Jones. (6-0) Unanimous

Respectfully submitted,

Frances Gherzi, Substitute Recording Secretary