

**CITY OF NORWALK  
SPECIAL FINANCE/CLAIMS COMMITTEE MEETING  
FEBRUARY 6, 2017**

ATTENDANCE: Mayor Rilling; Bruce Kimmel, Chair; John Kydes, Shannon O'Toole-Giandurco, Douglas Hempstead; John Igneri; Travis Simms; Michael DePalma; Eloisa Melendez; Richard Bonenfant; Phaedrel Bowman; Thomas Livingston; John Igneri; Michael Lyons; Shirley Mosby; Bryan Meek; Michael Barbis

STAFF: Steven Adamowski, Superintendant; Tom Hamilton, Finance Director; Kristin Karczmit, NPS Budget Director

**1. CALL TO ORDER**

Mr. Kimmel called the meeting to order at 7:05PM.

**1. BOARD OF EDUCATION WORKSHOP ON THE OPERATING BUDGET**

Mr. Kimmel introduced the panel and thanked everyone for coming out to the meeting. He started the meeting by saying that it looks as if the 2.5% spending cap that the State was going to impose on all municipalities next fiscal year is going to be rescinded. He said that this is primarily a listen and learn workshop, and that this is a unique budget cycle because the Board of Education's budget request is a 10.1% increase in spending, and said that he does not recall any request in the past from any department going beyond 7.5% or 7.8%. He said that it is a large request and that they will do everything they can to work out the Board of Education's request, and following that the Board of Estimate and Taxation will dig into the request even further. He said per the Charter the City of Norwalk's Finance Director has to submit his operating budget request to the Board of Estimate and

Taxation on February 13, 2017, and then will submit it to the Common Council on February 14, 2017.

Mayor Rilling thanked everyone for attending the meeting and said that this is a very challenging budget year, and that in the past few years we have developed a good working relationship with the Board of Education, the Common Council and the Board of Estimate and Taxation for the purpose of crafting a fair and responsible budget. He said that he and Dr. Adamowski have met and are working together not only to craft a responsible budget, but to give the Board of Education the funds they need to provide a world class education for the children, and to improve our schools.

Mr. Lyons said in the past couple of years the Board of Education has tried very hard to be fiscally responsible to control spending, and have done that with a considerable degree of success, although often times with controversy. He gave an example and said for instance privatizing custodial services is extremely controversial, but it is also a savings of \$750,000 a year. He said in the last three fiscal years the Board of Education has been bringing the budgets in at a lower rate of increase than the city's because they have been trying very hard to get their expenses under control. He said he would ask that take out the 4.9% budget increase which is entirely attributable to the massive increase in health insurance, because Mayor Rilling, Dr. Adamowski and the respected Finance Directors are looking at options to seriously address that insurance issue, and that it may be at long last combining the City and the Board of Education employees under one package, which would give more bargaining power when negotiating for insurance rates. He said another opportunity is to look at the State of Connecticut's insurance 2.0 program, and that Mr. Barbis has spoken to people from other communities that have saved an extraordinary amount of money. Mr. Barbis said that 2.0 has saved Fairfield \$3.8 million dollars in its first year, and that Greenwich expects to save \$26 million dollars over three years. He said he thinks the way to look at it is for a family of four under our insurance plan, with the self-insurance that he thinks the premium is over \$26,000 a year, and that under the 2.0 that premium is about \$16,000, and that there are a little over 1000 employees with health insurance. Mr. Lyons said that they can't really get into the nuts and bolts of how they will convert that over until the Mayor and the Superintendent can get back to

them, and said that he would like to put the health insurance issue aside because at this point there's nothing we can do about it. He said that the real budget increase, excluding the insurance costs, is 5.2 % and that 1.5% of that is the base level budget increase and is for increasing operating costs, and union-negotiated raises, and that the rest of the increase over the 1.5% is an attempt on their part to implement a strategic operating plan, and said it is a three year plan that is designed to close the achievement gap, and to create a system of choice by having strong Intra-District magnet schools, an international baccalaureate program at various levels in the school system, and is designed to improve the offerings at the high schools. He said that is where we're going to make the difference if we're really going to convert the Norwalk school system from a good school system to a great school system.

Mr. Lyons discussed the budget goals and said that that are:

- To provide program support to Intra-District Magnet Schools at \$1,000 per student.
- Increase the high school per pupil allocation to equal middle school per pupil allocation.
- Transfer security guards from the Priority School District grant to local budget; expand summer learning opportunities at grades three, four, and twelve. He said that this will be done through the fund from Priority School District grant.
- Introduce supplemental appropriation for enrollment growth

Mr. Lyons said that these are very specific uses for this money, and that a 5.2% is significant increase, but that it is not unheard of. He said that the statistics from former Mayor Alex Knopp's administration, before the recession in 2001 was a Board of Education increase of:

- 5.9% in 2001
- 5.1% in 2002

- 6.6% in 2003
- 3.8% in 2004
- 4.9% in 2005
- 4.7% in 2006

He said that this is not an out of control budget request, and that they are working as hard as they can to control costs, and that is seen in the base budget increase of 1.5%.

Dr. Adamowski said that the base budget increase if 1.5% is basically the pre-existing labor contracts that are rolling into the next year, and also part of that is a 2.5% increase in transportation, and that will bring the transportation expense to almost \$8 million dollars which is an inordinate amount of money for a district of our size. He said that we are spending far more to transport students on a per-capita basis than other school districts because there is no school in South Norwalk. He said they will also be discussing a special appropriation for enrollment, and that they are getting to the point where they will need a special appropriation for transportation if the capital needs of the schools are not addressed, and expand the 900 seats they are short relative to enrollment.

Dr. Adamowski also said as part of improvement appropriation they will be addressing the issue of equalizing the high schools with the middle schools, and for years Norwalk was spending more money at the middle school level than at the high school level, and people have complained about the high schools having multiple study halls, and that is due to not having enough teachers and they can't offer enough courses to replace the study halls. He said that it was not know until they went to student based budgeting that this issue existed, and it has been exasperated the last two years by moving to a block schedule in the high schools. He said that Norwalk has a minimal of high school requirements at 20 credits, and the best school systems in the State have already moved to a requirement of 26 credits, and in order to does this will have to add more classes. He also said that the SAT scores are not so great, and the reason is due to the very nature of the SAT and that the SAT unlike State assessments at the elementary level are not standards based, and it is a general achievement test and the way to do well on the SAT is to take more courses, and to take higher level courses. He said that

enables students to have better scores, and it is a critical issue for them in the improvement of the high schools, and that they will not be able to improve the high schools as long as there are large numbers of students in study halls.

Dr. Adamowski discussed the special appropriation for enrollment growth and said in this past year we grew by 100 students overall, and used the enrollment projection of 61 students for next year, however, it is inaccurate already and in the month on January gained 52 new students and are now at 200 new students. Mr. Kimmel asked if that is a net gain. Dr. Adamowski said “yes”. He said it is important to have the discussion because our city is growing and he gave credit the Mayor and the members of Council for the decisions that have been made that have enabled Norwalk to grow and prosper, and it is the only city in the state that is experiencing economic growth, but said that there is also a cost to growth, and the concept he would like them to consider for now and in the future is that when the city is growing, and a certain amount of the funds go into the rainy day fund, that they should also put aside a certain amount for growth, particularly growth in the schools system.

Dr. Adamowski discussed the issue of health insurance and said that the district has had several years of low increases that had led to the recommendation of the city’s Finance Director to reduce their reserve, and they now find their self in a situation that they have a big increase, and an insufficient reserve to offset it. He said if they were to look at this in a five year window the increases and decreases would be seen, but that they budget year to year so they can’t be seen, and said that this levels out somewhere around the average rate of national health care insurance. He said that it is in two parts and that one is cost, and the other is claims, and that the only thing to do is to take it off the table, and work with the city to find a different solution, and to focus on different aspects of the budget and the remaining 5% increase. He said in his view it is important to raise the bar and close the gap, and it’s extremely compelling, and they want to fight for that and want the city’s support for that, and that they need to make a step forward from barely adequate, to a school district that provides the best education of any city in our state, and that is the goal of their strategic operating plan as well as their vision statement.

Mr. Hamilton said that they have identified four major drivers that are responsible for the budget request in total increasing by \$17.7 million dollars which are:

- The base budget increase of 1.5%.
- Program improvements and strategic operating plan initiatives at a 2.3% increase.
- Special appropriation for enrollment growth at a 1.4% increase
- Health insurance increase over the 2016/17 budget of 4.9%
- He said the total fiscal year 17/18 recommended budget of \$193.9 million dollars.

Mr. Hamilton discussed the program improvements and the strategic operating plan initiatives request and said that they total \$3.978 million dollars and are:

- Provide program support for Intra-District magnet schools and programs at a \$1,000 per student for an increase of \$1.2 million dollars.
- Increase the high school pupil expenditure to equal the middle school per pupil expenditure for an increase of \$2.4 million dollars.
- Transfer security guards salaries from the PSD grant to the operating budget for an increase of \$715,000.

Mr. Hamilton discussed the special appropriation and enrollment growth details that total a special appropriation of \$2.537 million dollars and they include:

- 2 ELL teachers for \$194,000
- Class size aides for \$138,022

- Transportation for \$124,371
- Classroom enrollment \$ 858,267
- SPED additional costs \$ 486,762
- NESS costs \$ 373,876
- Operations allocation \$ 6,579
- Curriculum allocation \$160,779
- Facilities allocation \$170,432
- Technology allocation \$24,013

Mr. Kimmel asked if there are classrooms for the additional seven teachers? Dr. Adamowski said that the seven additional teachers have been added over the past year for enrollment growth. Mr. Kimmel asked if they are in the budget now. Dr. Adamowski said “Yes” and that there was a \$400,000 savings in their budget that Mr. Barron had identified, and that was how they were funded for this year, but the funds will not be there next year.

Mr. Hamilton said that it is important for the city to acknowledge that growth is great and are very fortunate that Norwalk is in a position where the city is growing, but that there is a cost to that and it does have an impact on the school system, and needs to be factored into the overall budget that is provided to the Board of Education.

Mr. Kimmel asked if there are two new portable classrooms at Jefferson School? Dr. Adamowski said “yes” Mr. Kimmel asked how many portable classrooms are at Jefferson School. Dr. Adamowski said “ten” There was discussion on the increase on a per student basis and Mr. Hempstead said if the classroom is changing in size that requires another teacher in a school, then additional students should be able to be absorbed in a school that is under capacity, or not at capacity. Dr. Adamowski said if we were not at a 110% capacity there would be room in existing classrooms. Mr. Barbis said at the high school level kids cannot just be added to classes like they can be at the elementary school level, and at high school level the teachers contract specifies each teacher can only teach 125 students. Mr. Meek asked if there were other allocations for smaller elementary schools on top of student based budgeting. Dr. Adamowski said that there are two schools that needed a small school supplement last year because they are not large enough to

cover their overhead costs, and that is why we now build schools to hold a minimum level of 450 students.

Mr. Hempstead asked how the health insurance would be allocated internally if it switched to the city's insurance, and how that affects contracts? Dr. Adamowski said that most of the contracts state that providers can be changed if comparable or better benefits are offered.

Ms. Bowman said that the main thing is that the funding is being used as its intended, and being used to educate the children. She said she does not feel that the issue with the Magnet Schools has to happen this year, or all at one time, and that there is no necessity to happen all in one year. Dr. Adamowski said that the school district was funded at a very low level, and that is what the funds were used for. Mr. Kimmel said there have been discussions in the past regarding the multiple study halls, to the point where he had contacted the State on its legality which he was told there was nothing illegal, but we are now still dealing with multiple study halls, and he was under the impression years ago that the issue of multiple study halls was being addressed. Dr. Adamowski discussed the issue of the study halls and said even though five teachers were added at Norwalk High school and Brien McMahon, it did not keep up with enrollment growth and could not impact the study hall issue because there were too many new students. Mr. Kimmel asked if it was true that that many districts around the country are getting rid of study halls in high schools. Dr. Adamowski said that most have already. He said on average there is about a \$2,000 difference between middle and high schools expenditures, and that is where we need to be so in the three year process the first step is to bring the high schools equal to the middle schools, and that will help significantly, and will probably eliminate any student having more than one study hall. He said the same thing needs to be done the second year and again in the third year so that we can create \$2,000 differential between high school and middle school. Mr. DePalma asked why existing teachers that are used to staff the study hall can't be used to teach another class. Dr. Adamowski said that the teacher's contract has a limit to the number of classes they can teach at the high school level. Mr. DePalma said that since other districts are doing away with study halls asked if Norwalk is unique in the teacher's contract that they are only teaching five classes? Dr. Adamowski said that other districts are doing it by changing the

high school program of study going from 20 to 25 credits, and eliminating random electives, and replacing them with pathways, and adding resources in terms of teaching positions to the high schools.

Dr. Adamowski said this year the State started a next generation accountably plan for Connecticut, and the first year was primarily testing, and this year is the growth factor. He said that the plan looks at the growth of each student, and this is an area where they have made great strides and has been a contribution from every single teacher in the school system. He said this year the State comes out with the growth factor, and because of the work on the Tier II and III interventions, the highest needs students are making the greatest growth.

Ms. O'Toole-Giandurco asked about the increase in transportation numbers and asked if there was an agreement done a few years ago with the bus depot that was supposed to save a significant amount of money. Mr. Hamilton said that contract is still in the city's law department, but we are currently paying the lower rate.

Mr. Hamilton reported on the health insurance and said it is the big challenge, and the health insurance consultant has recommended that \$33.687 million dollars is budgeted for next year, which is an increase of just under 16% based on the claims which have grown due to a variety of factors. He said that is one of the major drivers for the increase, and the other major driver is due to the planned drawdown from the insurance fund in the current fiscal year of \$2.271 million dollars, and the use of the insurance fund for the special education development fund, which was the agreement reached between the City and the Board of Education. He said the planned drawdown was an agreement reached because last year there was a significant balance in the Board of Education portion of the insurance fund, and there was an interest in drawing that balance down in order to reduce the budget, and now the insurance fund has been drawn down to a point we can't continue to draw it down further and in order to fully fund the benefit and the contribution for next year, it needs to be \$31.8 million dollars. He said that Dr. Adamowski and Mayor Rilling have had extensive discussions regarding this, and that there has been a committee that has been formed

with representatives from the city and the Board of Education, and they have invited the health insurance consultants to come in and assist them in:

- Combine district and city for purposes of self-insuring together.
- Having the city assume the health insurance costs for all employees (New Haven model), and combine insurance reserve funds.
- Entering separately or jointly with the city, in the State 2.0 health insurance plans.

Mr. Livingston said if they receive the \$1,000 per student asked when would the change be incorporated to eliminate at least one of the study halls? Dr. Adamowski said next school year, and to realistically eliminate all study halls is a three year plan, and would have to make investments comparable to other district to bring our high school per pupil expenditure to about \$2,000 above the middle school expenditure and next year can accomplish to eliminate any student having more than one study hall.

Mr. Kimmel said that in the past few years there has been an increase of \$10 million dollars in salary accounts and asked for an explanation. He also asked about the increase in professional services account? Dr. Adamowski said a year ago there was concern prior to the establishment of the special education development fund that there was not enough in-house services, and were relying too much on outside placements and contracted services. He said that they have been able to control those costs primarily by bringing classes back into the school system with teachers. Mr. Hamilton said ABA Therapists and BCBA's who supervise the ABA Therapists and that is part of the reason there is an increase in the wage accounts. In addition, the Special Education Development fund is part of this budget. He said the contracted services is an area last year saw a huge growth in total expenses for special education contracted services and next year those costs have started to level out, but there was a large increase that was not budgeted in the 2015-16 budget and have increased the 2016-17 budget to accommodate that and have continued at that higher level for 2017-18. Mayor Rilling asked if we have started to realize the savings we were anticipating for the

Special Education? and if so requested a ballpark figure. Dr. Adamowski said “yes” and that two classes were brought back this year that were in outside placements and that Mr. Hamilton would provide him with a report.

Mr. Hempstead said that he understands where the Board of Education is headed and is a good place to try and get to, but he cannot support a Board of Education increase of 10.1% and asked if there is any way of identifying what that have to have, what they need to have, and what they would like have overall in the budget. Dr. Adamowski a budget increase of 5% is needed, and he is assuming that a solution will be found to the health care crisis and take that off line from the budget. He said as far as the 5.2% increase they can find a way outside of that to reduce some other things in the school system that are less important than the priorities that have been put forth here in alignment with the Strategic Operating Plan.

Ms. Bowman said if we are building elementary schools it is not going to help in the “right now” problem of the high schools be very overcrowded and we are going to be opening up classes it should be at the high school level right now. Dr. Adamowski said at the high school level it is teachers that are needed, and the study suggests there is enough space at the high schools to handle the enrollment increases that will occur over the next 10 years. He said currently they are short 900 elementary student seats and that includes the students who are in 15 portable classrooms which are aging quickly, and are an undesirable education situation that our city cannot be proud of.

Mr. Bonenfant said that the community needs to have a discussing for the factors that are pushing the enrollments.

Mr. DePalma said some of the salaries seem to be increasing at a large rate and asked if this is part of the Strategic Operating Plan? Mr. Hamilton said there is some movement from some bargaining groups to different bargaining groups for a variety of reasons, and that there are individual explanations that he would have to get for him. Mr. DePalma requested that a simple summary be provided with the explanations.

Mr. Simms said that Dr. Adamowski is doing a great job and he requested a copy of his employment contract to review as it relates to the budget.

Mr. Kimmel thanked everyone from coming to the meeting at that it was very productive. He said that on February 23, 2017, the Finance Committee of the Common Council will hold a public hearing on the operating budget, and on February 28, 2017, the full Council will vote on the spending cap for the city and once that is done the entire budget goes to the Board of Estimate and Taxation.

### **ADJOURNMENT**

**\*\* MR. IGNERI MOVED TO ADJOURN**

**\*\* MOTION PASSED UNANIMOUSLY**

The meeting adjourned at 9:50 PM

Respectfully submitted,

Dilene Byrd

Telesco Secretarial Services