

Minutes
Watertown Board of Education
Budget & Finance Committee Meeting
Wednesday, September 1, 2010 – 7:30 PM
John Trumbull Primary School
Special Ed Conference Room

Present: Thomas Lambert, Committee Chair
Richard Mazzamaro, Board Chair
Kevin Killeen, Board Member
Richard Beland, Board Member
Guy Buzzannco, Board Member
Jacob Irwin, Board Member
Karen Clancy, Business Manager
Karen Baldwin, Superintendent of Schools
James Collin, Ed.D., Assistant Superintendent

Others Present: Ray Primini, Town Council
Mary Ann Rosa, Town Council
Thomas Winn, Town Council
Kace Duplissie
Rosalie Loughrin
Fran Palmer, WEA
Sam Cooper, Waterbury Republican-American

The meeting was moved to the library because of the large number of people in attendance.

1. **Convene meeting**

Mr. Thomas Lambert, Committee Chair, convened the meeting at 7:35 PM.

2. **ECS Funding and MBR**

Karen Baldwin, Superintendent, explained the purpose of the meeting to gain understanding around a complex funding issue. The Minimum Budget Requirement (MBR) was explained. (A worksheet was distributed. Attachment A.)

The Superintendent explained that the State Department of Education and the law offices of Shipman & Goodwin have advised the Board of Education on this matter.

The MBR is \$33,529,590.

The ARRA SFSF is \$1,676,276.

Potential cuts to the school budget may incur a penalty in state funding for not meeting MBR.

The intersection of Federal, State's local funding makes the issue challenging.

In 2010-2011, the Board of Education must have access to the equivalent of the prior year's appropriation of \$35,205,816.

Whatever the reduction is below the \$35,205,816, the Board of Education must keep the difference in the SFSF dollars to maintain a total budget appropriation of \$35,205,816.

3. **The Federal Jobs Bill**

Mr. Killeen raised a question about the Federal Jobs Bill. It was agreed that the Board of Education will discuss in FY 2011-2012 Budget development process whether or not to accept the federal money of approximately \$686,000. The federal money would need to be expended by September 30, 2002.

4. **Current Budget Status**

The Board of Education is currently operating on 1/12 of last year's budget \$35,205,816. This equals \$2,933,818 monthly.

Mr. Killeen asked about state reporting or mechanisms to document the district's effort in funding the education system. The Administration will look into this.

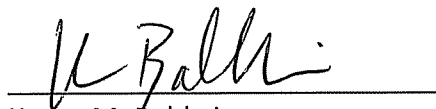
5. **Adjourn**

Mr. Kevin Killeen, seconded by Mr. Jacob Irwin, made a motion to adjourn the meeting at 8:05 p.m.

Motion passed.

The meeting was adjourned at 8:05 p.m.

Respectfully submitted by:



Karen M. Baldwin
Superintendent of Schools

2010-11 MBR (Minimum Budget Requirement) and ECS (Educational Cost Sharing)

| | |
|---------------------------------------------|---------------------|
| 2008-09 Appropriation | \$35,205,816 |
| State Fiscal Stabilization Funds (SFSF) | <u>\$ 1,676,226</u> |
| 2010-11 MBR (Minimum Budget Requirement) | \$33,529,590 |
| <hr/> | |
| 2008-09 ECS Entitlement (Town) | \$11,749,383 |
| 2009-10 ECS Entitlement (Town) | \$11,749,383 |
| 2010-11 ECS Entitlement (Town) | \$11,749,383 |
| <hr/> | |

ECS funding is distributed directly to municipalities. The State of CT committed to level funding ECS monies for 2009-10 and 2010-11 at the 2008-09 ECS funding level.

To accomplish this, the Governor back-filled 14.26% of the ECS funding with Federal Stimulus funds. For Watertown, this is equivalent to \$1,676,226.

Federal Stimulus rules dictate that these funds must be used for educational purposes therefore the \$1,676,226 must go directly to Boards of Education which reduced the Town's ECS funding by this amount.

Watertown had already passed its 2009-10 budget at the time these funds became available. Therefore, the 2009-10 budget of \$35,205,816 met MBR and we were able to lapse the SFSF dollars of \$1,676,226, returning them to the Town, keeping their ECS revenue whole.

In 2010-11, Watertown Board of Education must, once again, have access to the equivalent of the prior year appropriation of \$35,205,816. We will, again, receive \$1,676,226 in SFSF dollars. We will still meet MBR if the approved budget ranges from \$35,205,816 down to \$33,529,590 because of the back-filling using stimulus dollars.

However, whatever the reduction to the Board of Education budget is, below the \$35,205,816 or a 0% increase, the Board of Education must keep the difference in the SFSF dollars to maintain a total budget appropriation of \$35,205,816. We would not be able to lapse the dollars and return them to the Town.

For example, the 2010-11 budget is reduced by \$1,000,000 for a total budget of \$34,205,816. Watertown Board of Education receives \$1,676,226 in SFSF funding that is returned to the Town. We would then fall below the obligated budget requirement of \$35,205,816. It would not be allowable to return the entire \$1,676,226 to the Town. We would only be able to return the difference of \$676,226 to the Town, a shortfall of \$1,000,000 in Town ECS funding.

Karen Clancy

From: Chambers, Kevin [Kevin.Chambers@ct.gov]
Sent: Friday, August 27, 2010 1:56 PM
To: Karen Clancy
Cc: Mahoney, Brian; Croce, Eugene
Subject: RE: MBR

For 2010-11 Watertown's Minimum Budget Requirement (MBR) is your 2008-09 appropriation minus any funds that you received from the State Fiscal Stabilization funds (SFSF):

| | |
|-----------------------|---------------------|
| 2008-09 Appropriation | \$35,205,816 |
| SFSF Funds | \$1,676,226 |
| 2010-11 MBR | \$33,529,590 |

I hope this helps, call or email if you have any further questions.

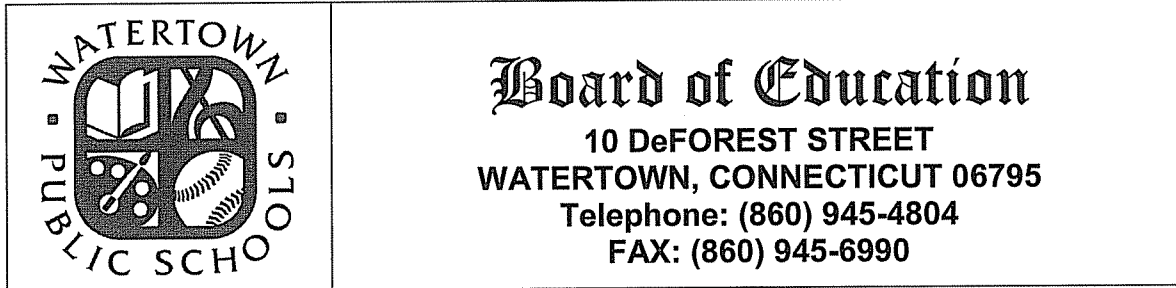
From: Karen Clancy [mailto:clancyka@watertownps.org]
Sent: Friday, August 27, 2010 1:41 PM
To: Chambers, Kevin
Subject: MBR

Kevin,

Per our conversation, will you please confirm the 2010-11 MBR based on the amendments relative to the Stabilization funds?

Thank you.

Karen Clancy
Business Manager
Watertown Public Schools
10 DeForest Street
Watertown, CT 06795
Telephone: (860) 945-4804
Fax: (860) 945-6990



MEMORANDUM

TO: Karen Baldwin, Superintendent of Schools

FROM: Karen Clancy, Business Manager

cc: Shirley Oliver, Supervisor of Financial Services

DATE: October 6, 2009

SUBJECT: 2009-10 State Fiscal Stabilization Funds (SFSF) and Education Cost Sharing (ECS) Grant

Karen,

The 2009-10 ECS entitlement has been funded at the 2008-09 level including any prior year adjustments. 14.26% of the ECS entitlement will be supported by Federal SFSF funds under the American Recovery and Reinvestment Act of 2009 (ARRA). For 2009-10 there are two separate SFSF funding strands: Education State Grants and Government Services Fund. Below is the breakdown of the 2009-10 ECS entitlement for Watertown.

| <u>Funding Source</u> | <u>Funding Portion</u> | <u>Funds Paid To</u> |
|-----------------------------|------------------------|----------------------|
| State Funds | 85.74% | Town |
| SFSF Education State Grants | 9.19% | Board of Education |
| SFSF Government Services | 5.07% | Board of Education |

Total ECS entitlement for the Town of Watertown is \$11,749,383. The breakdown of these funds is as follows:

| | |
|-------------------------------|--------------|
| State Funds | \$10,073,157 |
| SFSF Education State Grants | \$ 1,080,492 |
| SFSF Governor's Service Funds | \$ 595,734 |

State Fiscal Stabilization Funds will be paid monthly through the Cash Management system directly to school districts as required by the government. Reporting

requirements mandate that the Board of Education utilize the SFSF funds for educational purposes.

With that said, the bookkeeping side of the entitlement is somewhat complicated.

The purpose of the Stabilization Funds is to save school district job positions. Therefore, most school districts are utilizing these funds to pay staff salaries by seniority. How the revenue and expenditures are processed through the financial system has been left up to each individual school district and town.

My recommendation would be to charge \$1,676,226 in salaries to the general fund then reimburse the general fund with the SFSF dollars through journal entries on a monthly basis. At year end, the general fund will show a surplus of \$1,676,226 which would then be returned to the town. This would keep the Town whole with respect to the ECS revenue and also maintain the expenditure requirements for these funds.

I would suggest that we meet with the Mr. Frigon, Mr. Nardelli and Ms. Zappone to review and discuss this information.

If you need additional information, please let me know.

FREQUENTLY ASKED QUESTIONS
WATERTOWN BOARD OF EDUCATION
0% BUDGET and Minimum Budget Requirement (MBR)
September 1, 2010

1. How can the Board of Education budget be reduced below 0%?

The State calculates Minimum Budget Requirement (MBR) based upon our 2008-2009 budget appropriation minus funds received through the State Fiscal and Stabilization Fund (ARRA). The Board's MBR is \$33,529,590. Therefore the Town could reduce the Board budget by \$1,676,226, although this would negatively impact the Town, as revenues relative to Education Cost Share (ECS) funding would be held by the Board to support the current level of educational programming in the district.

2. What will happen if the Town Council reduces the budget by an anticipated \$450,000?

The Board of Education has opened up the 2010-2011 school year and made programming, staffing, and operational decisions based upon the \$35,205,816 (0%) operating budget. Fifteen positions have been eliminated across the school system already to achieve the 0% budget. Should further reductions such as the proposed \$450,000 be necessary the Board will access the Federal stimulus money available from the State. In 2009-2010 the Federal stimulus money from the state (ECS SFSF) paid for salaries. This year, if faced with further reductions, the Board will use the money to maintain the present operating budget at \$35,205,816 and save positions. Reducing the budget by any other means such as eliminating athletics, increasing pay to participate, eliminating world language at the middle school, eliminating art education and music K-5, technology education would severely disrupt the educational program of students which began on Monday, August 30, 2010.

3. What is a "Funding Cliff"?

This refers to the one time influx of federal stimulus funds to the district that ends June 30, 2011.

The Watertown Public Schools has received the following federal stimulus dollars:

ARRA IDEA: \$830,550 expires June 30, 2011

ARRA SFSF (State level Education Cost Share Reimbursement) \$1,676,226 expires June 30, 2011

Stimulus funds allowed the state to partially “backfill” its own hundreds of million dollar budget deficit, temporarily softening the effect of state-level cuts on local schools. With stimulus funds gone, the full impact of the state’s deficit will be felt. The Watertown Board of Education precariously balanced its budget for the 2009-2010 school year and the upcoming school year, in part with help from federal stimulus funds from the American Recovery and Reinvestment Act added to the IDEA grant. The Board anticipates needing to restore approximately \$402,810 from the ARRA grant to the Board budget in FY 2011-2012. This is a funding cliff.

4. What will happen in SY 2011-2012?

The Board of Education hopes to soften the “funding cliff” through the application of the Federal Jobs Bill funding the district received. This funding is projected at \$686,995 and can be used through September 30, 2012. This will help to lessen the burden on the general operating budget, but the Board anticipates another very difficult budget year, with fixed contractual costs, utility costs and a significant budget deficit at the State level.