

SPECIAL FINANCE COMMITTEE
(BUDGET HEARINGS)

Special meeting of the Finance Committee was held on Tuesday, April 10, 2007 in the Cranston High School East Auditorium, 899 Park Ave., Cranston, Rhode Island.

The meeting was called to order at 7:10 P.M. by the Chair.

Present: Councilman Terence Livingston, Chair
Council Vice-President Paula McFarland, Vice-Chair
Councilman Anthony J. Lupino
Councilman Jeffrey P. Barone
Councilman Emilio L. Navarro
Council President Aram G. Garabedian

Also Present: Council Member Maria Bucci
Councilman Richard D. Santamaria, Jr.
Councilman John E. Lanni, Jr.
Mayor Michael T. Napolitano
Ernest Carlucci, Director of Administration
Frank Migliorelli, Deputy Director of Administration
Charles Garganese, Jr., City Solicitor
Corsino Delgado, Director of Finance
Steve Woerner, City Council Internal Auditor
Maria Medeiros Wall, City Clerk
Rosalba Zanni, Assistant City Clerk/Clerk of Committees
Ron Ronzio, Stenographer

Chair stated that Mayor Napolitano is present and has requested to speak prior to the School Department presentation.

Mayor Napolitano stated that one of the most difficult hard decisions he has had to make was level-fund the schools. He did not want to level-fund the schools. Last year, more than \$4 million of reserve funds were spent on on-going expenses. This is why he does not have the money to fund the schools. He is not saying the request is not reasonable. He stated that some of the other municipalities the same size as Cranston receive in State Aid: Cranston receives 29.42%, Providence receives 61.62%, Pawtucket receives 70.93%, Woonsocket receives 75.46%. He stated that he has joined, along with other Mayors throughout the State, "The Coalition for Equitable State Funding for Municipalities and School Districts" and he is asking everyone to help him to get more State Aid to Cranston. He presented a packet to the City Council and members of the public in the audience, of information regarding State Aid to municipalities and contact information of members of the General Assembly to lobby to for more State Aid.

Council President Garabedian presented a letter from the PTO of Hope Highlands Elementary School asking that the School Department be fully funded.

SCHOOL DEPARTMENT

Michael Traficante, School Committee Chair, appeared to make a presentation and stated that it would be a disservice to our educators, our City's residents and the City's children if we, as elected officials, do not appropriately fund the public schools. The initial proposed budget for 2007-08 by the Superintendent was approximately \$135.8 million. Acknowledging the fact that the \$135.8 million initial proposed budget did not meet the 2008 Omnibus 5.25% mandate State cap, the Superintendent's revised proposed budget to the School Committee was in the amount of \$131,219,505, which represents approximately \$4.6 million less than his initial proposal, which this reduction was also favorably considered by the School Committee. The \$4.6 million proposed budget reduction represents the following cuts:

- Elimination of 10.8 certified teaching positions - savings of approximately \$739,000
- Elimination of 36 non-certified support staff positions - savings of approximately \$1.1 million
- Special Ed Tuition - reduced by approximately \$1.1 million
- Asset Protection - reduced by approximately \$410,000
- Utilities - reduced by approximately \$404,000
- Transportation and Plant Operations – level-funded, eliminating the \$278,497 request
- Transportation and Plant Equipment – reduced by approximately \$175,000
- Textbooks – Mr. Traficante thanked the Mayor for proposing a textbook appropriation of \$460,000 from the City's Budget Stabilization Fund for the 2007-2008 school budget. This line item has been reduced by approximately \$111,000
- Library Allocation – level-funded
- Miscellaneous Accounts – all accounts in this category were level-funded.

Mr. Traficante stated that because the Superintendent's revised budget of approximately \$131 million did not meet the 5.25% mandated cap, the approximately \$131 million proposed budget had to be further reduced by the School Committee by approximately \$1.4 million.

School Superintendent Richard Scherza appeared to speak and stated that, as a school district, this Administration does not oppose mandates. The schools need to continue and expand technology in order for our students to do well in the world.

Judy Laston, one of the two Executive Directors of Education and Services, appeared to speak and spoke regarding the current level of performances of the schools. She stated the following schools that have been commended by the RI Department of Education: Orchard Farms, Stone Hill, Woodridge and Hope Highlands.

Peter Nero, Assistant Superintendent of Schools, appeared to speak regarding current level of performance for the schools. He stated that Cranston now has 18 high performing schools.

Raymond Votto, Chief Operating Officer, appeared to speak regarding the RIPEC analysis. He spoke regarding a comparison between Cranston and Warwick and stated that Cranston does more with less.

Joseph Balducci, Chief Financial Officer, appeared to speak regarding the distribution of \$129,865,082 requested 2007-2008 budget and also referred to a slide presentation regarding Major Increases and Decreases in 2007-2008 Anticipated Revenue and Textbooks Related Materials.

Mr. Traficante spoke regarding 2007-2008 budget contractual increases/decreases:

- Salary - \$4,952,918, average step increase is 3.5%
- Teachers Returning From Leave – cost for returning teachers is approximately \$55,762
- Health Related Costs – increase of approximately 8% representing an increase of \$675,519, but in order to meet the 5.25% mandated cap, the School Committee reduced this account by approximately \$1.1 million. This \$1.1 million must be replaced.
- Certified Pension – increase of \$1,454,397
- Payroll Taxes – additional increase of \$243,305
- Workers Compensation – increase of \$106,727
- Non-Certified Pension – increase of \$362,473
- Disability Insurance - \$83,052 budgeted

Total local and state contractual obligations amount to approximately \$6.8 million. The School Department is requesting an additional \$5 million instead of the full \$6.8 million.

Mr. Nero addressed “Asset Protection” and he implored that the Council level-fund Stabilization Account.

Donna Tocco-Greenaway, Ward 4 School Committee Member, appeared to speak regarding unfunded mandates.

Mr. Traficante addressed Special Education and stated that Special Education Needs students would cost approximately \$29 million, cost per child is \$15,000 to \$18,000 per year, compared to approximately \$11,000 for regular education students.

Mr. Trafficante addressed contracts and stated that the School Committee spent countless hours negotiating over an eight month period. Since they reached an impasse, the Committee and the CTA agreed on mediation. In the last 13 years, the CTA has accepted 4 – 0% salary increases and for 6 years from the 1998-1999 contract to the 2003-2004 contract paid a 12% co-share on health care benefits while other municipal bargaining units were paying 0% for similar health care benefits. In 2000, the Cranston teachers' salaries were ranked 21st out of the 39 districts, behind Warwick, Providence, East Providence, West Warwick, North Providence and Johnston. This 2000-2003 re-negotiated contract included in year 1, 0% salary increase; year 2, 1.9%, and year 3, 3.5%, which is a total raise of 5.4% over 3 years. This was a result of the City's financial condition and the CTA's willingness to respond accordingly. This current contract over the 3-year period has rightfully placed the teacher salaries in the top 10, a place they held during the 1997-2000 contract years. He noted that the current contract calls for a 9 ½ % health care savings to include cost-sharing and plan changes. The School Department also garnered management rights at the middle school level by eliminating department chairs at cost savings of approximately \$350,000 district wide. For all non-certified personnel, such as bus drivers, secretarial, teacher assistants, their contracts calls for a 7 ½ % health care savings and for all administrative personnel, the contract calls for a 14 1/2 % health care savings. The health care savings from all the bargaining units is approximately \$1 million annually.

Mr. Trafficante stated that prior to submitting the adopted School Department budget to Mayor Napolitano by March 1st, in order to meet the mandated 5.25% cap, the School Committee made further budget reductions as follows:

- Liability Property Tax Insurance – reduced by \$30,000
- Retiree Health Care Cost – reduced by \$63,110
- 2005-2006 School Department surplus was carried forward into the 2007-2008 school budget in the amount of \$54,681
- Reduction of one elementary school guidance counselor for a saving of \$70,203
- Reduction of a central administrator for a savings of \$118,000

Total reduction in these items further reduced the adopted budget by \$335,994 for a bottom line adopted budget by the School Committee of \$129,865,082, which does not meet the mandated State law cap of 5.25%. In order to meet this cap, the School Committee, as a temporary fix, reduced the health care account by approximately \$1.1 million. This account will have to be made whole in the immediate future. At this time, assuming that the General Assembly ratifies the Governor's proposed \$1.1 million in State Aid to Education to Cranston, assuming that the City Council ratifies the Mayor's proposed \$460,000 for textbooks from the City's Stabilization Fund, the budget gap or shortfall between the adopted school budget and the Mayor's proposed budget stands at \$4,436,966 – 5.25% cap, plus \$1,072,763 for health care, equals \$5,509,729, minus \$460,000 for textbooks, equals \$5,049,729.

Councilman Lanni asked if Mr. Balducci had the cost of all the unfunded mandates, Federal and State, for Cranston. Mr. Balducci stated that it is in the millions, but he does not have the total cost. Chair asked that this information be provided to the Committee prior to the budget being adopted.

Councilman Lupino stated to Mr. Scherza that during the budget process, he mentioned proposed cuts in technology. He asked Mr. Scherza to explain this. Mr. Scherza stated that these cuts would be more for licensing and equipment.

Councilman Barone asked what the percentage increase is in the salaries of para-professionals, such as drivers, non public drivers, etc. Mr. Balducci stated approximately 3%. Councilman Barone stated that he does not remember the schools ever being level-funded in the past. He asked, if the Council does not give the Schools the funds that they are looking for and they take the City to Court, where in the budget would legal fees be allocated for that. Mr. Balducci stated that those costs would be considered overall cost for lawsuit and would be considered a potential reimbursement.

Council Vice-President McFarland addressed the Stabilization Account. She stated that during Mr. Traficante's presentation, he indicated where the funds were allocated last year. She asked if the School Department is looking to fund all those areas again and how much would that cost. Mr. Balducci referred to slide #31 of the slide presentation, which indicate that.

Council President Garabedian stated that he would like to be provided with the following: from elementary to secondary level, pupil/teacher ratio of each classroom. Mr. Scherza stated that this information will be provided within the next few days.

Councilman Lupino stated that he fully supports fully funding the schools. The Mayor level funded the schools, but did not level fund the City side. He sees a lot of inequities in this. The difference between last time there was a Caruolo Action and now, is we now have a Rainy Day Fund of \$20 million.

Councilman Lanni stated that in his ten years on the City Council, there has never been a case of a City Council rubber stamping any Mayor's budget.

Councilman Navarro stated that level funding the schools was not appropriate. It is not fair. He is willing to work with the School Chair to try and find funds to appropriate to the schools. Everyone needs to work together and to minimize the gap as much as possible.

Council Vice-President McFarland addressed the School Department and members of the public in the audience and stated that the Council has never let them down. The Council has always made sure that allocations were made to the School Department and will make sure this is done again this year.

Mr. Trafficante clarified that at this point in time, the School Committee has not considered a Caruolo Action. That would be a last resort.

Public Speakers:

Lou Rainone, 152 Ausdale Rd., appeared to speak and stated that he is sure that this Council and the School Department can work together and can come up with some funding for the schools.

Susan Adler appeared to speak and stated that the more we cut, the more we bleed. It would be a shame to cut Special Education. Both of her children attend two different high performance schools. In making cuts, you take away children's potential and ability to be well-grounded.

Valerie Schuele, 27 Farm St., appeared to speak and stated that she is employed by the City of Cranston as a cafeteria worker and she works very hard and loves this City and loves her job. The Mayor, in today's newspaper, stated that he had to level-fund the schools and needed the funds to fund the City's employees' contractual obligations. She was very hurt, as a City employee, at this statement. Real and true cuts need to be made across the City.

Robin Ladouceur, 59 Oak Hill Dr., appeared to speak and stated that her son attends Garden City School and the children are our future and deserve the best education you owe us. She asked that the School Department be appropriately funded.

Jean Greco, 21 Hillcrest Dr., Program Supervisor of Guidance and parent of graduates of Cranston Schools, appeared to speak on behalf of the school staff. She stated that the schools need to be fully funded.

Allan Fung, 252 Mayfield Ave., former City Councilman, appeared to speak and stated that he is disappointed to hear that the Mayor had no choice but to level-fund the schools. He did have a choice. He stated that when he served on the City Council, the City was in dire financial situation and they still managed to find money to fund the School Department. The only way you can fund the schools is:

- to take money out of the expense side
- eliminate the car lease for the Mayor
- reduce the Law Department budget
- consider the Mayor's proposed salary increase for the Director of Administration and the Deputy Director of Administration.

Mr. Fung asked that the Council consider these items as possible savings.

Lori Rodriques, 15 Gina Court, appeared to speak and stated that she does not want to see a tax increase. It is time to look outside the box. She also stated that the City should look into 401K instead of pensions.

Dennis Albert, 203 Lawnacre Dr., appeared to speak and urged the Council to look at specific line items within the School Department and question the line items that have been brought up.

Michael Rampone, 49 Chestnut Ave., appeared to speak and stated that he has been employed by the School Department as a custodian for 32 years. He is asking for immediate investigation regarding verbal abuse at Briggs. He also indicated that the teachers and Administrators have been receiving raises and custodians have not received a raise in years.

Sharon Terrault, 128 Wildflower Dr., parent of three Cranston School students, appeared to speak and stated that one of her children is a special education student and asked that the Council support special education so these children with special education needs can attend school in the community that they live in.

Mike Cardarelli, 53 Fairfield Rd., appeared to speak and asked the Mayor, the City Council and School Department to keep the dialogue going. It would only benefit our children. He also stated that the Council needs to be outraged to the State.

Heather McCabe, 136 Eldridge St., parent of three Cranston School students, appeared to speak and stated that two of her children are special education students and she asked that special education be fully funded.

Freida Lehrer, 63 Riverfarm Rd., appeared to speak and asked why the schools are being level funded and other departments are not. She stated that she would like to hear some dialogue regarding this.

Bill Chiulli, Rumford, RI, appeared to speak in favor of the Automotive Program in Cranston and asked that this program not be eliminated, as it is being proposed.

Chris Fields, 55 Marion Ave., parent of a Cranston student, appeared to speak. She stated that she was a product of employee of the School system, who was let go and she and her husband now work two jobs and are planning to move out of the City due to the high taxes they are currently paying and due to a proposed tax increase for the coming year and she sees more families moving out of the City.

Sharon Deluzio, 151 Columbia Ave., appeared to speak and stated that she is a parent of a Cranston student, one of which is a special education student at Cranston High School East and asked that Special Education be fully funded.

Andrew Rose appeared to speak and asked the Mayor why his taxes are being proposed to be increased, yet the Schools are going to be level-funded, class sizes are going to get larger and teachers' positions being cut.

Mayor Napolitano stated that everyone must realize that what was done from last year's budget, which effects this year's budget. He asked Mr. Woerner to verify that \$3 million was spent from last year's budget for OPEB. Mr. Woerner stated that it was approximately that much, but he does not have the exact amount. The Claims Account had \$1 million and that was spent down to \$200,000. This year, he has to replace \$3.5 million for OPEB and replenish the Claims Fund. Salaries in his office are still not up to what they were when the last Administration left. This is why there needs to be a tax increase.

Council President Garabedian stated that he has received phone calls regarding the possible cut of the Automotive Program. He asked what the current status of this is. Mr. Scherza stated that this program is under the prevue of the State, we just host it. The RI Department of Education is responsible for this program and the enrollment in that program has been declining.

The meeting adjourned at 10:30 P.M.

Respectfully submitted,

Rosalba Zanni
Assistant City Clerk/Clerk of Committees