

**BOARD OF EDUCATION
SPECIAL MEETING MINUTES
JANUARY 20, 2015**

A special meeting of the Enfield Board of Education was held in the Conference Room at Henry Barnard Elementary School, located at 27 Shaker Road, Enfield, CT on January 20, 2015.

1. **CALL TO ORDER:** The meeting was called to order at 7:00 PM by Chairman Sirard.
2. **INVOCATION OR MOMENT OF SILENCE:** Chairman Sirard
3. **PLEDGE OF ALLEGIANCE:** Chairman Sirard
4. **FIRE EVACUATION ANNOUNCEMENT:** Chairman Sirard announced the fire evacuation announcement.
5. **ROLL CALL:**

MEMBERS PRESENT: Raymond Peabody, Lori Unghire, Vin Grady, Timothy Neville, Stacy Thurston and Tom Sirard

MEMBERS ABSENT: David Wawer, Peter Jonaitis and Tina LeBlanc

ALSO PRESENT: Dr. Jeffrey Schumann, Superintendent and Mr. Christopher Drezek, Deputy Superintendent

6. **2015-16 BUDGET DISCUSSION**

Workers Compensation Discussion:

Dr. Schumann stated that Mr. Chris Wardrop from USI Insurance Services is present to discuss workers compensation with the Board.

Mr. Neville stated this is one of the areas he has questions about. We should also discuss self insurance funding tonight. He would like to address one or two items at each of these budget workshops. He would also like these items posted on the website so parents and community members will know what we will be discussing and can make the decision to attend these meetings.

Mr. Drezek stated that we have not had a lot of time to discuss this with Mr. Wardrop. We are currently in a joint high deductible insurance program with the Town and workers compensation program. The Town is exploring coming from a fully insured to self insured plan.

Mr. Drezek stated that we had budgeted around \$420K for workers compensation in the current fiscal year. The administrative fees for the current plan are around \$420K. Because this happened after our budget had already been set, the Town agreed that whatever amount we had budgeted, we would be held harmless for the current fiscal year only. We will need to have a discussion as we move forward about funding this program.

Mr. Drezek stated we have budgeted \$1.3 million in the proposed FY15-16 budget based on our conversations with the Town and Mr. Wardrop. Our claims are running around \$500K, administrative fees are around \$420K and we needed to budget for any additional claims. This equals the \$1.3 million that we are budgeting for FY15-16. This amount is based on assumptions.

Chairman Sirard added that we are not allowed to have a contingency or reserve fund by law.

Mr. Drezek stated that Mr. Wardrop is here to review this with the Board.

Mr. Neville stated that Mr. Wardrop did a great job of explaining this to the Board previously. Legally, we cannot have any kind of a contingency plan. In the past, we have never paid for any claims. He does not agree with this plan. We are increasing this line item by \$900K. He would like to know what the Town is doing for their workers compensation program. They can put money aside for claims. We cannot do that. This money will need to come from student programs. We cannot afford this.

Mr. Drezek stated as we go through this process, we will know better.

Mr. Neville feels we should be discussing this with the Town. This self insured funding might be something that we do not want to be part of. He feels this is egregious. We cannot sustain this kind of a budget hit.

Chairman Sirard stated the State approved that local Board's of Education can place funds into a 1% contingency fund. This would be around \$600K. Our Town Charter does not allow us to do this. The Town is our fiduciary agent for self insurance funding. This is a high deductible plan and we are responsible for paying the claims. He is not sure if this amount will roll over each year. This amount will sit in the Town's fiduciary account until it is used by us.

Mr. Peabody stated the Town will hold our funds in an account in case we need to use it. Chairman Sirard added they are the only ones that are allowed to have a reserve fund. This will put money in the budget for the event that we have a large claim.

Mr. Peabody asked how many claims \$500K would cover. Mr. Wardrop reviewed the number of claims for the BOE has incurred since 2010. We are looking at around 73 claims annually.

Mr. Peabody asked when buildings and grounds were turned over to the Town. Chairman Sirard this stated on July 1, 2009.

Mr. Wardrop stated we need to look at the claims with a grain of salt. You have 24 hours to report a claim and this can affect the lag time. Twenty percent of the claims are connected to the claim dollars. The current claim amount averages at \$331K over the past five years. The claims for the current year are looking good so far.

Mr. Neville stated we are counting on funding an additional \$900K.

Mr. Wardrop reviewed the previous budgeted workers compensation figures with CIRMA for total funding costs of \$411K in FY13-14. The Board found out about the additional costs in August and an agreement was made with the Town for \$411K in FY14-15. You are budgeting \$1,411K for FY15-16. There will be some fixed costs and variable costs from Travelers. Claims will be paid as they are submitted. He has had a discussion with the Town by looking at fixed costs and trends. He has not discussed variable costs with the Town and would like to be part of this discussion when it happens.

Mr. Wardrop stated the Board made a request in November to look at a zero deductible guaranteed workers compensation program. This is something Travelers is looking into and will have the results in early May to share with the Board. We would still like to talk with CIRMA. They have not released any rates yet. This is usually done in the end of January. Once we know this information, we will have a better idea of where we will be. He will report back to Mr. Drezek with the findings.

Mr. Neville stated that we were shocked when we heard this in August. An agreement was made out of duress. Looking at the budget book, the Town breaks down the costs by department. We have a total number listed in our budget for workers compensation and they do not. Is this coming from their general fund to cover costs? What happens if there is a big claim? Where will the funds come from? He is not pleased with the Town's budget book.

Mr. Wardrop stated one of the financial requirements with the Travelers was for the Town to establish a \$1.4 million dollar declining collateral account. Any workers compensation claims submitted will come from this account.

Mr. Peabody asked if the school is included in this account. Mr. Wardrop stated the school is included in this amount for FY14-15.

Mr. Drezek asked if this amount is what they feel the claim costs will be for this year. Mr. Wardrop believes there is some wiggle room with the budgeted number. This collateral account will be revisited each year.

Mr. Peabody added that we have not set anything up yet for FY15-16. Mr. Wardrop stated that is correct.

Chairman Sirard stated the Town set up an account for \$1.4 million dollars with the Travelers and has also has a reserve account they can draw from in case it is needed. The Board does not have this ability. If we are flat funded, we would owe the Town money for this one item in the budget. He has concerns with this and the Town should not be able to extract money from the Board.

Mr. Peabody stated that the Superintendent's budget presentation broke down the costs. Does the Town as our fiduciary agent, have the ability to put our portion for workers compensation into a collateral account?

Mr. Wardrop stated the collateral account stands alone with Travelers. The Town has a separate reserve fund as mentioned by Chairman Sirard.

Mr. Peabody stated the reserve fund is there to address major catastrophes. He is looking at the workers compensation fund. The Town can go into this account and we should be able to go into this account also.

Chairman Sirard asked what will happen if someone gets seriously injured and we are over the \$250K threshold in this high deductible policy. Mr. Peabody added this is what he is concerned with. We would have nothing left in our budget to cut out to cover any overages with workers compensation claims.

Mr. Grady asked for clarification about claims being processed.

Chairman Sirard stated the workers compensation claims will be drawn from this collateral reserve account. He believes the one area that could cause the most financial problems will come from physical labor in the kitchen outside of any major accident. We would need to refund any money used for claims back to the reserve account. The Travelers will pay the bills and the Town will let us know if the claim is from one of our employees.

Mr. Neville stated the \$1.4 million is being used for claims. We would need to kick in for any additional claims above this amount. If we have 2 or 3 serious claims, we would need to lay off staff to cover the claims.

Dr. Schumann stated we have budgeted an additional \$900K in this account and we are averaging around \$330K for claims. We are betting against any major catastrophes.

Mr. Neville asked what other Towns are doing. Mr. Wardrop stated other Towns are in similar situations and will try to cushion and be conservative with funding. You could have a freak accident but larger claims deal with soft tissue claims and will require a larger re-cooperation period. Larger medial claims and lost wages are paid out over time.

Mr. Neville stated we would be building up our claim costs over several years. Mr. Wardrop added by building up the reserve account, it would eventually level off.

Mr. Neville stated if we are paying this, we would continue to lose a million dollars each year.

Chairman Sirard stated we have a history to predict our workers compensation costs. We will have a cushion. How much of a cushion will we need? How much liability will the Town absorb for the Board of Education? Increasing our budget will increase the overall tax budget for our constituents. How much is the Town willing to fund for us. We also use educated numbers with our magnet costs.

Mr. Neville stated that we need a level playing field. If they have a bad fiscal year, they have a way to remedy it. We will need to cut services and programs to make it work.

Mr. Peabody stated we can always ask for additional funds. It is not something we want to do. This is a reality that we need to deal with. If we need to fund workers compensation entirely and we have claim overages, they will need to make us whole. It would be political suicide if they didn't.

Mr. Neville stated they would deduct this overage amount from our next budget. He does not agree with this.

Chairman Sirard stated that we need to find out what our exact liability is with the Town. We are making an educated guess just like we do when it comes to our special education costs. Additional information is needed from the Town regarding our liability.

Mr. Neville stated we will need a quick clarification. We are looking at an 8.75% increase and 1.4% is for workers compensation.

Mr. Peabody would like to know the actual number for claims for the Town compared to us over the past 5 years.

Mr. Wardrop stated this is something he would be able to get from the Travelers and will forward the loss information report to Mr. Drezek.

Chairman Sirard thanked Mr. Wardrop for attending tonight's special meeting. Mr. Wardrop stated he is available if you have any additional questions.

Mr. Neville asked if the insurance numbers are hard numbers or estimates. Mr. Drezek stated they are estimates.

Mr. Neville would like to know when you will receive hard numbers, not just an educated guess. Mr. Drezek stated we will find out these numbers after we submit our budget to the Town.

Chairman Sirard stated we all know that our budget system is backwards.

Mr. Neville stated when we started this discussion we were told there would be some savings in the medical area. He is not seeing this.

Chairman Sirard recalls with the new health insurance, we stemmed the rate of growth. Mr. Neville added this was a big selling point for us to go with this plan. He would like someone to explain this to us.

Chairman Sirard added that we were shown some projected cost savings.

Mr. Peabody would like to see the actual rate increases.

Dr. Schumann stated you have your adopted budget. We were told to budget 15% and we budgeted 10% for insurance costs.

Mr. Neville added that this does not stem the rate of claims.

Mr. Peabody asked who negotiated this. Chairman Sirard added that this could also include the Obama effect. Mr. Neville stated that was included in this.

Mr. Neville would like to know the details for these numbers. This is what we are going to need to defend this increase to the public.

Mr. Drezek stated that both he and Mr. Coccia met with them and they recommended the 15% increase. They based this increase on past claims. He believes this number will come in lower, but you usually start at a higher point. When the changes were negotiated, this is what we were being told by USI.

Mr. Peabody stated that corporate increases for the affordable care act are not that large. That is why he would like more details.

Mr. Neville added that he has heard the same. We need to see the claims.

Mr. Peabody asked if we are offering any health incentive programs or wellness programs to staff. Mr. Coccia stated we just kicked off our Resolution Revolution Program for staff. CIGNA also offers wellness programs that we are looking into.

Mr. Drezek added that we do not offer any individual program incentive plans. The healthier our employees are the fewer claims will be made.

Mr. Neville asked why our unemployment costs have doubled. Mr. Drezek stated this increase was to put us back in line. We were previously under budgeted in this area. He will double check on this with Mrs. West.

Chairman Sirard asked about the additional Head Start bus. Mr. Drezek stated we needed to add an additional bus.

Mr. Neville asked about diesel costs. Chairman Sirard stated that gasoline prices have come down but diesel costs haven't.

ITPC Discussion:

Dr. Schumann stated we are fully funding our technology costs. The Town has always given us money in this account. We are not sure what the Town will give us for FY15-16.

Chairman Sirard would like to know if our actual costs are what we budgeted for or is the

Town picking up the additional costs. Dr. Schumann stated the cost for Technology is around \$4 million dollars. This year we are paying \$585K out of our current budget. Next year our share will be around \$2 million dollars.

Mr. Neville stated that both he and Mr. Peabody are on the ITPC Committee. There are other options that we need to consider and explore in order to save money by looking at small clusters that will not greatly impact services provided to our students. We are currently paying for several dedicated fax lines at each school at \$34.98 per line each month. There are other options for us to use. We could use our courier to pick up faxes and have them done at a central location. Most of these are not being done as an emergency and could wait to be done at later time. We are also paying for dedicated lines for security or the panic buttons at each school. The issue is getting to 911.

Mr. Grady stated cell phones calls will go directly to the State police not the Enfield police.

Mr. Peabody added that we are paying \$41K for these dedicated lines.

Chairman Sirard stated the Board and the Town are part of a joint ITPC Committee. When is the next meeting? Mr. Peabody stated February 4th.

Chairman Sirard would like you to come up with suggestions for costs savings to present to the committee to look at.

Mr. Neville stated we should be looking at everything. There are costs that we are incurring where we could save a portion of money on.

Chairman Sirard added if we can save money by shaving costs, it will help us. If something you see doesn't make sense, bring it back to the Board and we will address it with the Town Council.

Mr. Neville stated we need to look at savings that do not affect the students. We will bring back ITPC information to the Board.

Mr. Peabody added that his eyes have been opened wide from being on this committee. He has always asked about leasing equipment instead of purchasing it. At some point in time, the Town might not have any money to give us. We lease everything in the corporate world because it is less expensive. He believes the Town is not willing to commit to the school.

Mr. Neville will update the Board after the next ITPC meeting.

Mr. Peabody stated he is going to ask them to use more scientific accounting to see how we are being credited for costs. We are fighting for the Board.

Chairman Sirard stated that we have discussed health insurance, workers compensation and ITPC. We discussed salaries and we are only recommending adding one additional position next year.

Mr. Neville stated we are not adding any new programs.

Mr. Neville stated the math department is planning to purchase calculators. We can purchase some for the students that cannot afford them but he does not want to purchase them for all students. Most parents will buy them for their kids. We need to change our mindset on things like this.

Chairman Sirard stated if we mandate a piece of equipment, we may be required by law to

purchase these items.

Mr. Neville added we have done it like this in the past for years.

Mr. Peabody stated this is where the PTO's can come in. They purchased iPads at Barnard for the students to use. We need to look at different resources.

Mr. Neville stated we need to look at ways to make reductions.

Mr. Peabody asked about transition costs or .9% transition costs listed in Dr. Schumann's presentation. Dr. Schumann stated the cost for the culinary arts position will cost \$56,900.

Mr. Neville asked about replacing the band uniforms. Dr. Schumann stated he cut this out of the budget. The Board can put them back into the budget if they would like.

Mr. Neville asked if we will still have time to get them for the opening of the high school in the fall of 2016. Dr. Schumann stated no.

Mr. Peabody believes any one time costs the Town should pay for it. Mr. Neville added this is something we are working one. Dr. Schumann will put something together about this to discuss with them.

Chairman Sirard stated we can temporarily use Fermi's uniforms and change out the sashes.

Mr. Neville asked if there are any other areas in the budget where we can save money.

Dr. Schumann stated we can discuss magnet school tuitions. We do not have the pension disability figures yet. This would be small amounts. We can also look at special education costs.

Mr. Neville would like to have the discussion about these items so we can all be educated together at the same time.

Chairman Sirard would like to discuss special education costs and magnet costs at the February 3rd Special Board meeting. We will also have a better feel for our sped costs and magnet tuitions. Please give me any other suggestions and copy all Board members on any e-mails.

Mr. Peabody stated we will also need to look at possible reduction areas. Chairman Sirard stated mark down on your budget book the areas you would like to discuss and review. This is how we have discussed items in the past.

Mr. Neville added we will need to know the impact of any potential cuts and we need to let the public know what the impacts will be.

Mr. Peabody would like to publicize these items after each meeting so the public will know what might happen.

Mr. Neville stated we will need to prioritize any potential cuts. We need to look at our vision and mission with these potential cuts.

Chairman Sirard asked Board members to mark up their budget books with areas of concerns. If you have any questions, please contact Dr. Schumann and myself.

7. EXECUTIVE SESSION

Mr. Grady moved, seconded by Mr. Neville that the Enfield Board of Education enters into Executive Session for Matter(s) Related to Collective Bargaining and Matter(s) Related to Personnel.

A vote by **show-of-hands 6-0-0** passed unanimously.

The Board relocated to the Enfield Room for the Executive session portion of the meeting at 8:24 PM.

No Board action occurred while in Executive Session.

8. ADJOURNMENT

Mr. Grady moved, seconded by Mrs. Thurston to adjourn the Special Meeting of January 20, 2015.

All ayes, motion passed unanimously.

Meeting stood adjourned at 8:55 PM.

Vincent M. Grady
Secretary
Board of Education

Respectfully Submitted,

Kathy Zalucki, Recording Secretary