

Minutes
Watertown Board of Education
Budget & Finance Subcommittee Meeting
Monday, June 22, 2015 – 6:30 p.m.
Watertown High School
Lecture Hall

Members Present: Tom Lambert, Chairman of Policy & Labor Committee
Cathie Rinaldi, Committee Member
Josephine Cavallo - Rosa, Committee Member
Janelle Wilk, Committee Member

Members Absent: None

Others Present: Leslie Crotty, Chairman, Board of Education
Dr. Bridget Carnemolla, Superintendent of Schools
Jill Browne, Business Manager

1. Convene Meeting

Mr. Lambert, Chairman of the Policy and Labor Committee, convened the meeting at 6:31 p.m. and then immediately turned the meeting over to Dr. Carnemolla and Ms. Browne.

2. Workers Compensation Update

Dr. Carnemolla began the meeting by discussing what needs to happen by the fiscal year end of June 30 and to make sure the committee and board knows what needs to happen for this year end. We will also go over the final transfers that need to happen to compensate and end at a zero balance. Worker's Compensation, as you know, has been an issue we had to deal with on several levels this year in regards to some older claims to have been made that we have to begin paying in the course of this year and I want to make sure were on the same page and understand it. It impacts our budget for this year and will continue to impact the budget for next year.

Ms. Browne noted we have had excessive expenditures and Worker's Compensation this year. It will continue to impact us in the 15 – 16 year and also the 16 - 17 fiscal year. The state Worker's Compensation committee ruled earlier this year that several bills we had incurred from Waterbury Hospital should not have been reduced for payment and we could possibly be liable for 100% of the bills. They go back several years, the oldest of which is 2004. Some are more

recent. PMA, our risk management provider, and its attorney, settled the claims from Waterbury Hospital for 55%. This is both for the town and the Board of Ed. So in total, we had \$266,427 in bills, 55% of which is \$146,535, and of that, the board of Ed owns \$93,066. The agreement is that we will pay in 8 installments, four during this fiscal year, four in the next fiscal year. In addition, we have one major claim, where surgery is happening this month and I expect the exposure there will be significant. We may have to settle this one as well. There is one word bill in addition, which is a separate and independent bill, which is about 40,000 and the agreement there is a half in the 15 – 16 fiscal year and half in the 16 – 17 fiscal year. Mr. Lambert asked what normally happens here and was told that because these claims the back so many years, the Board of Education and the town assumed these cases were closed. They then came back to us and we are pursuing that investigation. Mr. Lambert then asked if we should be pursuing liability insurance where we hit over millions of dollars and Dr. Carnemolla said that is why we have the equivalent of the rainy day fund on a town side. Our risk is calculated and the town's risk is calculated and we are always paying above and beyond what our risk regulation is so in the case of the worst-case scenario, we have a pot of money to pay from. Likewise, there is a stop loss put into effect if we have a remainder issue. Even with that, we would still have tremendous exposure loss, on both our side and the town's. That is why we over fund the workers comp and health insurance lines. It is noted, that you can never predict what may happen when forecasting budgets. She then noted how highly unusual it is first have to go back and pay bills from so long ago, but it is due to a ruling in the state level that is allow the hospital's come back after people making claims. What normally happens, is that its decided what is reasonable and customary and that is what they're paid. This is what had happened with those bills and they were paid, but because of the state ruling, they were allowed to reopen all of those bills. We are not even sure when it may end. We are not sure we have seen the last of the claims. Ms. Crotty noted that the original bill allows them to go back as far as 2002. Ms. Wilk asked if the money that is owed is the difference of what the insurance companies paid in the answer is yes, that the hospitals are coming back to us for the full amount owed, and we are settling for 55% of that amount. Ms. Rosa asked if there is a deadline involved and was told that the commission is allowing them to go back as far as 2002 with no deadline. Ms. Crotty noted that the hospitals can open any file or they want to talk to that date and determine whether or not they want to go after more money than what was the original settlement. Dr. Carnemolla noted that at one time they thought about fighting this but it looks like things may get worse before they get better so that is why we offer to compromise to settle at this amount. Not to mention the legal costs involved. So we followed Attorney Jessel's advice, and settled for the amounts noted. We've been dealing with this on and off since about November and that is part of the reason, so early on, that we froze the budget; because these bills just kept coming in and made no idea where we would end up. It was noted that many other districts are having the same issues as we are. One of the reasons that the hospital is settling with our claims is that back when the negotiation on what was to be paid happened, it is unknown if the person who made the negotiations was authorized to do so, and that has been our bargaining chip going forward for the 55%. Dr. Carnemolla also noted that this year there has been no major claims this year, we have almost had less than normal, so this is not about procedures that were not in

place or our responses, these expenditures are solely because of the change in the ruling and claims that were in the past. And this fiscal year, we've not had a lot of Worker's Compensation's claims.

3. Budget Transfers & Year End

Ms. Browne discussed the budget transfers and is requesting \$100,214 be transferred out of the benefits object line and into the instructional supplies and technology lines. The funds will be coming from three different areas: Medicare and Social Security where the individuals did not remain on our payroll but remained on the books and also from unemployment where we have had little exposure in this area. Where we have our eye on to use those funds is Google Chrome books and a cart to do with them, to be placed in each of the schools. Dr. Carnemolla noted these are small notebooks, portable laptops that are very price friendly and kid friendly because of their size. We are trying to push individual technology into the classrooms versus going to "the lab". Another reason they are inexpensive is because they don't require any programs, it is all done via the web. All the lesson plans and educational programs are all web-based as well. They will save their docs and communicate with teachers all through online programs. They are very budget friendly as opposed to desktops and can be used for online Smarter Balanced testing. They have lightning speed and in terms of security, are very easy to just lock up. Overall, regarding purchasing as the school year comes to an end, we reached out to principals and teachers to address some of their needs that we could not meet during the year. There were three main areas that we received feedback from and they were textbooks, projectors, and technology. We were able to secure some world language textbooks along with social studies and elementary mathematics textbooks. In our office, we took advantage of the publishers know it is the year-end and were able to secure large discounts. Second, looking at replacing some of the projectors, where they have been failing when heavily used. Certainly not all, but 27 of them need to be replaced. These are the projectors that are connected to the Smart Boards and are an integral part of the lessons in the classroom. Also, it is noted that the bulbs for these projectors can run on average at \$200 per piece. It was noted that they looked into LED light bulbs, but the idea was dismissed as there was no savings involved and because of the different colored tints to the projectors. We are looking at it as if a ball needs to be replaced, what is the age of the projector, and should that be replaced as well? It's part of our conversation of where we want to spend our money and can we afford it. Mr. Lambert noted that we do not have an inventory of these bulbs and that they are very expensive. We are also keeping in mind all of the new types of technology that are out there with newer buildings going up. There is also noted that all schools have been moving around projectors and taking out and replacing bulbs where they can at this point, there's nothing extra left in the district. They have even all been moved out of the Munson House and into the district where ever they have been needed. We do have a spreadsheet in every school of what projector belongs to what teacher, is alive or dead, has the ball been replaced or not, and what is its age. Lastly, unless is technology, and we have been able to replace some of the oldest computers in the district, some with administration and some of the key support positions.

In discussing the projected return of funds to the town, where we have any money left in our lines of medical insurance and workers compensation, we are at a zero balance on both of these lines. I do not expect we will return any funds to the town in these areas. There is a possibility, when it is fully closed out in August, there may be some money left to return, however I do not expect that to happen. Ms. Browne noted that Mr. Nardelli has been extremely helpful to her on the town side and has answered all her questions anytime she has called, he is very supportive. We are required to return, by state ordinance, any money is left in our medical insurance and workers compensation budgets to the town. At this point, we have a zero, not a negative, but a zero balance and that is why we don't expect return any money. As we close out the year, there may be some money from the general fund to return back, but at this point we can't say that. This is very normal in the course of the budgeting process. Because of the budget freezing process earlier in the year, we are playing catch-up with some of the things we need to do. A lot of the invoicing of what we are needing to do will not finish out until August because of the 30 day invoicing and that is when we will know exactly what we have to return to the town.

4. Adjournment

Mr. Lambert adjourned the meeting at 7:02 p.m.

He then called for a motion to adjourn.

Subject: Motion to Adjourn
Motion Presented by: Ms. Rinaldi
Motion Seconded by: Ms. Wilk

Motion Passed

**Respectfully submitted by,
Mindi Davidson
Recording Secretary**