

(The following is not a verbatim transcript of comments or discussion that occurred during the meeting, but rather a summarization intended for general informational purposes. All motions and votes are the official records).

SPECIAL FINANCE COMMITTEE – APRIL 10, 2024
(BUDGET HEARINGS)

A special meeting of the Finance Committee was held on Wednesday, April 10, 2024 in the Council Chambers, City Hall, 869 Park Ave., Cranston, Rhode Island.

I. CALL TO ORDER

The meeting was called to order at 5:30 P.M. by the Chair.

II. ROLL CALL

Present Councilman Robert J. Ferri
 Councilwoman Aniece Germain
 Councilman Richard D. Campopiano
 Councilman Christopher G. Paplauskas
 Councilman Daniel Wall
 Council Vice-President Lammis J. Vargas, Vice-Chair (appeared at 6:30 p.m.)
 Councilman John P. Donegan, Chair
 Council President Jessica M. Marino

Also Present: Councilwoman Nicole Renzulli
 Tom Zidelis, Finance Director
 David Igliazzi, Assistant City Solicitor
 Stephen Angell, City Council Legal Counsel
 Rosalba Zanni, Assistant City Clerk/Clerk of Committees

PLANNING AND CAPITAL BUDGET

No one appeared to speak from the public.

Jason Pezzullo, City Planner, appeared to speak.

Expenses

Chair questioned salary schedule and stated that it is going up \$19,000 and part-time help is going down \$8,000. Director Pezzullo stated that currently there are four full-time employees in addition to himself. Reduction on part-time will mean that they won't be able to have Peter LaPolla for very long. That will last approximately half of the year. Both Senior Planner positions have been filled and the Planner Tech position is still vacant. It has been challenging to fill that position due to the salary and job requirements.

Councilwoman Renzulli asked how the Comprehensive Plan is going and if Director Pezzullo believes that the staffing struggles is affecting that. Director Pezzullo stated that staffing levels have definitely impacted the ability to work on that. They are still on target, but there is no question that when they have just two people in the office for several months, it did affect their ability to work on that Plan and keep all their other duties rolling. Councilwoman Renzulli asked Director Pezzullo if he feels he has all the money he needs for the Comprehensive Plan. Director Pezzullo stated, yes.

Director Pezzullo stated that he does not know if this was an oversight, but on the Educational Program, they have \$2,250 for that and it is based on three full-time employees in the department. They expect to have four under the collective bargaining, so they need to have another funded for. This would need to be \$3,000, so that they can meet that obligation under the contract. He also pointed out that the Overtime budget has been lowered because they did not use Overtime as much last year. They could not use Overtime as much because they had such turnover that the new employees, under the probationary period, can't take Overtime. He thinks that the Overtime budget is very critical in the department because when you are talking about retention, these folks are taking lower salaries to come to Cranston. That is including all the folks that have recently left. Councilman Ferri asked Director Pezzullo what he would like to see that number be for Overtime. Director Pezzullo stated that it has been \$15,000 over the past few years. He will leave it in the Council judgement, but \$5,000 does not go far at all.

Chair stated that the 24 budget is \$13,000 for Overtime, the average for the five closed Fiscal Years is \$9,600 for the year and it is running under what was budgeted for in 2024. The annualization through February is \$4,700 out of the \$13,000 that was allocated, but \$9,600 is what the average was for the last five years and this year was reduced to \$5,000. Director Pezzullo pointed out that that was with three employees who could utilize Overtime. There would now be four that would utilize Overtime under the budget. The \$9,600 might be enough, but probably not.

Director Zidelis stated that there was a constant theme running through departments when compiling the budget and that one of the first thing that was reduced budgetarily across all departments is Overtime. This is something that will be scrutinized across the board in FY25. It is not a right at times, it is a necessity.

Council President Marino stated that she has a few concerns she would like to address. The Overtime is dramatically reduced. She appreciates the concern across the board to reduce Overtime and being fiscally responsible, but we also need to balance the reality and expenses to come in the upcoming year. Frequently with Planning Commission there will be staff attending those meetings to do presentations to the Commission with respect to recommendations from the department. He questioned She questioned if the reduction of Overtime allocation to the department going to stifle those appearances by the staff with those presentations? Director Pezzullo stated that it is going to stifle staff retention. Staff will still show up at meetings because they have a job to do, but the bigger picture, it is bleak.

Councilwoman Renzulli asked, on average, how many people attend the Planning Commission meetings from the department to do presentations? Director Pezzullo stated the whole staff is required to go to the Planning Commission meetings. They all have pieces that they have to do. They are all expected to be there. Councilwoman Renzulli asked if it would be possible to arrange so that only two people have to go every time so we do not have to pay four people every time. Director Pezzullo stated that it is not practical. Those people who work on the reports and oversee various applications, work on those for weeks and when the time comes to make the presentation, they need to make the presentation and not hand it off to someone who has not been involved with the project. That is how it has always been done. Councilwoman Renzulli asked if some people take Comp Time instead of Overtime and how it is determined who gets Comp Time or Overtime. Director Pezzullo stated that it is a choice of the employee of whether they want Comp Time or Overtime.

Revenue

Chair indicated to line item #42155 and stated that 2024 budget was \$150,000, actuals through February was \$29,000, annualized to \$44,000. He asked why that is running so under what the projections were. Director Pezzullo stated that, like everything else, they are depending on the market and applications coming in. He asked for a small correction under the salary schedule changing the title of Principal Planner to Assistant Director and there is no step or monetary change. He stated that it does not matter to us, but it matters to the people who take these jobs and want to keep these jobs. Chair asked if that would have to go through the CBA and would that be made part of the Admin Unit? Director Pezzullo stated, no, it is a simple title change. That title does not mean much to people when he is trying to solicit for that position. Council President Marino stated that this topic has come up with various departments and her understanding is it is not a function of the Council to change the title of a position. The Council's role is with funding. The Council does not have authority to do that. Director Pezzullo stated that HR said it is not their decision, it is the Council's decision in the budget.

Attorney Angell stated that job description and job title cannot be changed by the Council. The Council cannot change the name in the line item and he cautioned the Council on that. It has to be worked out with Personnel. Director Zidelis concurred with Attorney Angell and stated that he will speak to Personnel and get a definitive answer and forward it to the Council.

CAPITAL BUDGET

Chair asked if there is anyone from the public who would like to speak regarding the Capital Budget.

Maria Manzi, President of St. Mary's Feast Society and Ladies Auxiliary, appeared to speak and stated that she is present to represent the Feast Society and Ladies Auxiliary in favor of the continuation of the streetscape project of Itri Park Square to continue down to St. Mary's Church. Having that streetscape stop at Randall St. would look unfinished. The sidewalks on this street are in terrible condition and dangerous to people who walk down that street.

Councilman Paplauskas stated that Monday night's meeting he was going to ask the Fire Chief a question of what the Cascade system was and he did speak to the Chief after and that is the air supply system for the Fire trucks and he believes it needs to be updated or they need a new one. They are borrowing trucks from other communities and there is a cost to that. He asked Director Zidelis if there is a cost using other communities for air supply truck. Director Zidelis stated that the Chief is sending our vehicles with the tanks to another community to fill it up. We need multiple tanks and breathing apparatus. He does not know of any community that does not have an operable system to fill up their tanks. That is one critical expense.

Councilman Paplauskas thanked the President of St. Mary's Feast Society and Ladies Auxiliary and agrees on finishing the job and finishing the area of Knightsville.

Councilman Ferri stated that there is \$955,000 in fire and safety expenditures. He asked if that is correct. Director Zidelis stated that that is combination of equipment like Cascade and purchase of bucket truck and improvements to the facility. Councilman Ferri asked if we would be borrowing that money for 20-25 years. Director Zidelis stated that depending on what the system is, we can issue debt. It does not have to be 25 years. Councilman Ferri asked if these items would be eligible for ARPA money we have remaining. Director Zidelis stated that generally he would say it would be a possibility. Councilman Ferri stated that his recommendation is when we do budget amendments, we use ARPA money to obtain those items and not borrow the money.

Chair asked that for amendment night, Legal or Mr. DiMaio give a definitive that this is qualifying expenditure for those funds.

Council President Marino stated that using ARPA funds is a great point as long as they are designated for those purposes. We have until December of 2024 to allocate the ARPA funds or we lose them. That does not mean that that money would have to be fully expended by December of 2024. She asked that Mr. DiMaio look at some of the Police expenses as well to see if ARPA money can be used for that purpose so that we are not borrowing that expense in the future.

Chair stated that under “Recreation”, last year there is a line item “Infield Upgrade Calise, Fay Baseball Fields, Infield Upgrade to Ricci and Spec Baseball Fields”. Both state Impact Fees next to them. His recollection is the City Council amended to pay for those using ARPA money not Impact Fees. Director Zidelis stated that it was split out between ARPA and Impact Fees. He will send the Council the motion that occurred. There was sufficient proceeds in Impact Fees to pay for those two fields. Chair asked how much is presently in the ARPA funds. Director Zidelis stated, excluding accrued interest, \$5.6 million uncommitted, that includes the parks.

SCHOOL DEPARTMENT, SCHOOL HEALTH INSURANCE

Superintendent Jeanine Nota-Masse appeared to speak and gave a presentation. She stated that this lack of budget support from the City will significantly impact the quality of services they currently offer. She is proud to state that Cranston Public Schools serves as an example to the rest of the State. By level-funding this budget, they will have to make drastic cuts which will affect students and staff. The School Department budget is manifested by myriad by State regulations, guidelines and rules. They max out their available Grants, both federal and state, to improve programs for Career and Tech education, multiple language learners and special education students. They have used ESSER money within the guidelines provided to them to offset costs for curriculum, salaries and programs. That money must be spent by 9/30/24. They have cut the nice to have as much as possible over the past few years. Those cuts were born by staff, not students, as much as they could. Items such as Overtime, Professional Development and Conferences are nearly non-existent in their budget. For years they have done more with less. With this level-funding, she assures everyone that they will be doing less with less. By State standards, it is a lean budget. By comparison, the State average per pupil spending is \$22,601, they are under that at \$19,483. Our neighbors in Warwick and Johnston have higher per pupil spending than we do. Last year, Warwick’s school budget was \$7.3 million more than ours for about 2800 fewer students. As to the Mayor’s \$1 million proposal from ARPA for one-time expenses, everyone needs to understand how dangerous this money could be for them. This body needs to approve the use of any ARPA funds for this purpose, if they are not identified in the Capital Budget. If approved, this money will exist outside of their Operating Budget, which means it cannot be used for any of the expenses that recur. If they do use it for recurring expenses, such as salaries, utilities, supplies, tuitions, etc., next year they will have a structural deficit. It is her responsibility to advocate for the students and staff of this District. Level-funding their Operating Budget this year will cause serious challenges for all stakeholders. The financial stability and solid foundation we all relish will not exist. She asked that everyone listen to the speakers this evening and consider providing funding for our schools so that they can continue to provide a great education to all our students.

Michael Traficante, Chair of Cranston School Committee, appeared to speak and provided copies of his remarks and outlined the request for the \$1.9 million and why they need those funds. He expressed gratitude of the Cranston School Committee to both Mayor and City Council for their unwavering support for the \$40 million Bond, which will address the infrastructure needs of several of our secondary and elementary schools. They are the second largest school system in the State of Rhode Island, the second largest special education department in the State of Rhode Island, the largest department in the City of Cranston containing some 1600 employees, maintaining some 30 structures and serving some 11,500 school children and the proposed budget does not give any consideration to an increase in the School Department's Maintenance of Effort. This proposal is disappointing, but more importantly, if approved, it will most definitely have a negative impact on school services over the next two budget cycles. The Cranston School Committee requested a 1.9% increase, which is certainly a modest increase, not unrealistic and certainly not inappropriate. He appreciates the difficulty of formulating a Gross Municipal Budget that attempts to satisfy department heads, contractual obligations, State mandates, elected officials and most importantly, the taxpayers of our City, however, you must keep in mind that the quality, the performance and the outstanding reputation of the Cranston School Department in our State makes it not only a treasured asset but also a prime growth factor for our City. This proposed budget does not reaffirm a commitment to the future of the City, our youth. Hopefully, with the City Council's careful consideration, it may. Public educational school systems in the State of Rhode Island are solely dependent upon two sources of revenue, namely State Aid and local aid. As to the State Aid, the Governor's budget proposes a change in the Core Instructional Amount referred to as CIA. Under the current law, the CIA would have increased to \$12,617 per pupil expenditure, which is a 6.2% increase. This year, the Governor's proposed budget change the CIA funding to the Consumer Price Index and capped the per pupil expenditure to a 3.7% increase or \$12,335 per pupil expenditure. The result is a \$26 million reduction in the Pupil Expenditure Formula for the entire State. Cranston's loss totals \$1,689,183 in State Aid, which if received, would have certainly solved all of the financial problems. The Mayor correctly stated that the Cranston School Department received \$3,367,128 increase in State Aid package, is an increase of \$154,123 appropriation earmarked for non-public transportation, bringing the total allotment to \$788,882. Also, an increase of \$691,712 is earmarked for multi-language learners, which cannot be used for personnel costs, only teacher professional development, bringing the total allotment to \$1,358,247. An increase of \$59,442 is dedicated to high special education costs, bringing the total allotment to \$796,634. The State initially short-changed Cranston by some \$1.6 million by changing the per pupil expenditure formula and basically tied their hands by placing restrictions on special education, non-public transportation and multi-language learners appropriations, thereby reducing the \$3,367,128 State Aid to \$2,521,293. The Mayor's proposed Municipal Budget, set aside \$775,000 for municipal contractual employee obligations and step increases and budgeted for a 10% increase in healthcare costs. The Cranston School Department has similar obligations for step increases and healthcare costs as well. The step increase expenditures for the teachers, custodians, tradesmen, bus drivers, bus mechanics, bus aides and secretaries equate to a \$1.6 million expenditure increase. The School Department also budgeted a 10% increase in healthcare costs, which equates to a \$700,000 expenditure increase. As to fixed costs, the State obligates the Cranston School Department to the following expenditures: Outside Special Education Tuitions, an increase of \$318,000 with a total budget of \$8,045,000; CTE Pathway Programs and Charter School Tuitions an increase of \$400,000 with a total budget for CTE programs \$609,000 and Charter Schools \$4,440,000; Special Education Purchased Services, an increase of \$315,000 with a total budget of \$500,000; Utilities for 30 buildings, an increase of \$250,000 for a total budget of \$3 million. The teacher contract is a three-year contract consisting of the following: in year 2022/2023 the teachers received a step 12.3% increase along with a .5% increase for steps 1 thru 11; in the year 2023/2024 the teachers are presently receiving a 1% increase and in 2024/2025 teachers will receive a 1.5% increase; the average percentage

over three years is approximately 2% per year. The CPI in 2022/2023 was 8% and in 2023/2024 it was 4.1%. During the same period from 2000 to 2024, the inflation rate was 3.2%. The Cranston School Department negotiated in good faith a fair, equitable, reasonable and affordable contract well below the CPI and the inflation rates. In this proposed 2024/2025 budget, the cost of the teacher and teacher aide salary is \$1.4 million, which equates to .08% of this entire budget. The additional School Department expenditures for the FY24/25 school year consist of the following expenditures: step increases \$1.6 million; healthcare costs \$700,000; special education outside tuitions \$318,000; CTE pathway and charter school tuition \$300,000; purchase services special education \$315,000; utilities \$250,000; teacher and teach aide salary increases \$1,400,000 for a total of \$4,883,000; minus State Aid \$2,521,293 leaves a balance of \$2,361,807 minutes the revenue credits. Credits – Medi-Caid \$250,000; CTE \$250,000; other revenue \$150,000 for a total of \$650,000, which leaves a balance of \$1,711,807. The School Department requested for FY24/25 an increase of approximately \$1.9 million. The School Department utilized \$2.5 million surplus dollars to balance the current FY23/24 school budget. In order to fill that \$2.5 million budget gap, staff reductions and teacher retirements are a necessity. The \$1 million the Mayor put aside from the ARPA funds, which requires Council approval, does not give the School Department operational budgetary relief because it applies to a one-time event such as capital budget improvements. The Superintendent and her staff are researching ways to utilize that appropriation so that it will not create a structural deficit going forward. He asked that the Council keep all this information in mind when deliberating the School budget.

Elizabeth Larkin, President of Teachers Alliance, appeared to speak and stated that just because Cranston Public Schools is largest portion of the City budget, they should not be thrust aside as a burden. They should be recognized as the entity, the institution that many people move to Cranston for because without them, there would be empty lifeless buildings. There are three prongs of issues that repeat themselves in Cranston: (1) Lack of support for fully funding schools and the City of Cranston heavily always relying on funding from the State. The truth is you cannot level fund or minimally fund and say that you support the schools. (2) A Governor that supports corporate run Charter Schools that run as a parallel school system receive far more funding than traditional public schools. They do not have the same constraints imposed upon them, they do not have to accept or keep all students, they can discipline without repercussion and they do not have any greater results with standardized testing that we do. (3) Then there are the reformers who think that they know what is good for education having absolutely no idea what it takes to be an educator especially today and especially through our COVID years. In 2010-2011, former Mayor Fung level-funded our schools and they ran a deficit of \$5 million. The School Department, under the Caruolo Act, sued the City and they lost that suit but not on the truthful need for the funding but for the process that happened. Not only did the former Mayor insist that the District pay back the loan for four years to the amount of \$4,408,492 out of their Fund I for three years crippling our School budget forcing draconian cuts to personnel and programming while he was quietly encouraging Achievement First to open five corporate Charters in our District. In the end after a fierce campaign, they fought off as community in the takeover of our schools from a corporate entity. All of these actions caused a crippling effect on Cranston Public Schools every single year since. Being under-funded, level- funded or barely funded for years has been settled on the backs of our employees, programming and our students. Interesting enough, their deficit every year almost matches the funding that they have to give to Achievement First as a sending amount. Those funds cannot be touched. This projected year, there will be 268 of our students that are projected to go to the Achievement First Academy. That takes \$2.3 million out of our Fund I. Because if those 268 students want to go to Achievement First, Cranston Public Schools must pay for them. That was a big chunk of change that was a present given to them by the former Mayor. Also, the City expected, at the time, to exactly do more with less. She sees that all happening once again. A City that level funds its schools and relies on State Aid. A Mayor that publicly announced that they would have to do more with less, she feels is unacceptable.

Frank Ritz, Cranston School Committee Member, appeared to speak and asked that the Mayor and City Council fully fund the Schools. Without these funds he does not see a way where programs can be maintained to make Cranston great and meet the need of the 21st Century students.

Anthony Melillo, Cranston School Committee Member, appeared to speak and urged the City Council fully fund the school budget. By investing in our educational system and its constituents, we sow the seeds for a brighter future for all members of our community. Let us continue to nurture and financially support our educational institutions. Our 11,800 students may represent 12% of Cranston's population, but they are 100% of our future.

Domenic Fusco, Cranston School Committee Member, appeared to speak and stated that for approximately the last 10-12 years, RIDE has kept a chart of accounts called Unified Uniform Chart of Accounts, which is a database of revenue and expenditures of all the School Districts in the State of Rhode Island. Looking through that data, Cranston is spending less per student than Newport, Johnston, Warwick, Middletown and West Warwick, just to name a few. Of the 35 School Districts in Rhode Island, Cranston ranks 28th in terms of spending per student. Cranston is also spending less per student on certified staff. Cranston is spending more on special education and it is wrong being the second largest School District in the State. Another fact that was also interesting to see was the breakdown of percentage of revenue received. In FY2017-2018, local taxes for revenue were 56.3% of the School District funding over the next five years, while the amount has dropped to 47.%. The School Department is doing more with less. Most of the School Department budget is personnel, salary, step increases, medical benefits. As everyone is aware, contractual obligations must be met. He does not want to see programs cut. Let's stop using students as political pawns. You need to do the right thing for our Cranston students because they are our future.

Keith Catone, Cranston School Committee Member, appeared to speak and stated that we simply cannot continue to short-change Schools and expect good outcomes. Level funding in this current economic climate is akin to budget cuts. He welcomes the proposed \$1 million of ARPA funds, but that is not a budget relief for what is before in the form of our Operating Budget. Our Cranston Public Schools have been doing more with less. He strongly urged the Council to do what it can to increase the funding to the School proposed budget.

Earl Croft, Cranston School Committee Member, appeared to speak and stated that he sat through many meetings, local and State levels. These are difficult meetings. He has worked with a few Mayoral Administrations in this building, has worked with Superintendents going back many years and he was a member of the City Council at one point. He mentioned all this because one thing he does have is a unique perspective at the relationship between the two bodies, this building and the School building. He has grandchildren in the Cranston Public Schools and was a teacher at one time. The matter at hand this evening is about the current budget, but he does not want it to be seen through the prism of the Mayor vs. School Committee and Council. He wants it to be seen through the prism of what can we do for the best of the kids. He asked that the Council do the best it can to appropriate for our kids.

Kathryn Crowley, 290 Meshanticut Valley Parkway, appeared to speak and stated that her daughter-in-law teaches in the Cranston Public School system and grandchildren attend Cranston Public Schools. As a former Superintendent in East Providence, she knows what the City Council is going through and what the School Committee is going through on their side. She was appalled as a Cranston resident and an educator for over 44 years that when this Administration was asking for a 1.42%

increase in their budget, in this day and age, that our Mayor wanted to level fund the District, the second largest in the State of Rhode Island. It just does not make any sense. Thinking about the reoccurring expenses and you are level funding a school district. She would rather have a sequential tax increase than look at a big tax increase. That is where we will be a few years from now. She feels very strongly that the best investment for her taxes is in education of children. The ARPA money the Mayor wants to give the School Department is not real money. You cannot use that for the reoccurring expenses. That \$1million can be used for a one-time expense only. That does not help this budget. If you go along with the Mayor's recommendation, you will really be tearing this District apart. 1.42% is not unreasonable.

Marcia Fowler, 35 Milton Ave., appeared to speak and asked that the Council approve the School Committee Budget and fully fund the Schools. The School Committee Budget needs to be part of the City Budget and any gaps should not be filled with a one-time bonus, money that won't be here next year.

Chair stated that as a historical reference point, in 2011, the City's total Maintenance of Effort was \$89 million. As proposed before us, 14 years later, the City's Maintenance of Effort proposal is \$99 million. That is a \$10 million increase over 14 years, for the second largest District in the State. In 2011, the City's share of the overall School Budget was 71%. The City's overall share in the proposed FY25 is 55%. So, the City's share spending, as compared to the State, is dramatically decreasing. The City is not doing enough to support the Schools. When the Mayor says it is an austerity Budget, what he means is it is balancing the Budget on the backs of hard working people and it is the School Department that is paying for it and that is not right.

Councilman Wall asked approximately how much it is costing the School Department for Charter School enrollment. He also asked what contracts are going to be negotiated this year. Joseph Balducci, Cranston School Department Chief Financial Officer, stated approximately \$4 million. Custodians, Bus Drivers, Trades and Administrative Assistants contracts are all expiring June 30th. Councilman Wall stated that level funding this Budget will put a hamper and will make those negotiations very difficult.

Council Vice-President Vargas asked if there are any ESSER fund positions remaining that are being allocated coming over in this Budget. Mr. Balducci stated that they do have a handful of positions currently being funded in the current Budget we are in.

Councilman Ferri stated that looking at the Budget, 2021 actual Budget was \$166 million and Budget for 2025 is \$181 million, that is a 9% increase. He thinks the School Department is doing an outstanding job keeping the Budget in line with the same amount of help and same amount of students and getting the job done. This Council has been right-on to give the School Department what they need and will continue to do that. He hopes that the Administration and Mayor is listening to what everyone has stated this evening. If the Council gives the School Department \$1.9 million right now and we change the Budget, it is going to increase taxes approximately 1%. The Mayor wants to have a no tax increase and he is dumping it on the Council's lap now. That is a political football, which it should not be. He supports 100% whatever they need.

Council President Marino stated that there has been discussion this evening that it is about our kids. Everyone on the Council is a parent that at one point or another has had their child or children in the Cranston Public Schools. When we talk about our kids, they most definitely are. As a parent, she knows full well the extra effort that our educators, support staff, bus drivers, custodians, crossing guards do to keep our kids safe, to educate them well and sacrifice their own time. The reality right now is the School Department has done everything that they can to run a tight ship. The Council, as well as the School Department, are surprised by the reduction in State Aid based on a change in formula that came from left field. We, as well as everyday residents, are facing inflation. Whether it is election year or not, that is not a concern. It is about what we can afford and what is in our means and being honest of what we can afford. We will roll up our sleeves as we have done before and it will be for all the public to see and she hopes that everyone is mindful of the reality that we are all presented with. She thanked everyone for their dedication and hard work.

The meeting adjourned at 8:35 P.M.

Respectfully submitted,

Rosalba Zanni
Assistant City Clerk/Clerk of Committees