

Finance, Facilities, Technology Committee

Agenda

June 4, 2020

Board Members:

Thair Joshua – Finance Chair

Anthony Mazzocchi

Johanna Wright

Kamal Zubieta

Administration

Dr. Ronald Taylor, Superintendent

Paul Roth, Business Administrator

Keith Bonds, Technology Director

Discussion Items:

- AED Policy
- YMCA Summer Field Use
- Summer Food Service
- Long Range Facility Plan - Code Review
- Contract Awards
 - Custodial
 - Security
 - Lunch Monitors
- Special Education Service Expenditures
- Dental Insurance
- Projected Revenue

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AED Policy

Policy committee request FFT to review the AED policy. A markup for review was provided to FFT.

Comments on the policy

This policy doesn't hold anyone accountable for the following.

1. Who determines who is qualified to be the "appropriately qualified individual" who makes sure the device is tested? What kind of training does that entail?
2. Shouldn't the Principal of each school be held accountable for the actions required in this policy? It would be helpful to name the role of the person responsible for implementation (principal, head nurse, etc.)
3. Who will determine what staff members are trained?
4. If training using the device is "required", why do we not prohibit others who haven't been trained to use the device? Why did we delete the language that prohibits staff that have not been trained to use the device?
5. If the reason we deleted the language is because the state policy doesn't include the language, then we should not state that certain staff have to be "required" to be trained. We should just train all teachers and administrators how to use the devices. Example: what if teachers A, B and C have been trained, but a student in teacher D's class collapses. Teacher D should not have to run and find the other trained teachers.
6. Who ensures that substitute teachers know SOMSD practices?

Board Member Thair Joshua sent a markup of the policy with a few minor corrections.

YMCA Field Use Request

The YMCA is requesting to use district grounds (Ritzer, Annex, Marshall) for summer camps. Camp size will have a maximum of 80 kids. Exec orders permit groupings up to 25. The YMCA would create 8 groups of 10. The YMCA will rent high end portable bathrooms and hand washing stations. Tent coverings will be erected to provide shade. No more than 40 kids under the tents at any one time. Camp students would be relocated to St. Josephs on rain days. Hours of operation will be from 9am to 4:30 pm. The YMCA would like to order a dumpster to handle trash for their program and they would bring in additional picnic tables. Access to outside water

faucets are requested for sprinklers for water play (no wading pools or slip and slides). No indoor facility use is required. Curbside pickup and drop only.

Concern is that if school programs are not using the facilities how can outside entities use district facilities. This may be problematic for the board to remain consistent with messaging regarding the use of school facilities. This may also interfere with the Board's ability to schedule school activities as restrictions are lifted and guidance is provided.

Summer Food Service Program

Food services are highly regulated by the Federal Food Authorities, the State Department of Agriculture and must follow state purchasing regulations. When schools are closed food services operations shut-down. School food service programs can continue to operate when schools are closed under the Summer Food Service Program. 50% of students must be free and reduced to be eligible to operate under the Summer Food Service Program. For districts that are not eligible to operate under the Summer Food Service Program, schools can apply to operate under the Seamless Summer Program. Typically schools operating under the Seamless Summer Program operate as a closed program, meaning meals are served to students that are eligible for free and reduced lunch and the school is reimbursed for meals served.

When schools shut-down in March the district applied to operate under a waiver in the Summer Food Service Program. The district was approved to operate until June 30th. The request to operate until August 31st was denied. Participating in the Summer Food Service Program enabled the district to receive higher reimbursements for meals served regardless of the students eligibility status. During the last few months, the district has experienced about \$70,000 per month in operating expenses. Reimbursements are about \$20,000 per month. Since the district maintained about a three month operating surplus in case of emergencies, the district has been able to sustain its operation without requiring the district's operating budget to subsidize the program.

The district is partnering with Irvington School District and Maplewood Township to continue to serve meals during the summer. Irvington will supply meals, Maplewood is providing access to public parks (locations pre-approved as serving areas) and the district would cover the cost of two people to serve the meals each day. The estimated cost is \$10,000 for the summer. Any minor, regardless of eligibility, will be able to pick up breakfast and lunch. All meals are served as a grab and go. Additionally, the food pantries will have a presence in the park to provide services for adults that require food support. Dissolution enables the district to stretch its reserves to continue to serve families in need into the fall.

Long Range Facility Plan - Code Review

The architects are finishing creating pre-recorded presentations summarizing the district's elementary school facility plans. Detail floor plans are excluded from the presentation for security reasons. There will be one presentation per elementary school posted on the website.

A resolution will be presented to the board to authorize the elementary school projects to move to code review.

Contract Awards

Last month committee members were informed the district was advertising to procure services to renew custodial, security, fire alarm, lunch monitors, athletic training supplies, printed forms, vehicle maintenance, environmental testing, refuse removal, plumbing, and HVAC service contracts. The bidding was completed and resolutions will be presented to award. The bid responses have been reviewed and when necessary, review by legal. Legal review to award custodial, security, and lunch monitors was requested as some of the vendors provided ambiguous language on the compliance form and some provided copies of bonds instead of originals. It is expected that some of the awards may be contested. Legal reports the worst case outcome would result in the district reissuing bids. Details will be included on each resolution.

Special Education Service Expenditures

Due to logistics related to the COVID pandemic shutdown, the Special Services Department needed to acquire contract services on a temporary basis to provide services to students. A resolution will be presented to the board to approve the rates for the services. The service cost about \$12,000.

Dental Insurance

The district's employee dental insurance plan expires June 30th 2021. Our health insurance broker is checking to determine if the district is able to receive any rebates due to closures of offices and a lower number of claims filed.

Projected Revenue

On May 22, 2020, pursuant to the COVID-19 Fiscal Mitigation Act (P.L.2020, c.29), the New Jersey State Treasurer presented a Report on the Financial Condition of the State Budget for Fiscal Years 2020 and 2021. Therein, the State explained the extraordinary financial obstacles the State faces as a result of the global pandemic. The State Treasurer warned of a combined revenue shortfall of \$10 billion over the remaining months of Fiscal year 2020 and through the end of Fiscal Year 2021. The State Department of Labor released its report for April unemployment indicating 757,700 job losses, 15.3% unemployment rate. The Treasurer summarized the concerning road ahead writing, "Managing this unprecedented fiscal crisis will require extremely difficult decisions in the weeks and months ahead..." These difficult decisions clearly will have a profound impact on School Aid as the State announced that it had eliminated the \$336 million in increased School Aid for FY2021 and \$25 million earmarked for preschool expansion. The State further announced deferral of the \$467 million School Aid payments to October. The payment deferral is unquestionably a bad omen for School Aid in 2020-21. The District will certainly be impacted by these cuts and "extremely difficult decisions".

Since May 22, the district was notified that the district's state aid for the 2020-21 school year will be reduced by \$600,000 and \$1.4 million in state aid payments will be delayed until October

2020. The district is still waiting for confirmation on expected reductions in pre-school aid. Three additional items compound the financial challenges facing the district.

1. The district is still waiting to receive guidance on to the extent schools will reopen in the fall and what safety protocols will be required. Essentially, administration is planning in the absence of critical information
2. No doubt, additional expenditures to provide for remote learning and providing for the safety of staff and students on school buses and within district facilities will be required. This is not a reduction in revenue but will require the district to re-appropriate funds from other areas of operation in order to meet expected cost increases in areas of technology (remote learning), and safety expenditures (maintenance, medical, and transportation).
3. Last summer the district completed the first of three scheduled bond sales. The first bond payment is due August 2020. The delay of state aid payments to October 2020 places challenging cash flow dynamics. Furthermore, there is a very real possibility that the state may eliminate these state aid payments if economic conditions present a greater challenge than originally projected.

The table below provides a current projection of district revenues. It is assumed that the district will receive the delayed state aid payments for the 2020-21 school year, may have to consider a 0% tax increase for the 2021-22 school year, will not realize anticipated revenues due to low interest rates and pulling back on facility rentals for safety concerns, and will face further revenue reductions for the 2021-22 school year. The projections will be updated as information is received. The chart is showing conservative revenue projections. Everything is subject to change as additional information is received.

Revenue Source	2019-20	2020-21	2020-21 Update	Loss of Revenue	2021-22 projections
Local Tax Levy	120,915,789	123,334,105	123,334,105	0	123,334,105
State Aid	6,600,317	7,482,938	6,880,802	602,136	6,380,802
Audited Fund Balance	2,389,338	3,453,594	3,453,594	0	2,622,594
Miscellaneous (incl. tuition)	275,000	275,000	0	275,000	0
State/Federal	2,228,962	1,904,071	1,904,071	0	1,904,071
Semi	106,638	106,638	106,638	0	106,638
Non Public	129,120	129,120	129,120	0	129,120
PEEA (Montrose)	2,940,398	6,963,560	2,940,398	4,023,162	2,940,398
Maintenance Reserve	1,000,000	1,000,000	1,000,000	0	169,981
Required fund Balance / Spending Freeze	2,491,803	1,392,154	1,392,154	0	1,392,154
Sub Total	139,077,365	146,041,180	141,140,882	4,900,298	138,979,863

Delayed Extraordinary aid payment	830,019				
Delayed Sept State Aid			500,000		
Sub Total	138,247,346	146,041,180	140,640,882	4,900,298	138,979,863
Debt Service Aid	372,546	1,005,009	1,005,009		1,005,009
Debt Service Levy	3,688,929	5,373,761	5,373,761		7,894,919
Total Revenue	142,308,821	152,419,950	147,019,652		147,879,791
Increase in Transportation Costs	N/A	N/A	Policy Parent Contracts		
Increase in Maintenance costs	N/A	N/A	ESSER		
Increase in Technology costs	N/A	500,000	ESSER		
Reductions needed in other business areas	N/A	500,000			

The table is showing \$4.9 million reduction in revenue for the 2020-21 school year plus the additional need to reappropriate funds from other business areas to increase spending for remote learning and safety needs.

The following recommendations were presented to manage the revenue shortfall

\$4,023,162 - Preschool reduction. The district is reducing the number of seats for regular education preschool with local providers from 300 students to 104 students and eliminate 4 planned pre-school positions (additional nurse, clerical aid, master teacher, family liaison). These positions have not been filled.

\$30,000 - Challenge Day - Activities cancelled

\$50,000 - Access and Equity - Currently assuming that many activities will not take place due to safety requirements relating to the COVID crisis. Funds will not be required to cover fees for cancelled activities.

\$125,000 - Construction Supervisor - Additional position funded in the budget to help manage district construction projects. Position will not be filled.

\$80,000 - Assistant Transportation Coordinator. Additional position funded in the 2020-21 budget. Position will not be filled.

\$180,000 - 3 new general ed mental health support positions (Social Worker/Guidance Counselors) - These were new positions included in the 2020-21 budget. Positions will not be filled.

\$156,000 - 6-12 Director of Curriculum. Position will not be filled.

\$50,000 - Vacant tech trainer position. Position will not be filled.

\$4,694,162

FFT committee members asked to reconsider the three new positions to support mental health. Additional areas of reduction (listed below) were mentioned. It is noted that final decisions on these reductions need to be based on state guidelines to reopen schools.

Additional items for consideration

Eliminate remaining technology trainer positions

Safety patrol / Bus duty stipends - full or partial reduction

Intramurals - full or partial reduction

Clubs - full or partial reduction

Athletic stipends - full or partial reduction

Assistant Principal Positions (expenditure reductions will be less as employees have “bumping” rights.)

Bargaining Agreement

Bargaining agreements must be honored and can only be changed through negotiations. District administration reached out to both ASCA and SOMEA asking if they would consider reopening negotiations to partner with the board in navigating these difficult times. Verbally it was relayed that if the district was subjected to severe cuts the bargaining units would be willing to discuss; however, nothing was received in writing to date agreeing to open negotiations.

Transportation

If social distancing guidelines require students to be spaced apart (i.e. one child per seat), the cost of transportation can easily double. Currently the district spends \$6 million per year in transportation. To reduce the cost impact if social distancing requirements must be met the following may need to be considered.

- Temporary change to the transportation policy, eliminating courtesy buses. Only students residing more than 2 miles from their attending school receive transportation.
- Offer to enter into parental transportation contracts (pay parents direct) for students attending out of district schools. The parents would have to agree to these arrangements.
- Non-public transportation. By law the district cannot spend more than \$1,000 per child for non public transportation. If social distancing requirements for transportation must be met, the district will re-bid these routes; however, it is doubtful bid prices will come in lower than \$1,000 per student and the routes will most likely be eliminated and parents would receive aid in lieu of in place of transportation.

Reappropriation of funds for safety and remote learning

The Cares Act allocated \$395,000 of ESSER funds to the district that can be used for COVID related expenses including personal protective equipment, and systems to support remote learning. It is anticipated that the district will have to increase spending in these areas; thereby, reducing expenditures in other areas. Applying to use ESSER funds in areas related to technology, maintenance, and medical, the impact on reappropriating funds can be reduced if not eliminated to preserve services in other areas of operation.

Debt Service and Bonding

A second bond sale was planned for August 2020. With the delay of state aid payments, high unemployment, and the real possibility that the local municipalities may experience higher than anticipated property tax delinquencies, the next bond sale until the fall of 2020. This will provide the district with the time to receive final state aid funding and monitor the communities financial ability to meet tax levy payments. The board will have to decide if it wishes to continue with the original bonding schedule or bond a smaller amount to better manage tax impact.