

**MINUTES OF THE PATERSON BOARD OF EDUCATION
SPECIAL MEETING/RETREAT**

March 12, 2015 - 6:58 p.m.
Administrative Offices

Presiding: Comm. Jonathan Hodges, President

Present:

Dr. Donnie Evans, State District Superintendent
Ms. Eileen Shafer, Deputy Superintendent

*Comm. Chrystal Cleaves
Comm. Manuel Martinez
Comm. Lilisa Mimms

Comm. Flavio Rivera
Comm. Kenneth Simmons, Vice President

Absent:

Comm. Christopher Irving
Comm. Errol Kerr
Comm. Corey Teague

The Salute to the Flag was led by Comm. Hodges.

Comm. Martinez read the Open Public Meetings Act:

The New Jersey Open Public Meetings Act was enacted to insure the right of the public to have advance notice of, and to attend the meetings of the Paterson Public School District, as well as other public bodies at which any business affecting the interest of the public is discussed or acted upon.

In accordance with the provisions of this law, the Paterson Public School District has caused notice of this meeting:

**Special Meeting/Retreat
March 12, 2015 at 6:30 p.m.
Administrative Offices
90 Delaware Avenue
Paterson, New Jersey**

to be published by having the date, time and place posted in the office of the City Clerk of the City of Paterson, at the entrance of the Paterson Public School offices, on the district's website, and by sending notice of the meeting to the Arab Voice, El Diario, the Italian Voice, the North Jersey Herald & News, and The Record.

Comm. Hodges: Let the record show that Mr. Teague is dealing with an illness in the family, Mr. Kerr has another meeting tonight, and Mr. Irving has a work obligation.

BUDGET TRAINING WITH INTERIM BUSINESS ADMINISTRATOR

Dr. Evans: I'd like to establish context and background for the Board training with the Interim Business Administrator. Much of what I am going to say has already been said

to the Board, but it's an important backdrop to what they're going to be saying to you. Tonight's workshop was scheduled as a professional development activity for the Board and it was to focus on and still is to focus on budget development as well as ethics requirements. Dr. Osnato has been working with us and with the Board President to establish this workshop. It was originally scheduled, as you know, to be held this Saturday on March 14 but because of some conflicts it was rescheduled to tonight. Unfortunately, Dr. Osnato is ill and is unable to be here. However, we're going to proceed without him and as a result what I'd like to do is talk about where we are to establish a backdrop or context of the work that's underway to develop the budget. We are in the midst of reviewing and continuing to make adjustments to the preliminary budget that has already been submitted to the executive county superintendent for his review. As a result, tonight we plan to proceed as follows. I will provide the backdrop, context, and information that set the stage for Mr. Henry Lee who will come forward and make a PowerPoint presentation to help the Board understand many of the factors that influence our budget and in what ways they influence the budget. Then our Interim Business Administrator, Daisy Ayala, will share a copy of the full budget document with the Board to review in preparation for the budget workshop that is to occur next Tuesday, March 17. To begin, I wish to remind the Board of the budget preparation calendar and where we are on the calendar. In fact, you've seen the calendar many times and it details everything that occurred since last fall. The process actually begins in late September early October in reviewing our needs and giving instruction to principals and everyone who is responsible for developing a budget. It continues through June when we actually receive the final allocation from the state. At this point in time, one of the benchmarks that are on there that I do want to mention is the fact that on a date that's predetermined by the Department of Education we submit the budget to the executive county superintendent. We did that on March 9 for his review. He ultimately will give feedback to us and advise the Commissioner so that when he gets the budget and reviews it he has the benefit of anything that the county executive superintendent wishes to call to his attention. I also wish to remind the Board and those listening tonight that of recent we have received extremely good audits of our finances. I know there have been a lot of questions and concerns about the process and the process is in writing. Anybody who wants that can get it. You will recall that in 2012-2013 the audit of our finances clearly indicated, and I'll quote Jeff Bliss, "For the years that I have been doing this audit this is the first time that we have issued a report that didn't have significant deficiencies or material weaknesses in internal controls." That's a major accomplishment. It is a tremendous improvement from where we have been and I really have to commend the finance committee for keeping everyone's feet to the fire and the administration for following through on the corrective action plans related to prior year audits. In addition, there have been no repeat recommendations in this audit. Again, for the most recent audit, the 2013-2014 school year, similar comments were generated from the auditor as well, which I think says a lot about our fiscal management practices and how we do business as it relates to the business office. Also, during the past two years our district has successfully instituted steps to avoid a major fiscal cliff created by an overdependence on using carryover funds from previous years to balance current year budgets. Action steps taken during this period include reducing district level staff by \$4.5 million, instituting hiring freezes periodically to be able to save money, reducing non-salaried district level expenses, creating an inclusive transformation planning committee that's chaired by Irene Sterling to advise and provide guidance on the development of short and long-term strategies for insuring that the district continues to be fiscally solvent to avoid the impending cliff two years from now. Although these steps are fundamental to the success we have experienced in avoiding a fiscal cliff today, the possibility of a cliff remains. Current needs that exacerbate this concern include our continued dependency on carryover funds from year to year and the presence of serious and continuous needs that require funds to ameliorate certain

areas, such as school-based technology, staff, facilities, as well as our continuing needs to improve student achievement. I further noted that it was imperative for the district to continue to take aggressive steps to address the need to continue to avoid a fiscal cliff. This fiscal cliff effort started two years ago when the cliff was bearing down upon us and we have been successful in pushing it forward though this year. The challenge for us now is to continue to push to make adjustments to avoid any impact of our overdependence on those carryover funds in years to come. Among the steps that we have taken of recent include a hiring freeze that went into effect on February 18, 2015 on all non-essential positions. That includes administrative as well as instructional positions. Second, no additional purchase of goods and services after March 2, 2015 from the 2014-2015 budget, with the exception of certain critical items for which planning has occurred such as expenses associated with graduation, field trips that are scheduled after March 2, and those kinds of things. Then we had a list of cliff avoidance strategies that you all are familiar with that was included in a memo that I distributed that delineated cutting non-salary items at the district level by \$20 million and then looking at additional fund balance that would be generated as a result of the freezes that I just alluded to. There were also indications of staff reductions at the administrative and non-administrative level, at the district office, as well as at the school level and several other items that the Board is very familiar with. Each Board member received a copy of the memo that delineated those. In consideration of where we are in this process it is important to keep in mind the following. For the 2015-2016 school year the district received flat-funding from the State of New Jersey. The Board already knows that. Second, for the past 10 years the district has not evoked its authority to raise school taxes for the education of its children and we want to avoid any increases this year as well. However, this means cuts in other areas and we are currently doing that now. Third, the district has already cut programs and is continuing to review other programs to cut so that we can close any gaps that we see, and we do see some continuing gaps that we need to go ahead and close. In 2016-2017 we anticipate the opening of two elementary schools and this gets into some of the things that influence the budget. There are also transformation initiatives underway that are sunsetting, such as the IFL, and we are capturing funds from that sunsetting. With that specific example this current year the expense for all of the IFL work that's underway is \$1.6 million. We have cut \$1.1 million of that out for next year. It will cost roughly \$500,000 and next year is the last year so that should help us close gaps as well. There are also programs or initiatives, such as Full Service Community Schools, for which grant funding that supported those programs will disappear this year. This is the last year for federal funding of Full Service Community Schools. We have Full Service Schools identified that are operating at five of our schools across the district. One of the considerations is what level of funding do we want to continue to afford those since we now have to assume the expenses for the activities in those schools associated with Full Service. Regarding staff reductions, we have identified potential areas at the district office and at schools. Ms. Ayala and I will be reviewing each area and each recommendation made by staff to minimize reductions, particularly at the school level. We will have a more accurate number. The number we have now is not one that we feel is representative of what we think we can do. It needs to be tweaked. It needs to be reduced. Consistent with messages that the Board has communicated and our own concerns for protecting instruction at the school level, we're looking at the district office as a primary source of additional and significant reductions as well. By the March 17th workshop we will have a more accurate figure for you in terms of reductions at both the school level and at the district office level. Lastly, a reminder of where we are with the process. Per state guidelines, the Paterson Public Schools submitted the preliminary budget to the executive county superintendent on Monday, March 9. You have a copy of that budget in front of you and we ask that you review it in preparation for the discussion that is going to take place next Tuesday. On March 17 we're at this location. Then the Board,

after having reviewed that document, can query us or share with us your concerns, priorities, and recommendations as we work to put the budget in final form in anticipation of the budget hearing that takes place at the end of the month. That hearing takes place on Monday, March 30 here at the same time. During that meeting the Board is expected to vote to support or not support, whichever the Board feels comfortable doing. By that time it will be in final form and it will be closer to final form as far as we're concerned. Actually, it will be in the form that we're comfortable recommending to you for the meeting next week on the 17th to give you ample time to reflect before that meeting that is to occur at the end of the month. With that, I'm going to ask Mr. Henry Lee to come forward and he's going to lead you through the PowerPoint that sits before you at the dais.

Mr. Henry Lee: Dr. Evans, Ms. Shafer, Commissioners, welcome. I do welcome this opportunity to be before you for the purpose of a discussion of the FY 2016 budget and some of the things that we've done. I've been working with the Interim School Business Administrator, Daisy Ayala, in the development of the budget. On February 9, we did a snapshot after the budgets had come in and we knew what state aid was going to be. We didn't have state aid. We were estimating state aid. That snapshot showed that we had a \$92 million difference between what was submitted and what we estimated in terms of our revenues as compared with our appropriations request. This became a source of several discussion items with the Superintendent and with senior administration. The Superintendent provided us with a framework where we could go about reducing the budget. He has already alluded to the strategies and you already have this memorandum with you, but I just decided to keep it on the slide. This is on page two. I'm sorry I didn't number the slides, but it's on page two of the handout. Those strategies were using fund balance and we created fund balance by freezing hiring. Looking at reductions to central administration there was some reorganization that the Superintendent was proposing. Elimination of stipends - when we're talking about stipends we're talking about non-salary compensation. Phasing out some transformational initiatives - he spoke to that. Right-sizing - he estimated about \$5 million that we can get about 75 people. Revise principal assignments, \$1.5 million, and then eliminating non-mandated instructional aid. We went about working with Daisy and the Superintendent's leadership staff in trying to come to a budget number and in the interim we got a state aid number. We still had difficulty balancing the budget so we had to make some changes and reductions. Some of those reductions are reflected in this budget that we distributed and will be the subject of future discussions, perhaps some discussion this evening. How do we come to a balanced budget? That was our requirement. Knowing that we were short all vacant positions were eliminated from the 2016 budget. There was some non-tenured staff that we had to reduce from the budget in order to make it balanced. All of this is now in order to make the budget balanced. We do not claim at any rate that this is cast in stone. But in order to submit and meet the requirements of the state and law we submitted this budget. We had to reduce non-salary appropriation requests. We increased the local tax levy. We reduced non-salary compensation in order to achieve the budget. As Dr. Evans indicated, this is not a new phenomenon where we are. We knew that the fiscal cliff was coming. The district had been living off \$27 million in additional state aid. It had been living off of some additional ARRA money that came in. This was the Obama stimulus. I think it was about \$33 million. That money sustained us for a number of years. That money is now gone. I shouldn't say gone. That additional income stream is no longer available to the district. The auditor projected that in 2015-2016 we would have a deficit. That deficit was projected at \$90 million. If you go back a couple of pages you'll see that first iteration from Ms. Ayala was a \$92 million deficit. Just to let you know, this was work in progress. Part of the state's funding formula requires that the district participate. The district is being asked to fund about \$83 million of local tax levy. In order for us to have

what they call an equalizer or our fair share we should be contributing about \$83 million. With this budget that is being proposed now we are still \$38 million below adequacy. So the state probably will not be very sympathetic to any kind of motion or move to decrease taxes because they feel that the way the formula is structured there should be some participation from the local community in Paterson to develop the budget. I was asked the question by Dr. Evans, what does \$5 million mean? How does that impact the citizens of Paterson? I did an analysis that shows that the tax rate would increase \$.06 per \$100 of assessment. The impact on a house valued at \$150,000 would be a \$91 annual increase for the support of the public schools. This is not the overall tax increase because the city and the county participate in that. If you'll look at the next slide, this is how the City of Paterson's taxes are appropriated. The schools represent in 2014 \$.48. The county has two assessments, one for eight-tenths of a cent and the other for fifty-two point eight cents per \$100 of assessment. The municipality is \$1.88. If you look at that chart, the schools do not and have not over the years required... If anyone says the schools are the reason for the taxes, that's not so. As you can see here, the municipality is the lion's share of the local municipal dollars. I presented the next slide so that you can get a feel for where the money comes from.

Comm. Hodges: Before you move on to the next slide, it must be said that part of the problem with this is that this is a distressed community. The issue that we have is the city itself has to go to the state to get transitional aid because it can't close its own budget. Its own budget is, of course, increased annually on the backs of the taxpayers. So when it has to go beyond the taxpayers to get additional funding that gives you an indication of the problems that the whole tax base has. In addition to that, the state is illegally underfunding its own formula in violation of the Supreme Court. To run calculations for us and have the state tell us what is appropriate when it is not doing what's appropriate, to me is a little difficult to swallow. I didn't want the record to go any further without that being put on the table.

Mr. Lee: I'm glad that you referenced that. We were just at a meeting today where the Education Law Center ran some numbers and they indicated – and I think Ms. Grant will be talking about that a little bit later on – where we are underfunded. I think Ms. Ayala and I will be going to a meeting of former Abbott school districts scheduled for March 20. I think the sole purpose of that is what is the impact and how is it impacting the district. Hopefully we'll have some information that we can take to the meeting and also bring back from that meeting. But your point is correct.

Comm. Hodges: I didn't want to distract from your comment, but Mr. Rivera has a comment.

Comm. Rivera: I just want to point out something that you're presenting right now. Just so you know, usually when the city talks about what it will cost the average assessed home in the city, they normally look at an assessed value of \$350,000. If we do a \$350,000 assessment, assessment value is for tax purposes. It does not have to do with market value. It's assessed for tax purposes. If we do an assessment on a property that's \$350,000, and that's more realistic than \$150,000, it will be \$1,900 per year. On a property that's \$300,000, it would be \$1,629. I just want to point that out. When the city is applying its tax rate, the way they present it to the public is based on an assessed home at \$350,000. I just want to clarify that.

Mr. Lee: In the future, I will adjust this to reflect that number. The next slide that I wanted to present to you was where the money comes from. \$44 million is from local taxes as we have proposed in the 2016 budget; other local sources are \$2.4 million; balance appropriated is \$27 million; the larger share coming from the State of New

Jersey \$459 million; and federal revenue \$33 million. The budget that we have now is \$567 million or half a billion dollars. That is a decrease of \$29 million, primarily because of balance appropriated. If you look at the balance appropriated line you'll see that was \$46 million and now it's \$27 million. That accounts for the largest area of decrease in the budget. The balance appropriated is funds that you don't spend and we're not anticipating. We appropriated a large amount and the way that we're looking at funds this year it will be spent, with the exception of the freeze that Dr. Evans has initiated in March. We initiated the freeze in March. This slide indicates that the State of New Jersey pays 81% of the bills for our operation. That's why the heavy involvement of the State of New Jersey in our operation. I tell my kids all the time if I'm paying \$.80 of every dollar you spend I'm going to have a lot to say about how you spend it. Ergo - the state's involvement in Paterson. I wanted to put out a couple of cost drivers for you. We're in business to serve kids. That's our primary client. I have pupils on roll. This is students enrolled in our schools. You can see from year to year how that has changed from actual in FY 08 25,600 to where we're looking at 25,300. I have a chart that shows you that movement. Charter schools have really impacted the district in a negative way. I'll show you that. The Passaic County Tech enrollment has decreased over time. It peaked and then it decreased.

Dr. Evans: Henry, I think it's important to note for those unfamiliar with that chart that that's the k-12 population and pre-k students who are enrolled in our schools, not those in private provider settings.

Mr. Lee: These are kids in our schools, in Paterson Public Schools. This is what it looks like, a pictorial view of kids in the Paterson Public Schools. You can see that we're kind of almost coming back to 08 levels of enrollment. The peak was 12 and that was an actual number. From this pictorial diagram you can see the growth in charter schools. The money that we spend in charter schools is money we don't have to spend in our school district. It's not like charter schools come and they add to our funding. It's not adding at all. It's subtracting.

Comm. Hodges: It's also important at this point to point out that once a child leaves the school, I'm being told by the state that 60% of the cost still remains even if the child has left because of the fixed cost in the district.

Mr. Lee: So about 90% of the cost of educating the kid goes with the kid. We still have infrastructure here that we have to support and that's what you're referring to.

Comm. Hodges: That's correct.

Mr. Lee: I don't know the exactly number, but that infrastructure is still here that the district has to support.

Comm. Rivera: What percentage of the tuition stays here for the kid that goes to the charter school?

Mr. Lee: 10%.

Comm. Rivera: So out of the \$18,000 how much do we get for each student?

Mr. Lee: I think it varies per school.

Comm. Rivera: On average.

Mr. Lee: I think you're probably looking at \$11,000 or \$12,000 that goes.

Comm. Rivera: To the charter schools.

Mr. Lee: Yes. That's right off the top.

Comm. Rivera: How much do we actually receive as a district per student on average?

Mr. Lee: The funding formula is broken down in a number of different ways. Hold that question. I'll try to give you an answer. I don't have an answer right off.

Comm. Rivera: Daisy, is it about \$18,000?

Ms. Daisy Ayala: The average is \$18,000. However, special education gets a little more. You're better off looking at general population than special education to have an actual number.

Comm. Rivera: I just want to make it clear. We're talking about what stays here when a kid leaves the district and we keep saying the money follows them. The majority of the funding follows them, but we do keep a big percentage of it. About \$12,000 goes to the charter school and we receive \$18,000 per kid.

Mr. Lee: I'll get you the correct number of aid per kid and the amount that goes with the charter school. The numbers are there, I just don't have them right off the top of my head. But there is a cost to the district for that. I wanted to go back a little bit to charter schools. We anticipate that there are going to be two charter schools opening in 2017 that you need to be cognizant of that will probably impact that number more. Then we understand that there is some building going on at Passaic County Tech and that might also impact you. I think that's going to be open in 2017 also. Those are two factors that we're not dealing with in 2016, but in 2017 we may have to deal with. This is private schools that we send our children to. Dr. Evans referenced it. I will be able to give you a number next time you see this if we ever do this again. I'll try to have a number associated with the tuition. This is a cost that follows the kid that we have to pay for. The cost associated with private schools for special education students is expensive. The tuition we pay for our regular enrollment is \$18 million and a lot of that has to do with Passaic County Tech, the other districts that we send our regular kids to. I wanted to make you aware of some of our lease costs. The district pays \$5.4 million in lease costs and some of that is because of taxes that we also pay. We have a couple of triple net leases. \$5.4 million is a cost driver. These are some of the cost drivers that we wanted to bring to your attention. This year's budget, the one that we're proposing, has a decreased amount of expenditure for equipment. In prior years we had \$2.2 million in 2012 and \$1 million in 2014 for equipment. Our equipment budget has been slashed and through the efforts of our Business Administrator Ms. Ayala has recommended lease/ purchase, which extend the cost of the equipment over a number of years so that we are still buying equipment but not necessarily purchasing it outright. It's lease/purchase as a strategy to reduce costs in the current year. I'm going to conclude this portion of my presentation with the fact that the district cannot operate in 2016 the way that it operated in 2015. The way that we're operating now has to change. The number of people that are on the payroll and the number of programs that we have just cannot be supported by the revenue that we have. We understand that there are no additional resources and the fund balance is limited. Part of the transformation committee that the Superintendent referenced was a fiscal cliff committee. That committee came up with strategies about how to deal with the fiscal cliff when it arrived. That has been transmitted to the Superintendent and Ms. Shafer and I believe are being

incorporated in some things that they may want to share with you at a future date about how they're going to go about reshaping fiscal year 2016 financial operations. I thank you for your attentiveness and you did look very attentive. I thank you for my opportunity to serve with you and for you. I'll accept any questions you have right now. If not, I think Ms. Ayala is intended to walk you through the budget.

Comm. Mimms: On your projected fund balance deficit slide the numbers are not legible. I don't know if you can provide the numbers.

Mr. Lee. I got it. Yes, I can. I'll provide those.

Ms. Ayala: Good evening. I'm pretty much just going to talk about the process and how we go about starting with the budget. In October we start looking at what it is that we want to do next year. We look at priorities and goals. We assess what we currently have, whether it's working or not working, and whether we want to change it. That is under the direction of Dr. Evans, Ms. Shafer, and the cabinet. Once they come up with some kind of framework it is presented to the principals at a principals' meeting. This way it will prepare them for when it's time for them to do their budgets. This usually takes place in October. Once we've gathered all that information and they've met with different departments, they are then instructed in October. They're given a cost per pupil and they start preparing their budget in conjunction with that. By October or November, they should have pretty much their budget put into ALIO. ALIO is the new software package now that we have, which is electronic. There's no more paper trail. They go into the system and they do it line by line. So if they're going to spend money on computers they'll put down five computers for whatever reason or supplies and they go to the next line. The umbrella is the account, for those of you who know accounting. It's the account of where it resides. Some schools have a lot of money and some schools don't. Some schools will talk about spending money on culinary school, whether they need a stove, a refrigerator, or that type of stuff. The reason I go into that level of detail is that it is a managing tool for them for the future when they budget. The subsequent year they say last year they brought a refrigerator. It's good for me as well because if they're looking to buy another refrigerator there's something wrong with that. That's an excellent tool that we implemented with ALIO under the supervision of Dr. Evans who was very gung-ho about getting that on board and the Board members as well. Once all of that is in place, the business office is available from October through November to work with each individual principal, supervisor, and department head for direction and guidance. Sometimes we have new people and sometimes the presentation wasn't clear enough for them. My office is available at any time. We go out to the schools or they come to us, but we're there to help them to make sure that this is a smooth process. Between November and December the budgets are in and the assistant superintendents now have an option to review them and reducing them. They know more of what's going on in the school and if what they're requesting is necessary in one area or the other. In December that whole process is concluded. The system is closed for the principal. It resides with the assistant superintendents. At that point, they look at it. When they're done they have a date that they have to meet and that's closed. They approve or they don't or they make changes. Once all of that is done, we go on break. When we come back, I do a summary and I present it to Dr. Evans, Ms. Shafer, and the cabinet. That's where we start looking. This is what was requested. This is a proposed budget from the district. We still don't have any revenues, but let's base it on flat revenue. In most cases it's a wish list for people. So we start looking at it and reductions start to happen. This dialogue is going on back and forth with cabinet and then at some point in late January there should be a meeting with the finance committee. We present it to the finance committee. There's a dialogue that takes place with them and that feedback goes back to the cabinet and Dr. Evans. At

that point, some discussion takes place and then we come back in early February when we now know what the revenue is. We go back, we do some adjustment to the proposed budget, or we leave it as is. In most cases, we usually go back and do some adjustment. Now we have the revenue. We're done. It comes to the Board for approval. On March 9 of this year the budget application is submitted. Once the budget application is submitted, the documentation within 24 hours, along with all the supported documents requested by the county superintendent, is sent out to him. This is where we are right now, revising the budget. We were not able to have a balance budget without making drastic changes. At this point, as Dr. Evans said, we will be meeting on Saturday to make some changes and from there we'll advertise. You guys will see it again. You'll vote on it. We'll have the public hearing and it's finally submitted at the end of the month. Does anyone have any questions on that process? I didn't want to go into detail.

Comm. Rivera: Do we still use the per-pupil cost allocation method?

Ms. Ayala: Yes, we did.

Comm. Rivera: I have a problem and it's the budget philosophy. I just have a problem with that because especially during tough times like these you have to be mindful that we're budgeting based on need. What I mean by need is we should build a budget based on the plan that we're planning to execute. I'm going to give you an example. Usually costs go up. For example, fringe benefits go up. If you're budgeting for the schools based on per-pupil, then all the costs that are going on here at 90 Delaware are not being reflected. Let's say this year if the staff we have right now is costing the district \$15 million, most likely that number is going to go up because salaries go up and fringe benefits also go up. But if we're getting the same amount of revenue as last year and we're giving the schools a budget based on per-pupil, then we're cutting the resources that we have here at the district. To give you a better example, we requested for you to provide information regarding the schools for the past three years. Since we're budgeting per-pupil, there were some schools that didn't spend from 2013-2014 to 2014-2015 \$1 million of what was actually budgeted. I have the list. It's a lot of them. Also, you guys presented at the finance meeting, and it's normal for a budget, because by state law you cannot overspend your budget, you have a balance at year-end. There were a few years that we had \$44 million left year by year. I'm sorry to continue to jump around. I'm sure I'm going to have a lot of things to point out later on. During the previous presentation it was mentioned that the way you start the budget is you compare the revenue with the appropriation request. I'll give you an example. If an individual school last year budgeted \$6 million and they only spent \$5 million we should be talking to the principal as to why only \$5 million was spent. Then the next year if we budget it based on budget and not actually on what was spent, that budget is actually going to increase from \$6 million to \$6 million and some change, if we're doing it per-pupil. Dr. Evans, if you look at this 400-page report, if you look at the columns here we're looking at 2014-2015. That's the revised budget. That's the actual appropriation. That's what you had set up for them to spend. That's not what we actually spent. You're giving this to the Board and this is the legal document that goes to the state. But for analysis purposes for you to analyze the actual budget a lot of times this document here does not suffice. You need to get customized reports when we are in the situation we're in right now to see if there's something that can be cut. Dr. Hodges, I agree with you 100%. This is a poor district. We need as many resources as possible. But as I said before, on an average assessed home it will cost them \$1,900 if the average is \$350,000 still. There have been a lot of tax appeals lately. But if it's still \$350,000 it will be \$1,900. We want to work as a team and we want to work together. The only reason

I think we are acting the way we are is because a lot of times we don't get the courtesy to be involved in the process. That's all I'm asking.

*Comm. Cleaves enters the meeting at 7:45 p.m.

Dr. Evans: Are you saying for this particular document in addition to the columns there you want to know how much schools or a district office department has spent to date?

Comm. Rivera: That's not what I'm asking. This is a legal document. We cannot modify this document. What I'm basically saying is the same budget you have here will suffice. All I need from the administration, and it shouldn't take that long, do you see how you have a revised budget? That should be in our accounting software. You see where it says 2014-2015? If you go to page six, for example, line 41560 says purchase of professional educational services. Do you see where it says 2014-2015 revised budget? I want the actual expense for 2014-2015. That's what's relevant.

Dr. Evans: I'm going to ask Ms. Ayala because this is all electronic. The DOE provides the template. Is this a direct product from what's entered...

Ms. Ayala: From the CAFR. It says actual audited. 2013-2104 actually came from the CAFR. So you can cross-reference those numbers. That's what was actually spent.

Comm. Rivera: 2013-2014, yes. I'm talking about where it says revised budget. That's not what was actually spent. 2013-2014 says actual audited. That's the actual expense. I'm talking about where it says revised budget. That's not what was actually spent.

Ms. Ayala: No, that's basically where we were on February 1.

Comm. Rivera: And that's my point. We need to see what was actually spent for that year.

Ms. Ayala: We're in that year. Are you looking for year-to-date? Is that what you're saying?

Comm. Rivera: We have here 2013-2014. Year-to-date would be helpful. I got a little confused because we're in a fiscal year and I thought this was the previous year. Based on the report you gave us previously...

Ms. Ayala: What you asked for I gave you was the actual for two years. I did not give you the current year that we're in.

Comm. Rivera: Got it. That's what threw me off.

Ms. Ayala: That's what you asked for. You wanted to see a trend of what we budget and what we spend and that's what I supplied. However, you did ask for a current year of what we budget and where we are year-to-date. I said I am working on that and you'll have it shortly. I just had to meet the budget deadline.

Comm. Rivera: Right now we can't go through this because we haven't analyzed it. But at a different time we'll look through it.

Ms. Ayala: I can go through this by section if you'd like. Or you can take it with you and if you have any questions you can call me and I would be happy to walk you through it.

Comm. Hodges: The concern was just sketching out the terminology. I don't remember the terminology all the time. It's useful for new Board members to get some of the general terminology in some of the general funds. That can be confusing and I get it confused all the time. I'm an old man now, so I can't remember these things.

Ms. Ayala: If you look at pages 1-15, that's all your revenue. Let's go over it by section. Let's look at page 1. I think we've already seen the local tax levy. We've been familiar with all this information, which is what Henry presented before. Let's look at the subtotal for revenues from local sources. That's the first column. We actually got \$47 million. The current year is \$45 million. The anticipated is \$46 million. That is local resources.

Comm. Hodges: What constitutes local resources?

Ms. Ayala: The tax levy, the \$38 million and \$43 million for the current budget year. Tuition, sales of property, which we don't have any this year, and miscellaneous, which is \$2.1 million in the anticipated budget column 2015-2016. We collect about \$42,000 from the Adult School for the GED testing. The subtotal of those revenues is \$46 million. The next several lines subtotal \$402 million that comes from the state.

Comm. Hodges: This equalization aid always escapes me. What does that mean?

Ms. Ayala: Just give me a moment.

Dr. Evans: I think that's the special education.

Ms. Ayala: That's the difference between the adequacy budget and the district local fair share on the SFRA of 2008.

Comm. Hodges: Can we have a copy of that? These are the key terms that are useful to have handy as we go through these in the future.

Ms. Ayala: I knew you were going to ask me that question.

Comm. Hodges: I don't need it tonight, but just going forward. As we delve deeper into this information terms like that we don't see in many other places so it's good to be able to have a ready working understanding of what that is.

Ms. Ayala: Absolutely. I am more than willing to share our chart of accounts so you can be familiar with that as well. That will help you to be familiar. Do we have any other question with the state funding? Then we have the Medicaid reimbursement, which is \$833,000. That is set by the government. They send a letter and they actually project that we're going to get \$925,000. However, they're only allowing us to budget for the \$800,000. We're not allowed to budget for the full amount. Then we have budget fund balance where we used \$27 million in order to have a balanced budget. The total operating budget is \$476 million. From there we go to different funding. Are you following me, Dr. Hodges?

Comm. Hodges: Not at the moment. I got distracted. Yes. Before you move on, the negative \$29 million discrepancy I guess is the other prior columns added up.

Ms. Ayala: That's the difference of what Henry previously talked about. We only budget \$27 million from fund balance and in the prior year we did \$52 million. That's the \$46 million and the \$6 million. That's the bulk of it. The next section is preschool

education. That's the money that we get from the state. It's \$54 million. We had an increase of \$2.3 million for the subsequent budget year. Are there any questions on that? The next section is NCLB. It starts with Titles I, II, and III. We also get some IDEA, which is for special education handicapped children. The federal source is \$33 million for that. We lost \$1.9 million for NCLB and IDEA.

Comm. Hodges: We were required by the state to have some RAC individuals.

Ms. Ayala: They're in that \$33 million.

Comm. Hodges: It's not captured separately.

Ms. Ayala: The expenditures? They're captured within their own expenditure 2231.

Comm. Cleaves: What did you say the loss was again?

Ms. Ayala: \$1.9 million. That would be line A30 on page 2. From that the district has to support it by law. So this year we have to contribute \$2.3 million to the preschool programs. Out of all the grants, the total amount is \$89 million. The next piece of that is debt service. We have a small amount of debt service and we get \$1.2 million. \$794,000 comes from the state and \$405,000 comes from the district and local taxes. This leaves us with total revenue of \$567 million, which is \$29 million less than the prior year. Are there any questions on the revenue side?

Comm. Martinez: I'm trying to understand this as clearly as I can. The biggest thing that's sticking out here is the appropriations of the fund balance. I'm not a fiscal person and I don't pretend to be. This is a very different language that I'm trying to understand here. From the document that was provided to us that we were looking at the other evening, and you referenced earlier, certain schools had asked for their budget. Hypothetically, let's say they asked for \$6 million and they only spent \$5 million. I think there were three or four schools that had well over \$1 million of surplus in their budget that they asked for as opposed to what they spent. All of this money goes into that fund balance as surplus. It seems to me that we were unnecessarily taking that surplus money to plug other holes. We essentially burned through that surplus money to plug other holes unnecessarily. When we talk about a difference of \$29 million that we're upside down, \$27 million of that came from that fund balance that we burned through unnecessarily. That's huge. We squandered that money.

Ms. Ayala: We used that money to support the current budget year.

Comm. Martinez: We had healthy surpluses of millions of dollars that we squandered. Now we're upside down \$29 million and this alone indicates \$27 million that we squandered of extra surplus money that was budgeted and never spent. We just took that money and allocated it here and there to support other things and plug other holes and we're upside down \$29 million when \$27 million of that came right from there. It's embarrassing.

Dr. Evans: It might be wise to see what the money was used for before we decide whether or not it was squandered.

Comm. Martinez: Fair enough point.

Comm. Rivera: While we were going through the revenues, I started looking at the first seven pages just jumping quickly. I still have a lot of pages to go through. Just to

emphasize what he said, and given that we didn't have this document before, I'll give you a great example of how we squandered that surplus. Go to line 19620. We're going to go through a few lines.

Comm. Hodges: We're not trying to go through the budget, per se.

Comm. Rivera: We just went over the revenues, Dr. Hodges.

Comm. Hodges: It's about training on what the budget...

Comm. Rivera: The new members have to go home. I have to go home and I have to analyze this budget myself. If I'm doing something wrong, I want Daisy to tell me I'm looking at this wrong. That's why I want to point it out. I want to point out a few lines. This is just an interpretation on numbers that I'm looking at. I'm sure you have a good explanation of why it was done. We're not privy to that. You know you meet with the departments and we don't. I'm just interpreting what's here. I just want to make that clear. Go to line 19620 on page 4.

Ms. Ayala: Are we done with the revenues? Is that what you're saying?

Comm. Rivera: Are we done with the revenues, guys? If not, we'll wait until you finish and then we'll jump into that.

Comm. Hodges: Before you move to that, let me just say this. As we know some of the reason we had that money left over is breakage. We didn't follow through with a program. We didn't hire a teacher. Things didn't come through. The programs didn't get filled out. The budget didn't get complete utilized.

Ms. Ayala: We had a lot of retirement as well after the contract was negotiated. That's a big breakage there.

Comm. Hodges: You have that situation going on. But at the same time, let's understand we're not doing all the things that we need to do. There are two ways of looking at this. I wouldn't have said necessarily squandering money. You can look at it that way. My concern is we're not utilizing money to the degree that we need to. If you have those resources that were there and you don't have a music program and other programs in place, then it sort of explains why we're not performing educationally the way we're supposed to be. It's the limits of our imagination or our educational design which is falling short of where it needs to be as reflected by our test scores. That's my concern. I understand the language. We're not saying things that are different. We're saying it differently. That money is not being utilized to put in place other processes or programs that would more effectively help our students transcend their difficulties so that they can be more productive educationally. That's the real problem and the bottom line. The money is there, but it's not being utilized in the appropriate fashion. If it were, we would have other things going on in those buildings that we don't currently have.

Comm. Martinez: Thank you. Perhaps 'squandered' wasn't the best choice of words. I retract that. In replacement of that word, maybe it just wasn't spent, to the point that you're making, appropriately. Maybe 'squandered' was too strong a word.

Comm. Hodges: That's the point. You and I don't necessarily disagree. I agree with you in a sense. Looking at it that way, it's not just money that's sitting there. It is programs and things for students that aren't being developed.

Comm. Martinez: It wasn't put to its best use.

Comm. Hodges: That's exactly right.

Comm. Rivera: I agree with you 100%, Dr. Hodges. As you know, you've been on this Board for over 10 years and you also understand that there is a period during the year that you're allowed by state law to do budget transfers. I'm not accusing them of any of this. I've only been here a few months. The administration has the capability when they see that a budget line is not being utilized they can transfer money to other budget lines. Manny used the word 'squandered.' There's a way that it can be squandered. As you stated, the planning is not being executed that they had in place and now the administration has the ability to transfer some of those funds into another area. Let me not extend this. Let me just go to two lines. I had a bunch of lines. For the sake of time, I'm just going to go into two lines and in the future we can have longer discussions. I just want to point two of them out to reinforce what Manny said. We didn't have this document before. It was just presented to us right now. Forget the line I said before. Let's go to line 27020 on page 4. That's toward the bottom. If you notice, the line says 'actual audited 2013-2014.' Again, I stayed away from salaries purposely. For the people in the audience, since you don't have the benefit of the document, it's called 'purchased services.' We've spent \$727,828,304. This year that we're on right now we budgeted \$1,211,100. Now the proposed budget for this year we brought down to \$546,000. So when we analyze this budget we actually want to know what was the need to increase the budget that you spent on something called 'purchased services.' The year before you spent \$727,000 and you bring it up to \$1.2 million. The reason I say I want to know where we stand right now is to see how this money is being spent. That's a good example right there. Where we spent the \$1 million in surplus, I looked at a few pages and I stayed away from salaries purposely. You know that could be bloated also by having vacancies that don't get filled. Maybe it's not intentional. Maybe the intent of the administration was to fill them up, but if they don't get filled in time that money is not going to get fully utilized. That's one line and right there you see we increased it close to \$500,000. Let me jump to another one. I have a few in between also, but let's just jump to page six, line 43140. It's called 'other purchased services.' Again, there might be a good explanation, but I just want to know why. We have a lot of this and I just picked a few. In 2013-2014 we spent \$669,686. In 2014-2015 we budgeted \$1.4 million and now we're budgeting \$1.7 million. That one is not that bad. For the sake of time, let's just do one more. On page seven go to 44080 under 'purchased professional educational services.' In 2013-2014 we spent \$1,427,073. In 2014-2015 we budgeted \$2,995,087. This year we brought it down to \$1,770,000. To emphasize what Manny said, when you're putting together a budget and jumping like this... Again, this is not salaries. We know we just negotiated a contract and salaries are going to go down if we're fully staffed. This is other expenses. I just picked a few. You go from spending \$1.4 million to \$3 million and now we brought it down to \$1.7 million. We have to stop budgeting looking at the revenue first. We have to change the whole way we've been doing business. I could easily say that because when this situation is created in any entity, it's not done from one year to the other. It's something that happens because of what you've done previously. I just want to point that out.

Dr. Evans: As I scan each of those columns, the numbers you point out seem to be anomalies. In a district our size things happen. A pipe breaks, a light bulb goes out, or a requirement is imposed on us by the Department of Education to implement a program after the budget has been passed. That happens either by the Department of Education or by the US Department of Education. Or it could have been an emergency somewhere and funds are transferred from one line over to the appropriate line to cover that expense. I would say in each of those cases where that question lies that you call

the ones of interest to us so we can tell you why it went up. But there is a reason, it just wasn't arbitrarily done. There was a reason. Something had to happen to see the jumps that you point out. That's a reasonable question to ask when you see that kind of a difference from one year to the next. But like I said, we live this every day. In the morning something may happen or an emergency may surface. I may get a letter from the Department of Education saying it is important that we implement this program this year and it's not in our budget. So we have to move money over to implement it.

Comm. Rivera: So this year we're not going to implement it. Again, we're not going to turn this into a back-and-forth. I just want to go home and look at this a little differently. Hopefully you can tell me something to make me look at it differently. In 2013-2014 you spent 'x' amount of money. Now you have a plan for whatever you want to use it. You increase it and double that amount. But now the next year you're bringing it down to the level that we were at in 2013. This is only looking through eight pages. I must have maybe 15 of them that have anomalies and there are still a lot of pages to go. This is a process that should be used, not only when we have budget problems, but to prevent budget problems. That's what I said since day one. We may not have needed to use a surplus of \$55 million. Maybe we could have used \$40 million and keep \$15 million and let whatever additional is built to support the next budget, something we do at different levels. The only difference here is that we don't raise the levy. In other places they're allowed to do at least 2%. We haven't exercised any of that authority. Those municipalities and counties, in order to stay under the 2% that is imposed by the Governor, they know how to manage their surplus.

Dr. Evans: I would ask only that where there's an anomaly like that where you have a serious question or concern that you point out that line and we can go do our research and tell you exactly what happened.

Comm. Rivera: Thank you.

Comm. Hodges: Mr. Rivera, if you make a list of those it will be instructive for the rest of us.

Ms. Ayala: Moving forward we're going to have appropriations, which are the expenditures. We have regular instruction, which is \$15 million. That increased by \$1.8 million. From line 4660 we have special education, language disability, and all the way down to 846, which is a total of \$1.3 million. We reduced \$200,000 on that. Now we're going to start with all the 11-2. Those are all special education. Do I need to go through every section? We have autism and all types of categories of special education.

Comm. Rivera: Where is Fund 20?

Ms. Ayala: We're still in 11.

Comm. Rivera: I thought you were jumping.

Ms. Ayala: No, I'm just going through all of this. Are we comfortable moving on to the next section? The next section is before and after-school programs, which we budgeted at \$453,000. In case you've gotten lost, I'm on page four. Shortly after that we have summer instruction, line 2180. Then we have community service programs. That's all the way at the end on page four. On page five, line 29180, this is where you have out-of-district students. We actually spent \$20 million in 2013-2014. We budgeted \$39 million in 2014-2015. We budgeted \$42 million for the subsequent year. We increased

that by \$2.3 million and that's in conjunction with some of the contracts we currently have. The next section is attendance and social work, \$1 million. The next category is health, \$1.3 million. Speech and physical therapy is \$3.4 million.

Comm. Rivera: Would you mind pointing out the line numbers for each?

Ms. Ayala: Sure. That's 4580. The next category is 41080, \$8.5 million for extra services for special education as well. If you go to page six, line 41660 is \$1.6 million for guidance. The next category is on line 42200, \$9.8 million for child study team. All the way at the bottom you have the media and library at \$1.3 million. On page seven, line 44180 is for staff development training at \$2.4 million. The next category is 11-000-230, administrative at \$7.9 million. The next page is school administration and supporting at \$512,000. Central service is at \$5.7 million. 251 is for the finance office, human resources. Then we have line 48580, which are facilities at \$8 million. Line 49340 is custodial at \$28 million. Line 51100 is security at \$7 million. Operation of facilities is at \$43 million. On line 52480 we have transportation at \$18.5 million.

Comm. Simmons: Custodial services are outsourced. Has there been an analysis on whether or not it would be cheaper to bring that back in-house?

Dr. Evans: There is each time we renew the contract. We take a look at internal costs versus what it costs to outsource it. A number of vendors actually will bid on it and we know what our personally costs are. Obviously so far the costs have been lower if we outsource it.

Comm. Rivera: Can I put in a request through the administration? Can we get a copy of that? At previous meetings I remember asking one of your cabinet members when was the last time we did an analysis on this. Don't quote me on the year, but I think I heard something like 10 years.

Dr. Evans: It's been done more recent than that.

Comm. Rivera: Can we have the most recent one, please?

Dr. Evans: When was the last bid? About two years ago?

Ms. Ayala: Yes.

Comm. Rivera: Not a bid - a cost analysis.

Dr. Evans: The cost analysis occurs around the bidding to compare the bid prices to what it would be internally.

Ms. Ayala: There is a cost benefit analysis before it goes out.

Comm. Rivera: Can I ask a question before we continue? Daisy, I wasn't going to point out any other anomalies, but staff training services, line 44180. I just can't go home thinking of that line because I need an explanation about that anomaly. I'm looking at total on line 44180 on page seven for staff training. Let's just look at the numbers. 2013-2014 actual spending was \$1,881,075. Revised budget in 2014-2015, the current budget we're on right now, is \$4,251,425. The new budget that we're proposing given that we're in the situation we're in, we go back down to \$2,478,420. Out of curiosity, I agree our teachers need to be trained more. We can determine a reason why you want

to more than double the budget. That's one of the lines that we're probably going to have to discuss later on. It's just double.

Dr. Evans: It's an easy one to explain. The new teacher and principal evaluation system required that we train every teacher, every principal, and every district administrator who evaluates teachers and principals on the new system. That took probably a year and a half and it crossed years, last year and this year. That training has been done. Everyone has been trained. In addition to that, because we have a significant number of teachers on corrective action plans, we put in place an extensive array of professional development offerings to give teachers an opportunity to get professional development. So when their principals observed them, determined they had needs, and told them they need to get professional development in it we have it set up so they can go online, at midnight if they want, and go through a webinar and get that training. Or, they can go to Montclair as a part of an arrangement we have with them to get the training in M-USERS. That's an acronym for their system. We have a number of venues. But the biggest cost was to train everyone who works in this district who is subject to be evaluated using the new teacher and principal evaluation systems to make sure they were trained on them, on not only what to expect when they were evaluated, but if they were evaluating others on how to do it. That was a big one-time cost.

Comm. Rivera: That sounds good.

Comm. Hodges: This was supposed to be about terminology. What you're appropriately doing is asking questions that we want to spend more time on when we go over the actual budget. The problem is we're not going to get into the terminology and we also have another presenter. I also want the Board to have the actual terminology and the chart of accounts. We're going to suspend it here so we can have Ms. Grant who lives at the other end of the state come up. Then we'll make sure you get the information in hand and we'll continue this on Tuesday after you've had a chance to review and you have the terminology in your hand.

Ms. Ayala: And we also have a finance committee that will continue with this.

Comm. Hodges: We'll send it via email or deliver it to your house.

BOARD TRAINING WITH ROSIE GRANT

Ms. Rosie Grant: Good evening ladies and gentlemen. Piscataway is Central Jersey, Dr. Hodges.

Comm. Hodges: It's down there. I'm from New York.

Ms. Grant: I appreciate this opportunity and I brought several documents along. I'm going to give you just a brief overview given the hour and open it up for you to ask me questions or be in touch with me afterwards, if that makes sense. I brought lots of copies so there are probably enough for the folks in the audience to have a copy also. I want to start with this document that's three pages that says SFRA History for Paterson Board of Education Members. That's a single sheet, but this is the one I want to start with. The School Funding Reform Act came into being when the New Jersey legislature passed it in 2008. This was the first time in New Jersey's history that we had a weighted student formula. Initially, advocates fought against it because we didn't agree with the way the weights were achieved by the State Department of Education. Once it was voted into law, we realized that fight was over and we started to monitor the

implementation of the School Funding Reform Act. A weighed formula means that there's a base cost that assigned to each student and then there are weight percentages and multipliers that are assigned to conditions to determine what the funding level is for each student. So in addition to the base cost there's extra funding to support programs for at-risk students. At-risk is determined by school funding, kids on free and reduced lunch. There's a weight for limited English proficiency students, for students with disabilities, for special education students, and so on. Along with the weighted formula, each district has a weighted student enrollment. Initially under the formula, it was the October 31 enrollment count that was used. Going back three years ago, Governor Christie in putting forward the state budget changed that so that the enrollment is now based on average daily attendance rather than enrollment. That has changed without going back to the legislator. It was changed in the process of the budget presentation at the state level. In 2008-2009 the formula was funded for the first time. I apologize. That should say SFRA. In 2009 the state went to the Supreme Court and asked the court to declare that the formula was constitutional so that they could get rid of Abbott. Abbott was the lawsuit that was brought against the state for the 30 poorest New Jersey districts to say that areas that had concentrated poverty needed some extra resources that others didn't need. That's how we came to get the facilities, preschool, and other wraparound services support from the state. The court decided, after some deliberation, that the formula would be constitutional but with two caveats. The formula had to be fully funded for the first three years and the formula had to be thoroughly reviewed to determine if it was working properly and adjustments needed to be made.

Comm. Hodges: We're going to need everybody's attention because this history is actually very germane to some of the discussions. We have a tendency to stumble over this. I really wish we had everybody's attention on this discussion because it does color some of the things that we do and some of the pushback that we give and don't seem to be aware of. Again, I wish to have everybody's full attention on this particular issue.

Ms. Grant: Thank you. In 2009, it was underfunded, and this was the second year of implementation for Paterson, by \$11.7 million. We got full funding according to the formula the first year and the second year it was down by \$11.7 million. In 2010, the legislature adopted a budget that was short 15% of state aid across the State of New Jersey. We took it back to court along with the Education Law Center and we got the Abbott 20 ruling, which said that the Supreme Court remanded it to a lower court to determine whether or not this reduced funding could still support a thorough and efficient education under the New Jersey constitution. PEF went to every one of those hearings and had people from the Paterson community go to all those hearings because we know that it really affects our kids. This is what Councilwoman Cotton referred to yesterday, that she was in court and judge said, "I can't believe how the Paterson community has come out to support this," particularly on the day that Dr. Evans presented. The court's ruling said that the state had to fund the formula the very next year for 2011-2012, but limited that to the formerly Abbott districts. The formula was still underfunded that year by \$22 million by the State of New Jersey. In 2012 the state didn't run the formula. We can't tell what it was underfunded because the formula is so complex that you can't make it up yourself. So we can only tell you what money we got. But we can tell you the state refused to run the formula. In 2013 again the state did not run it. We went to the legislators. We lobbied. We educated. We demanded that the state run the formula and found that Paterson was underfunded by \$16.5 million. In 2014-2015 districts received \$20 per student for student aid regardless of what the formula said. It was run, but it was not used. The Governor and the Commissioner of Education said, "You get \$20 per student. That is your aid increase." According to the formula, Paterson was underfunded by \$51 million. Current year

projected is an underfunding of \$71 million. This is important because during the course of all this when we get to the fourth quarter for a couple of years the state would say, "Don't spend anymore." One year it said, "You're not getting your fourth quarter money. We're done." This means that the school district had to say to schools you can spend anymore. I think we're in that situation right now about the spending freeze. The surpluses that you may see on school budgets are false. The surpluses are there because principals were told in February they can't spend any more for the rest of the year. Sometimes it's because we didn't get the aid. Sometimes it was because of the extraordinary circumstances where the district needed the money to do the things that the federal or states are mandated but are not funded. Because a school did not spend the money does not necessarily mean they didn't need it. Kids went without things that they needed for the rest of the year so that we could meet the state and federal mandates. I want to do a description of the formula again. The weight that was placed as adequacy by the State of New Jersey is \$9,649. That is the amount that was determined that is an adequate amount to educate a regular child with no special needs. I don't like the word regular, but a child with no special needs who speaks English properly, who has no speech impediment, who is not in an area of concentrated poverty across the State of New Jersey. \$9,649 is that number. Then weights were established on top of that for each to those categories that I just mentioned, and we'll look at that in a little bit more detail in a minute. When they take the enrollment number and multiply it by this number times the weights for each student – you can't come up with a single average per pupil spending dollar because it is so different – that presents the adequacy budget. In that adequacy budget is a portion that based on the community's wealth the state determines is our fair share. So here's your adequacy budget. This amount should come from the locals. That's the fair share. There's a formula to calculate that based on wealth and community property values also. If you take your fair share and subtract it from the adequacy amount, that's your equalization aid. That's the amount that you get in state aid. On top of that, there's an adjustment aid because when the courts made the decision they decided that no district should fall between their 2007-2008 funding levels. So if the formula as they determine it brings you below the 2007-2008 funding level, you get an adjustment aid called a 'hold harmless' aid to keep you at that level. So your adequacy budget is the fair share plus the equalization aid. On top of that, you then get an adjustment aid if it carries you below the pre-funding formula level. That's that statement on the history of the School Funding Reform Act. The next piece I'd like you to look at is this page that says 'Appendix C and D' from the New Jersey School Boards Association as they work to help school boards understand the budget. You'll see on Appendix C, the one that says page 32, the elementary school number that I mentioned earlier, \$9,649. There's a different middle school weight because they add 0.4% for middle school students so that's \$10,035. Then there's a high school number at 1.17, which is \$11,289. There's also a weight for vocational education, which goes to the vocational schools, the county schools, not the regular district schools. They get 1.31 plus the high school weight. At the vocational schools their per-pupil amount for a general education student is \$14,789. The at-risk weight is on a sliding scale from 47% to 57%, a formula that the DOE has never been able to explain to us, but the range is determined from about \$4,500 to \$6,435. Limited English proficiency weight is 50%. That means 50% goes on top of that money for kids who need to learn English while they learn content. There's an at-risk/limited English proficient because they realize if kids don't know English and are poor there's a higher chance that they'll fail unless we give them some special interventions. That weight would bring the amount up and because of that scale of the at-risk that would range from \$5,741 to \$7,846. With special education census, when it comes to special education kids the state decided it was too much to calculate per child. It would cost too much. But it does cost a lot of educate special education kids. So what they did is they assumed a classification rate and decided based on another

complex formula that they would fund them at 14.69%. Speech is another special category with a weight of 1.89. Preschool, which is not included in the regular aid but comes to us for the preschools, is calculated at one amount for in-district, \$11,506, and \$12,934 for the private providers. Because HeadStart is already federally funded it gets \$7,146. Because we're an urban center and the need for security is different, we get \$70 for all students plus \$104 per each at-risk student if our concentration approaches 40%, which we're over.

Comm. Hodges: So vocational schools like Tech get a 1.31 weight to teach academic programming when they become a technical school which no longer focuses on vocational programming.

Ms. Grant: That's what you call a weighted question. They do get a heavier weight than general education students in the public schools. These weights all go on top of each other. People commonly quote that Paterson gets \$22,000 per child. Wrong. If there's a child who's in high school, who's at-risk, who's limited English proficient, and who's a special education student with a speech challenge, yes, we get \$22,000 for that child. But there's no way to say we get \$22,000 per child. The range may be from \$9,000 to \$22,000, but we can't even say we get an average of 'x' per child because it just doesn't work that way, particularly when a child is highly special needs and that \$22,000 follows that child to an outsourced district placement. That's how the revenues are calculated under the formula. If you flip over the page you'll see another example of explaining how the numbers can add up depending on the categories that the children are in. If you look at that special education cost, at that time it was \$20,547 for a child who had all those needs at the elementary level. Then go across that line and special education students with additional weights in a vocational education setting can get up to \$25,687 per year for their education. I did not think to download the charter costs, but the charter law provides for 90% of whatever dollars we get to go with the child. So we don't get \$22,000 but send \$10,000. It's 90% of the allocated state aid that gets moved with the child. Are there any questions on that? The third piece I want to bring your attention to is...

Comm. Mimms: If we know that the Supreme Court has ordered this and we've been to court and fought for the School Funding Reform Act, why is it not implemented? Why are we not doing anything about that?

Ms. Grant: That's not a question I can answer. I know that there are advocates across the state that are doing just as much as they can. There has been litigation. Governor Christie is in charge of the State of New Jersey. The campaign has to be to influence him as much as we can and to go to the courts. As you've seen from the previous presentation, the court ruling has been ignored several times.

Comm. Mimms: That's a serious concern if we're putting on paper a \$5 million tax levy for the municipality and the law is being broken. That's \$174 million that can clear our deficit, give us more surplus, and bring us into providing more services or resources for our children. We need to be able to enforce what belongs to the city and for our children that we receive it.

Ms. Grant: I think that's a discussion that this Board needs to have.

Comm. Hodges: That was the purpose of yesterday's meeting, to begin to highlight what is actually happening and what's going on here. What we were trying to do was to at least stop one portion of it and ask the legislators to begin to look at this issue, at least in the area of the attendance problem, which is currently \$19 million. Everybody

else says, "You're getting all this money. Why do you need all this?" We're not getting the money that we're supposed to receive and it's not us saying it. It's the Supreme Court that says this is what shall happen and they're just saying we don't care. That's one thing. The other thing is in the past this district has sued, but they have not done it under a Republican administration. So Dr. Evans, who is not obliged to file a lawsuit, I'm not quite sure that the Board has standing.

Ms. Grant: The Board is a group of citizens that can do whatever they choose to do.

Comm. Hodges: All options are on the table. I'll put it that way. They won't be discussed in public, obviously, but all options are on the table and there are discussions underway.

Comm. Mimms: Your point is well taken, but it just bothers me that it's seven years. I hear what you're saying. I want to believe that, but I'm new to the School Board and I don't know if this has been a conversation that has been addressed in the past. This is seven years later. When are we going to do something? I heard the word 'highlighted' and that sounds great, but we have to do something about it. Our children are suffering. There are so many things that are needed within facilities and resources. The list can go on and on of what's needed. There are many other things that we're going to look through in the budget and highlight and identify. But there's one clear elephant in the room that we see. It's not like it's hidden. It's an elephant we've identified. This is money that we rightfully deserve in our district. How many more years will we sit back and not allow the money from the state to be given to our district? We can't keep quiet any longer. We have to do something about it.

Comm. Hodges: We sued two or three years ago to make them at least announce the numbers.

Ms. Grant: The judge threw out the Newark lawsuit, which was filed ahead of the Paterson lawsuit. Ours was defunct. They didn't even consider ours once Newark was thrown out.

Comm. Hodges: We did sue and we lost. We sued for governance and we lost. That involves chasing down pro bono. We won't discuss the law here.

Ms. Grant: The issue of the lawsuit, Dr. Hodges, is that we can't prove that it's inadequate because the state was mandated to do an adequacy report after three years of full funding and they've never funded it for three years in a row or for three years at all. So they can't produce a report and the court is waiting for that report in order to act. So the lawsuits have failed.

Comm. Rivera: I'm also new to the Board and this conversation is very important and needs to take place. The timing is perfect to do so, but this conversation has happened every year. Do we just wait until budget time when we're struggling? We need to go to court. I appreciate what you're doing right here. You're educating us. But even if we go to court, it's not going to help the immediate cause right now, which is putting together this budget. I'm not saying we shouldn't be talking about it. We're explaining to the public that we wouldn't be in the situation if we were funded adequately, but it's not going to help us at all at this moment. I just want to put that out there.

Comm. Hodges: The reason for this training is to make people who haven't been on this Board or are new to the Board aware of this information, many of whom have not heard it. All of this budget analysis must be taken in context of what we're supposed to

receive. You just had an irate City Council who's screaming about \$5 million that was posted in a preliminary budget which shouldn't be there. We just spent a rough night. We should not have had to go through that. That's the context. Unless you understand fully what the overall context is then you don't understand the discussion that was going on last night. It was sort of focused on the taxes and not really capturing this information because we didn't have the time to present all of it.

Comm. Rivera: Last night's meeting was great. It's amazing how only the people who are affected or have the immediate burden are the ones who react. Do you know all the things that were said last night? I've been watching City Council meetings every year for the past six or seven years and they have never spoken about taking action against the state or supporting this Board. But then we set up a meeting to discuss a potential tax levy because of the way the budget looks right now and then we catch their attention. It doesn't matter how we caught their attention, but we caught it and I appreciate you taking the initiative, Dr. Hodges, to get us together with them.

Comm. Hodges: You're giving me more credit. I did not intend to discuss the tax levy. That was not the purpose of the meeting. The purpose was to discuss the impending budget crisis, not this year, but the two years moving forward, which is what I'm really concerned about. That was the point of the meeting. The taxes were somebody else's fault. It was not for that purpose. I don't want to belabor the point because I want Ms. Grant to finish.

Comm. Martinez: I had a lengthy conversation with one of our state regulators today and the sad fact of the matter is this Governor has pretty much destroyed pensions, housing, health care, education. The sad reality is that because the formula hasn't been run for three years we can't do the analysis. I'm not implying that we will or should, but any lawsuit from us he'll just hold up in the courts and by the time it actually gets to him he'll be long gone. It will be 2017 and he'll be wherever he ends up and we'll continue this fight with the next Governor. He's going to get away. He's going to get off the hook. It's a sad fact.

Comm. Hodges: But it's important to have this information to understand the overall context.

Ms. Grant: The PEF budget report is more specific to Paterson. I don't need to cover all of it because Mr. Lee and Ms. Ayala did some of those revenue sources with you. What we do is we get the school budget and we update it as it updates throughout the budget season. Do keep in mind that the state budget season lasts until June so it's not a battle that is done this month when we submit. On the first page are the revenues. On the first batch after 895 you'll see the total revenue and the sources there from fund balance, maintenance reserve, local sources, state sources, etc. The ones that are in color are in color because we give you some further details. If you look at the blue further down the page the local sources detail the tax levy, which you'll see stayed the same for the last the years. In fact, they stayed pretty much that way for the last 10 years. When we got taken over by the State of New Jersey a piece of the takeover law was that we could not raise local school taxes. Something was said yesterday that was in error that I wanted to clarify. No extra money ever came to Paterson because of state takeover and we will not lose any money when we return to local control. It was clear in the law no money came with it. It was just state takeover. That's something to keep in mind as you have further discussion about returning to local control. Our taxes were to stay put until the SFRA came in and we're told SFRA superseded takeover law and QSAC supersede takeover law. So we're in a position now that we don't really know what law applies or what piece of what law applies if any. We have the

knowledge that no extra money came and we'll go on the assumption that we won't lose any when we return to local control. So our tax levy has stayed pretty much the same over this course of time. The state source is detailed. They're the same categories we talked about, the extraordinary aid. All the details are in the law which is available on the State Board of Education website or I can provide for you. There's a category called special education aid, equalization aid, and the security aid. We do get also a transportation aid from the state and then the preschool and other entitlements are in the green column. If you flip to the back of the page, it's the revenue side. You have the full budgets and as you see it's quite a number of pages. So we take that budget and we produce this so that the common citizen may have the general information that they would need to understand what's going on. On the back is all the expenditures totaled by categories and we show you three years, the actual of the 2013 year, the appropriations for 2013-2014, and the proposed for 2014-2015. This is last year's because we have not yet created one of this year, but we will shortly. On the bottom in the blue you'll see general fund to school-based budget and the grants to school-based budget. That was a total last year of \$266,370. That's the amount of money that goes to the school. As a percentage of the entire budget it's 45% of the overall budget. If you open it up this is by school down the left side and by category across the top how the money is allocated, that blue money that we just looked at. What went to schools, this is how it's broken down by school. This is very useful because you can look down a column. For instance, if you want to find out what we're spending on summer school you go across to 2062 and you'll see that the alternative high school had \$27,000 and the High School for Government and Public Administration had \$1,840. That's all that was budgeted at the beginning of last year for summer school. Things changed. We had to have summer school. We had to prepare our kids for PARCC. That's something that hadn't been planned on when this budget was developed. So when you look at your actual for this year to date you might see that the money was not spent that way for summer school. That's because of regulations that come down after the budget is made. The budget does have to be looked at as a roadmap. Sometimes you're traveling along and you have a wonderfully planned route but there are detours that you cannot avoid. This is the piece that we put out to the public at the public budget meeting so that folks can follow along, at least by categories, or can look to see how their school is spending their own money in order to hold the folks and ourselves accountable. The last piece that I presented is an overview of the FY 2016 budget which is the budget that you are looking at, at the state level. That's the one with the blue bar chart at the bottom. I don't have the Paterson levels, but it gives you an idea of what we're looking at statewide as we launch this campaign. Paterson cannot do it alone. We do have to partner with other districts and it's urban and suburban districts that are being affected by the underfunding of the formula. This year, although we're not running the formula, the Governor has put in \$2 million in the budget as a pilot demonstration of the Opportunity Act which calls for scholarships to private education institutions, not charters, which, by the way, is unconstitutional. I thought that would be enough to digest today. If anybody would like any more details, we're available to you with a phone call or a drop into our office.

Comm. Hodges: Any questions? Thank you very much.

Comm. Mimms: For years I've watched your organization put out this information and provide resources for the community. It has really helped me coming on the School Board to be familiar with this for years. Thank you so much.

Ms. Grant: Thank you. It's our pleasure.

Dr. Evans: One of the items that Dr. Osnato was asked to include in this workshop was Board ethics. Board ethics is covered at least once a year, sometimes more than once a year. Particularly in light of where the district is and where the Board is in relation to QSAC and our move towards local control around DPR areas and any number of other areas as it relates to Board interactions, whether it's Board to Board, Board to staff, or Board to community, there are clear rules of engagement that clearly have to be followed as it relates to making doubly sure, particularly when an individual speaks on behalf of the Board, that truly there's been a Board vote or they've been authorized to do that by the President. All of those things are annually covered in one or more ethics workshops. Dr. Osnato did not include it in this particular one at this time because of the change in date. He called me this afternoon basically to say he couldn't be there, but at the same time the date was changed and the arrangements that he had previously made cannot occur. But in the meantime, there is a continuing need, particularly as the dynamics of the Board changes and as new members join the Board. A sensitive area has to do with individuals or subgroups of the Board that represent the Board in their comments and in their communications. Whether it's my staff, the Commissioner, or anyone - you can't speak for the Board unless the Board as a group has voted to authorize you to speak for the Board. Everyone can speak for themselves as a citizen, but not for the Board. That's still coming and it's still a need that we have to fill. I would expect that moving forward Dr. Osnato will include something as it relates to a workshop around ethics.

Comm. Hodges: What we're talking about here is that some Board members reached out to the Commissioner of Education for a phone conference and they also crafted a letter to the Commissioner of Education. In the letter it mentions having no more than five members of the Board, which is a quorum. The implications were that this was a letter sent on behalf of the majority of the Board. Through those auspices, apparently the Commissioner of Education entertained a phone call. We will address this in greater detail. There are four people on the letter, but it states that this is on behalf of no more than five. It suggests that it says it's a quorum.

Comm. Rivera: I didn't write this, but my name is in it and it says, "Please note that this memorandum does not reflect concerns of more than five Board members."

Comm. Hodges: Of more than five. It does say more than four. Five is the quorum number. The implications are you have a quorum. If it had said less than five, then it's not a quorum.

Comm. Rivera: It does list the Board members at the end. It's just like some other documents that we have here and some sections don't reflect the actual interpretation of the document. It's the same thing here.

Comm. Hodges: But the issue was it implies it's no more than five, which is a quorum. On the basis of that apparently the phone call from this group was accepted by the Commissioner of Education. I don't know what happened after the realization that that was not the case. I had no idea this was going to take place. Quite frankly, there's nothing wrong with the letter. You can send letters to everyone who you want to as Board members. That's not the issue. But communicating with the Commissioner of Education without going to the Board President is a problem and it raises significant issues because there should not be that level of communication without going through the Board President. I wanted to discuss this here because quite frankly I don't want the state to tell us anything. We should know how to work with ourselves and what the protocols are. I'm going to ask Dr. Evans to make it very clear that the Board discuss this and discuss it in open session to make sure that this kind of thing doesn't happen.

There is no prohibition against any Board member or group of Board members writing a letter to the Commissioner of Education, the Governor, the office of compliance, or whomever. You can sign your name or whatever you want to do. But the two problems here are (1) you can't state it's a quorum when it's not and that language implies a quorum. That's the problem. When you say it does not reflect the concerns of more than five, if you had said more than four then you're accurate, but more than five is five and under.

Comm. Cleaves: I understand, but it is still interpretation.

Comm. Hodges: But it's English.

Comm. Cleaves: It's English, but I interpret if there are five or more people it's quorum.

Comm. Rivera: At least we understand the intent, Dr. Hodges. That line would have never been there if the intent was not to specify that we're putting this document together with the knowledge that it does not constitute a quorum. That line would have never been there.

Comm. Hodges: Again, the letter is not the issue. The letter is fine. It's the phone call that was made without the Board President. That's the problem. What I'm simply saying is we need to understand that there are protocols that have to be established and they have to be maintained. I think everybody is aware of that now. It's been thoroughly discussed in open session. As far as I'm concerned we can move forward.

Dr. Evans: The information from the Commissioner's office was that we needed to include it in a formal ethics training and that perhaps everyone just needs to be reminded of the ethical rules that everyone has to follow. I will cycle back to Dr. Osnato because he was the person who was asked to lead or provide someone to actually lead a workshop with the Board on the topic. If he's satisfied then it's done. But if he's not, then in the next session where there may be Board training that may be one of the topics on the agenda.

Comm. Hodges: But please make it very clear that the Board of its own initiative raised this issue and had a discussion in public session.

Comm. Rivera: Can I ask the courtesy from the administration, for you to be more inclusive in what we do here at the district? Although we're not an advisory Board, we were elected by the people to serve the people. What probably prompted this is what has been taking place for a while now. A lot of things are being done without our knowledge. Even if you don't have to, the residents of the City of Paterson would appreciate if you let their representatives be more inclusive in the process.

Comm. Hodges: I don't see a need for this letter to be public. It's marked confidential and I think there are some issues in that letter that merit review, but it should be for the Board to hold onto.

PUBLIC COMMENTS

It was moved by Comm. Martinez, seconded by Comm. Simmons that the Public Comments portion of the meeting be opened. On roll call all members voted in the affirmative. The motion carried.

No speakers.

It was moved by Comm. Cleaves, seconded by Comm. Simmons that the Public Comments portion of the meeting be closed. On roll call all members voted in the affirmative. The motion carried.

RESOLUTIONS FOR A VOTE

Dr. Evans: There was some discussion at the very beginning to change the wording from 'adoption' to 'submission.'

Ms. Williams: That's on the resolution. 'Submission' is on the resolution. This is just a typo.

Resolution No. 1

WHEREAS, the Paterson Public Schools is a school district under full state intervention and is required, by law, to prepare an itemized budget and submit the budget to the Commissioner of Education no later than March 9, 2015, with an additional copy submitted to the executive county superintendent of schools; and

WHEREAS, the district embarked on a budget development process in November 2014 with the objective of fulfilling the requirement that the budget conform in all respects with the requirements of Title 6A chapter 23A; and

WHEREAS, the district's intent in its budget development was to comply with NJQSAC requirements having the district's policy on budget development incorporate educational priorities with fiscal expenditures and to address the boards and administrations priorities; and

WHEREAS, the budget development aligned instructional resources with fiscal goals and budget objectives; and

NOW THEREFORE BE IT RESOLVED, that the Paterson Public Schools 2015-2016 preliminary budget in the amount of \$567,397,993.00 with no supplemental funding request is approved and is authorized to be delivered to the Commissioner of Education no later than March 9, 2015, with an additional copy submitted to the executive county superintendent of schools:

\$ 25,000,000	General Fund Balance
2,168,294	Excess Fund Balance (designed for use in FY'16)
43,955,956	Local Taxes General Fund Revenue
2,487,000	Other General Fund Revenue
402,196,027	State Aid
833,327	Federal Reimbursement
54,066,176	State Special Revenue
33,076,328	Federal Special Revenue
504,191	Local Debt Service
404,803	State Debt Service Aid
795,509	State Debt Service Aid
2,315,185	Pre-K Operating Budget Transfer
<hr/>	
\$ 567,397,993.00	

BE IT FURTHER RESOLVED, that supporting documentation of this budget also contains an itemization of certain maximum expenditures required under administrative regulations for Travel, Public Relations Services, Professional Services and Extracurricular Activities have been established for this budget and budget year 2015-2016 in accordance with 6A:23A-5.2, 6A:23A-7 and 6A:23A-5.8; and

BE IT FURTHER RESOLVED, that appropriate notification to the board of education to exceed any of the maximum identified, other than Travel for which no exception is permissible, shall be made prior to any expenditure occurring on behalf of the board of education and when notification is made, the board of education may adopt a dollar increase in the maximum amount through formal board action; and

BE IT FURTHER RESOLVED, that this resolution shall take effect with the approval signature of the State District Superintendent and is being provided to the Board for advisory purposes.

It was moved by Comm. Simmons, seconded by Comm. Cleaves that Resolution No. 1 be adopted.

Comm. Cleaves: Has it already been submitted?

Dr. Evans: It was submitted on the ninth.

Comm. Cleaves: So even if we vote it down it's already gone.

Comm. Hodges: This is a discussion of approving on the part of the Board. It doesn't mean that you stop it. It just means that we approve it.

Comm. Cleaves: For it to be submitted.

Comm. Hodges: That's right.

Comm. Cleaves: ...which has already been submitted.

Comm. Hodges: And you might not approve of that process.

Comm. Martinez: Just to be clear, we're approving the submission of a preliminary budget. This is not the final approved budget. This is the submission of a preliminary budget only.

Dr. Evans: That's correct.

Comm. Rivera: I just want to repeat something that has been said many times. This is to approve the submission of the preliminary budget that hasn't been reviewed by this Board. From my understanding, it's submitted to the county office and they wait until today to give us a copy of this budget. It becomes a public document once it's submitted. I just wanted to share that.

Comm. Mimms: We also need to note that in this approval of submission of the preliminary budget it includes that \$5 million tax levy in that.

Comm. Martinez: Furthermore, I stated yesterday and I state it again – and I speak for myself and I'm confident that I speak for everyone else – I do not support, sanction, or approve nor will I ever approve these types of measures to increase this municipal tax levy by this amount.

Comm. Hodges: Mr. Rivera raises an interesting point. Is this the routine practice to submit the budget even before the Board has a chance to see it?

Dr. Evans: Actually, you know the history better than I do. Before I came I think the Board probably didn't get it until the final budget was prepared at the end of the month. We changed that practice so the Board can get it earlier and get inside of it and make recommendations before the budget is put in final form. I know at one point in time the Board didn't see it.

Comm. Hodges: I will additionally point out that the Governor really is supposed to submit this budget in January, but years ago there was an emergency where they had to delay it and they were given approval to delay it two weeks. But each year it has been extended and extended so now we don't receive the budget until February 26 and the press receives it on the 25th.

Dr. Evans: Correct me if I'm wrong, Ms. Ayala, but it wasn't ready until the 8th because you were here that weekend putting it in final form so we could meet the state's deadline to get the preliminary budget to the executive county superintendent.

Ms. Ayala: Yes, that is correct.

Comm. Hodges: ...which is on the ninth.

Comm. Mimms: The concern I have is that we went to the City Council meeting, not to discuss this. We were handed a preliminary budget, a working document, which is the same thing that we're being asked tonight, to approve submission of what was not supposed to be. That's a serious concern. It's not supposed to be, this is not what it is, and then every document that we received tonight, not last night, not when it was presented a week or two weeks ago. Daisy Ayala clearly presented how the process would go from October. She gave us all the steps and guidelines and we understand that we got it at the point that we received it. But the problem I have is that last night we received a working document similar to the one we received last week and that document showed the \$5 million increase which we were not supposed to talk about. But if we present a document with that information on it how do we say we're not talking about this but it's clear that we've identified it on a document? Then every document that we have presents that same point of the \$5 million.

Dr. Evans: The meeting that takes place next Tuesday is the formal meeting where you will get the final revisions as it relates to the preliminary budget. A lot of the figures in there are going to change because we're still working on them. In fact, we'll be here this weekend working on them. I will tell you there are some things that will look very different and that discussion is the discussion where the Board says, "I don't like this. I like that. I would suggest this or that." Then my staff and I go back, take into consideration everything that you have said to us, make revisions based on what we think will work in the budget, and then come back to you with a final budget near the end of the month. Then there's a hearing around it. That's the process.

Comm. Rivera: Can I rephrase the question that Dr. Hodges previously asked in reference to past practices? Could we base it on actual budget practice stated by state law? What is the normal budget process?

Dr. Evans: For a state-controlled district I have no obligation for you to even see the budget. I can prepare it and submit it. That's not the way I want to operate. I want you to be included, involved, understand it, and then make recommendations.

Comm. Rivera: And we appreciate that. The first time I met you, you told me same exact words. But if you're going to be inclusive, be inclusive all the way that way we're not confused about what we're looking forward to. Let's just not do it a certain extent. This is something that I'm asking personally. If you're going to treat us like a state-controlled district, then do it that way. But if you're going to give us the courtesy of treating us like a regular district then let's go the whole way. We would appreciate if we would have had the budget beforehand.

Dr. Evans: I think we are treating you the whole way. I've been in state-controlled districts. I've been in city-controlled districts. I've been in empowered Board districts. Each one that I've been in operates the way that I'm operating here. We don't give the Board the preliminary budget until we finish developing the initial draft, taking into consideration everything we know. So we aren't collecting information and creating a draft and having conversations that change the draft every single day. We at least get everything together as a comprehensive budget and then engage you, and it's still open to change.

Comm. Rivera: I appreciate it, but it's after the submission. For example, once the budget is submitted to the county it becomes a public document. It is now Thursday and we just got this budget. That's all I'm asking. Maybe that can change in the future. I appreciate what you guys do, but it's Thursday and I just got it today.

Dr. Evans: Actually, I think the standard practice is because of the timing and where the calendar falls when the first Board workshop is usually you do get to before it goes. Correct me if I'm wrong, Ms. Ayala.

Ms. Ayala: Actually, on March 4 we had a meeting to go over it and Comm. Kerr was the only one who came and that was because we had that snow. We were prepared to have that discussion and to go into more detail. I was prepared for that.

Comm. Hodges: As I mentioned to you earlier, we've been operating with goal-setting in the wrong place. Goal-setting should occur in May, not where we've had it previously. We should be discussing the Board's curricular imperatives in late September early October. As they plan what direction to move the budget we bring forth our curricular imperatives and that helps drive the process. That's what should take place. It hasn't been taking place, but that's what should take place and I'm going to see to it that that's the way we do this in the future. It gives you a heads up. You can raise issues in advance of even all the numbers being put in place so that we can see, not only that the dollars are being spent in the right place, but that those dollars are headed towards educational needs of the district, which I think is really what you want to see.

Comm. Rivera: Dr. Evans, just so you know, the reason for that is as elected officials we get questioned on a lot of things out there. I know you've been trying your best to get everything to us as soon as you can, but it's just embarrassing when your

constituents contact you on certain things and you tell them you don't have a clue. It's just embarrassing and it's not right to the people. That's all I'm trying to avoid.

Comm. Hodges: Anything further? I haven't had a chance to say anything about this. I feel very strongly about this \$5 million, not necessarily because of the Superintendent's move, but because of the state's position in putting us in this position. I have no intentions of voting for this submission. I won't vote for a budget that has any tax increase here. The purpose of that meeting had nothing to do with taxes. It had to do with the wrongful funding problem and the potential distress that we face, not this year, but two years from now. Mr. Lee gave you a little bit of indication if there are proposals for two additional charter schools then that's \$6 million potentially off the top added to this, plus whatever Tech does with their extra weight.

Comm. Martinez: What caught me off guard with this budget and what continues to make me very uneasy is the fact that in our previous discussions leading up to this about the options and what we would need to do to get our budget balanced we simply spoke about the option or the potential opportunity to have a discussion. That in itself was alarming, but the fact that we actually saw this materialize on paper in a proposed budget now gave this legs. To me this indicates if we had no intention as a district of doing this, why did we include it in the proposed budget? If we're really serious about not doing this, we would not have put it in the budget. To me this indicates that we're keeping this door open because somewhere we need to keep this opportunity alive to do this. When we clearly discussed and agreed that we did not want to do this, this is something that perhaps down the line we needed to discuss but we kept the door open and we gave this legs by including this in a proposed budget. That does not sit well with me at all. It caught me completely off guard and it kind of spoke to the fact that Comm. Rivera just raised. I found this out, not because the information was given to me. I found out second-hand by people calling me up and saying, "You guys are trying to do this? What's going on?" Trying to do what? "You didn't know?" Know what? How does that make us look? We look like fools. It caught us completely off guard because we spoke about not intending to do this. If we're not intending to do it, why is it in this proposed budget? And why did we not know?

On roll call all members voted in the negative. The motion did not carry.

Resolution No. 2

WHEREAS, Paterson Board of Education has adopted its Bright Futures Strategic Plan for 2014-2015, where amongst its strategic goals is Priority III Family & Community Engagement; and

WHEREAS, Dr. Frank Napier School has partnered with the Boys to Men Saturday Program and the Department of Family & Community Engagement to address at-risk students that find themselves on the cusp of a trend towards drop-out and that have accumulated high numbers of suspensions, absenteeism and accounts of inappropriate behavior; and

WHEREAS, the Department of Family & Community Engagement will provide parenting workshops and support for the parents of participating students to help them with parenting skills to assist their children through this period of development; and

WHEREAS, the Boys to Men Saturday Program has created a coalition of Not-for-Profit and Professional groups such as the BROTHERS, Inc. Omega Psi Phi Fraternity,

Bronze Shield, Bronze Heat, BUDS, the Paterson Police Department and others that will provide in-kind instructional services for the program; and

WHEREAS, the Paterson Housing Authority has committed to house this program, In-Kind, at its Christopher Hope Center located at 60 Temple Street, Paterson to give the students an away from school, but near physical environment; and

WHEREAS, the Boys to Men Saturday Program will be a 7-week program beginning on Saturday, March 14, 2015 – April 25, 2015 and will operate from 9am – 2pm; and

WHEREAS, the Paterson Public Schools will provide instructional and performance oversight for the said program, as well as student lunches and instructional materials in an amount not to exceed \$1,650.00 (Lunch \$1,400.00; Materials \$250.00); and

NOW, THEREFORE, BE IT RESOLVED, Paterson Board of Education approves the “Boys to Men” program and its mission of creating supportive partnerships between our community parents and community stakeholders towards supporting the adage ‘it takes a Village to Raise a Child’ and increasing student achievement.

It was moved by Comm. Martinez, seconded by Comm. Cleaves that Resolution No 2 be adopted. On roll call all members voted in the affirmative, except Comm. Simmons who abstained. The motion carried.

MOTION TO GO INTO EXECUTIVE SESSION TO DISCUSS PERSONNEL

It was moved by Comm. Martinez, seconded by Comm. Cleaves that the Board goes into executive session to discuss personnel. On roll call all members voted in the affirmative, except Comm. Simmons who voted no. The motion carried.

The Board went into executive session at 9:32 p.m.

The Board reconvened the meeting at 10:42 p.m.

It was moved by Comm. Martinez, seconded by Comm. Cleaves that the meeting be adjourned. On roll call all members voted in the affirmative. The motion carried.

The meeting was adjourned at 10:43 p.m.