

**MINUTES OF BOARD OF EDUCATION FINANCE COMMITTEE MEETING  
OF THE WHOLE HELD VIRTUALLY ON JANUARY 18, 2022 AT 7:00 PM**

---

Board Members Present: Anthony Perugini-Chair; Adam Grippo-Vice Chair; Anne Harrigan-Secretary, Faith Ham, Andrew Martelli, Samantha Rosenberg, Timothy White

Board Members Absent: None.

Administrators Present: Jeffrey F. Solan, Ed.D., Superintendent of Schools; Marlene Silano, Assistant Superintendent of Schools; Vincent Masciana, Chief Operating Officer

Public access made available through live streaming the Cheshire Public School's YouTube Channel at [www.youtube.com/cheshirepublicschools](http://www.youtube.com/cheshirepublicschools). Public comments were accepted at [CPSCovid19@cheshire.k12.ct.us](mailto:CPSCovid19@cheshire.k12.ct.us).

**1. CALL TO ORDER – 7:00 P.M.**

- A. Roll for Quorum. The roll was called and a quorum determined.
- B. Pledge of Allegiance to the Flag of the United States of America.  
Mr. Grippo led the group in the Pledge of Allegiance to the Flag.

**2. AUDIENCE**

None.

**3. PUBLIC BUDGET REVIEW AND DISCUSSION REGARDING  
SUPERINTENDENT'S RECOMMENDED BUDGET.**

Mr. Masciana began his presentation noting that tonight he will be providing an overview of the budget process, and will then review Employee Salaries and Employee Benefits. Mr. Masciana said the budget process began in September 2021. He reviewed the key budget assumptions:

- Projected enrollment will increase to 4,150.
  - Grades PreK-6 increase by 73 students, Grades 7-8 increase by 4 students, Grades 9-12 decrease by 82 students
  - 3.5 elementary teachers are added, class size goes from 18.7 to 18.9 average
  - .5 Birth to Three teacher added, but the cost is offset by increased revenue
- A Significant increase is needed to fund the Medical Benefits accounts
  - \$2.24 million requested represents 54.4% of the \$4.1 million budget increase for 2022/23.
  - Contributions need to increase in 2022/23 to fund the expected claim rate.
  - Reserve Fund dropped from \$2.4 million to \$1.05 million as of December 31, 2021 due to:
    - Budgeted monthly contributions below expected claims (\$816K vs. \$900k)
    - Actual YTD monthly claims exceeded expected claims (\$1.1M actual vs \$900K expected)

- Special Education costs modestly higher due to student growth.
  - IA staff added in 2021/22 and carried into 2022/23.
  - The Transition Program Coordinator position is added, but Tuition Outplacement & Pupil Services are flat.
- A Modest Increase in Operations and Maintenance.
  - Driven by utility costs and maintenance needs for our aging buildings.

Next, Mr. Masciana reviewed mandates, explaining a few of the newest:

- Implementation of State provided Special Education Data System.
- School Lunch Requirement on Early Dismissal Days for Middle and High School Students
- COVID-19 Screen and Stay, vaccination status tracking, weekly testing for non-vaccinated.
- COVID-19 requirement to cover the medical cost of eight at-home test kits per person per month.

Mr. Perugini asked what class sizes would look like if we did not add the three elementary teachers. Mr. Masciana answered the class size would go to 19.4 students per class. You will see some grades go well above 20 and some up to 24. He noted that, historically, Cheshire likes to keep their class sizes around 18 students in the elementary grades.

Mr. Masciana reviewed the State and Federal Grants for 2022/23 which total \$2,461,560. The Projected Revenue for 2022/2023 is \$10,465,684. He noted that without grants and revenues, the tax burden to the average Cheshire residents would increase a great deal.

Mr. Masciana noted that Mr. White had asked about the Educational Cost Sharing (ECS) formula at the last meeting and they are still trying to get the formula from the State. He reported that Cheshire's per pupil expenditure is on the low end of DRG B districts at \$18,156. The per pupil expenditures net of per pupil ECS Revenue is \$15,866.14. Our funding is higher than some area districts because the prison population is included in our population.

Ms. Rosenberg asked how our class sizes compare to other districts in DRG B. Dr. Solan answered that for high schools, our DRG rank is 14<sup>th</sup> out of 21 districts. Cheshire is at 15.15; the lowest ratio in DRG B is 12.29 and the highest is 17.

Mr. Masciana reviewed the Budget Recommendation, which is as follows:

2021/22 Budget	\$77,001,052
2022/23 Recommendation	\$81,114,420
Increase \$	\$ 4,113,368
Increase %	5.34%

Budget Request by Category:

Category	Request \$\$	Request %	Increase \$\$	Increase %
Salaries	\$50,449,570	65%	\$1,479,139	3.02%
Employee Benefits	\$14,993,600	18%	\$2,244,465	17.6%
Support Services	\$ 7,085,879	9%	\$ 161,527	2.33%
Instructional Expense	\$ 4,564,034	6%	\$ 47,716	1.06%
Maintenance & Operations (Includes Utilities)	\$ 4,021,337	5%	\$ 180,521	4.7%

Mr. Masciana noted that 95% of the budget is for “fixed” costs, such as contractual salaries and benefits, mandated services, and facility overhead such as utilities and maintenance. “Variable” costs account for the other 5% of the budget. There is a cap on the variable expenditures at the beginning of the year, and that is how they manage their non-payroll accounts. Right now, the account limit is at 50%, and he expects this to increase to 60% in January.

Mr. Masciana reviewed Employee Salaries. He said employee bargaining groups have received reasonable wage increases, but have absorbed increased medical benefits costs in-line with economic conditions and contract agreements across DRG B and across the State.

Certified Salaries is 49.2% of the Operating Budget. The requested increase to this account is \$39,880,691 (3.15%). Contractual wage increases for 2022-23 are 2.5% for Administrators. Based on the mediated contract effective 7-1-2021, Teachers will receive a 1.23% general wage increase and a 1.33% step increase in 2022-23.

Non-Certified Salaries is 13.0% of the Operating Budget. The requested increase to this account is \$10,568,879 (2.54%). Contractual wages increases for 2022-23 vary for each of the non-certified groups based on their respective bargaining unit agreements as follows: 2.25% for TA’s and Study Hall Monitors; 2.75% for ABA/DTI Trained IA’s; 3.25% for IA’s and Hall Monitors; 2.75% for Secretaries, Media Techs and Technology Assistants, and 2.75% for our Maintenance employees.

Mr. Masciana next reviewed Employee Benefits, which is 18.5% of the Operating Budget. The requested increase is \$14,993,600 (17.6%). The increase detail is as follows:

	RECOMMENDED 2022/23	CHANGE (From BGT)	% inc/ % dec
Medical Benefits *	\$ 11,816,074	\$ 2,235,633	23.34%
Life Insurance	\$ 74,663	\$ 1,617	2.21%
Disability Insurance	\$ 35,472	\$ 0	0.00%

Pension/Retirement	\$ 1,365,176	\$ 90,000	7.06%
Worker's Compensation	\$ 317,215	\$ -72,785	-18.66%
Unemployment Compensation	\$ 30,000	\$ -20,000	-40.00%
Social Security	\$ 1,355,000	\$ 10,000	0.74%
Total Employee Benefits	\$ 14,993,600	\$ 2,244,465	17.60%

The budget request for the Medical Benefits Account of \$2,235,633, which represents 54.4% of the total budget increase of \$4,113,368 for 2022/23. This increase is needed to properly fund the expected medical claims for 2022/23. The need for this significant increase is primarily due to the reliance on drawing from the large balance in the Medical Benefits reserve fund to supplement the operating budget in recent years. This was exacerbated by an increase in the medical claims rate.

Mr. Masciana gave an overview of the types of medical plans offered. He said initiatives to manage our health care costs continue, such as:

- Employees paying more toward coverage through higher co-share rates, higher HSA deductibles, etc. (\$1.8M, or 13% of total in 2022/23)
- A multi-year initiative to reduce the number of plan offerings completed:
  - Teachers have a \$2.25K/\$4.5K high-deductible HSA Plan and contracts with Custodians, IA's, Secretaries and Administrators have a \$2K/\$4K high-deductible HSA Plan. All have a full buy-up for PPO and HMO.
  - New Administrator contracts eliminate PPO and HMO options as of 7-1-22.

Mr. Masciana shared a document regarding medical costs across the country (on file). The national average was 7.1% and ours was approximately 4.6%, better than the national average. He discussed the medical benefits reserves and reviewed the past year's balances. History shows that in the past when the reserve balance is higher, we would underfund the account and draw against the fund balance. Mr. Perugini noted that claims have also spiked high this year. He said they need to be able to show the community why the amount has increased so much.

Regarding the medical benefits trust fund, he said a healthy balance would be 2 months of reserve and we are currently below that amount. He reviewed that during last year's budget cycle, the Board discussed expected claims to be \$900,000 for this fiscal year. Rather than increase the budget, the decision was made that a \$1.5 million contribution from the Town would go directly into the medical benefits reserve fund. The current issue we are faced with is, our contribution rate is \$816,000 against \$900,000 in expected claims. Unfortunately, we are exceeding the expected \$900,000. Next year, we expect claims to be at \$1 million dollars per month, so the budget needs to be increased from \$816,000 to \$1 million per month. This is why we need such a large increase this year. Mr. Masciana reviewed how they came to the \$11,816,074 recommended budgeted amount.

Mr. Masciana introduced Thomas Kowalchik, Senior Vice President at USI Employee Benefits. Mr. Kowalchik has represented Cheshire Public Schools for many years and has an in-depth knowledge of not only what we do here in Cheshire, but he and USI represent many other towns across Connecticut. Mr. Kowalchik gave a thorough presentation on Medical Benefits for Cheshire Public Schools (on file). After the presentation, there was a lengthy discussion between Board members and Mr. Kowalchik. Mr. Masciana also reviewed the number of high-paying claims from the past two years.

Mr. Masciana summarized the Medical Benefits request.

- The CPS Medical Claims Trend of 4.6%, despite the recent claims increase, is much lower than the national trend of 7.1%.
- The run rate for severe illness claims over \$25k has doubled since 2019/20 from approx. \$1.4M to \$2.8M per 6 months.
  - The largest categories for this plan YTD include heart and arterial disease (\$1.1M), cancer (\$541K) and GI/organ/other disease (\$532K).
- The budget increase of \$2,235,633 is needed to meet the expected claims rate of \$1,000,000 per month in 2022/23.
- \$1,008,000 of the \$2,235,633 requested is due to the approved budget for this year (2021/22) of \$816,000 per month being below the \$900,000 of expected claims.
  - This was known when the budget was approved and rather than fund the run rate needed in the operating budget, a \$1.5M direct contribution was made to the medical benefits reserve fund.

Mr. Masciana reviewed the Pension/Retirement Account increase of \$90,000 to \$1,365,176 for employer contributions to non-certified retirement plans. He noted that Salaries and Benefits is 80.7% of the Operating Budget. The requested amount for Salaries and Benefits is \$65,443,170, a 6.03% increase.

**4. ADJOURNMENT**

On a motion by Ms. Ham, and seconded by Ms. Rosenberg, the meeting was adjourned at 10:00 p.m.

Respectfully submitted,

---

Anthony Perugini, Board Chair

Attest:

---

Carol K. Jesensky, Board of Education Clerk

Filed at the Town Clerk's Office, Town Hall, Cheshire: 2/3/2022.