

**MINUTES OF BOARD OF EDUCATION FINANCE COMMITTEE MEETING  
OF THE WHOLE HELD IN DODD MIDDLE SCHOOL  
ON JANUARY 17, 2023 AT 7:00 PM**

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

Board Members Absent: Samantha Rosenberg, Timothy White

Administrators Present: Jeffrey F. Solan, Ed.D., Superintendent of Schools; Marlene Silano, Assistant Superintendent of Schools; Vincent Masciana, Chief Operating Officer; Robin-Anne Carey, Director, Pupil Personnel Services; Mary Jocelyn-Gadd, Principal-Cheshire High School; Mike Woods, Principal-Dodd Middle School; Diana Burns, Principal-Chapman Elementary School; Katharine Carlucci-Assistant Principal-Chapman & Norton Elementary Schools; Kimberly Dessert, Principal-Darcey School; Kelly Grillo, Principal-Norton School; Scott Jeffrey, Principal-Highland Elementary School; Kevin Hanlon, K-8 Curriculum Coordinator; Ryan Murphy, Community Engagement Coordinator.

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**1. CALL TO ORDER – 7:00 P.M.**

A. *Roll for Quorum.* The roll was called and a quorum was determined.

B. *Pledge of Allegiance to the Flag of the United States of America.*

Mr. Perugini led the group in the Pledge of Allegiance to the Flag. He then turned the meeting over to Mr. Grippo, Chair of the Finance Committee.

**2. AUDIENCE**

None.

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

Mr. Grippo turned the meeting over to Mr. Masciana who said tonight he will be providing an overview of the budget process, and he will review Employee Salaries and Employee Benefits.

He reviewed the key budget assumptions:

- Projected net enrollment growth of 41 students to 4,201
  - Grades PK-6 increases by 73 students, Grades 7-8 increases by 19 students, and grades 9-12 decreases by 51 students
  - 4 new classrooms teachers are being added - Chapman, Norton, Highland and Doolittle
  - Elementary class sizes remain unchanged at a relatively high 18.8 average
- Enrollment growth is driving Special Education staffing needs
  - 1 new Special Education teacher at Highland is being added

- 1.4 position increase in Behavioral Analyst (BCBA) support for the district
- .5 increase in Speech/Language Pathologist support for the district
- Paraeducators staff increases added in 2022-23 are carried into 2023-24
- .7 School Nurse being added to provide Doolittle and District support
- Increase needed to fund Medical Benefits accounts
  - \$1.51M requested primarily to fund 2023-24 expected medical claims rate
- Increase in Operations and Maintenance driven by higher utility and heating costs plus our aging building needs

Mr. Masciana reviewed some of the newer mandates placed on our district, such as the requirement to have a 100% zero-emission bus fleet by 2040.

He reviewed that we received \$2,021,160 in grants. New this year is the ARP ESSER (one-time grant for COVID related costs (expandable through September 2024). Revenue has remained equal to last year. Without Grants and Revenues, the tax burden to the average Cheshire resident who owns a home and two cars assessed at \$231,104 would be \$996.06 higher.

Cheshire’s per pupil expenditure (PPE) is \$18,809. This is on the low end of DRG B districts. Cheshire receives above average Educational Cost Sharing (ECS) revenue.

He reviewed the Superintendent’s Budget Recommendation

2022-23 Budget	\$80,664,420
2023-24 Recommendation	\$85,872,591
Increase \$	\$ 5,208,171
Increase %	6.46%

Fixed Costs equal 95.2% of the 2023-24 budget. These expenditures are for the core educational and operational services provided by our district.

These are expenditures that are contractual, mandated or facility overhead related:

- Contractual (Salaries & Benefits) = 80.7% of Budget
- Mandated (Special Ed Services & Trans.) = 8.6% of Budget
- Facility Overhead (Utilities & Maintenance) = 6.0% of Budget

Variable Costs equal 4.8% of the budget. These are the accounts used to manage the budget. We put a cap on expenditures when we begin the year. This year, we started with a cap of 30% of these expenditures that the schools or departments could use. This is the only buffer we have to make sure that we meet our budget every year. As we progress through the budget year, we increase the expenditure cap. These are important line items, textbooks, and supplies, computer capital equipment, new and replacement equipment, staff training.

Ms. Ham asked what happens if we have to keep it at 30%. Mr. Masciana replied that we would prioritize what we have to have, versus the things that can wait until the next budget.

Mr. Masciana provided details of the budget increase as follows.

Employee Salaries:

Mr. Masciana reported that Salaries accounts for \$52,824,020 of the budget, a 5.33% increase of \$2,674,450. Wage increases are determined by bargaining group contracts. Groups have received reasonable 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 account for 48.4 % of the budget. There are 421.9 Employees in this group. The increase for this year is 4.95%. Accounts 111 & 112 - Contractual wages increases for 2023-24 are 2.6% for Administrators. Account 113 - Based on the mediated contract effective 7-1-2021, teachers will receive a 1.50% general wage increase and a 1.29% step increase in 2023-24. The recommended budget includes the addition of four elementary classroom teachers, one special education teacher and a .5 speech/language pathologist position.

Non-Certified Salaries account for 13.1% of the budget. There are 371.4 Full-Time Equivalent staff in this group. Contractual wage increases for 2023-24 are based on bargaining unit agreements – 5.25% for TA's and Study Hall Monitors; 3.75% for ABA/DTI Trained Paraeducators; 5.25% for Paraeducators and Hall Monitors. Contracts for our Secretaries and our Maintenance employees expire on 6/30/23 and a 3% wage increase assumption was used. Account 116 includes the addition of 13 positions with varying hours added in 2022-23 carried into 2023-24. Account 123 includes the addition of 1.4 Board Certified Behavioral Analyst positions.

Employee Benefits account for \$16,514,202, a 10.63% Increase of \$1,587,021. This account is 19.2% of the budget.

The budget request for the Medical Benefits Account of \$1,509,762 is primarily attributable to a 10% increase totaling \$1.15M to fund expected medical claims for 2023-2024, as detailed in the Employee Benefits Section of the budget book. An additional \$315k is budgeted to allow for a 15% expected increase in stop loss insurance premiums. Claims experience since 2020-21 has been exceedingly high at an average increase of 16.4% per year with high cost claims over \$25k being a driving factor for the increase. The balance in the medical claims reserve fund, which reached a relative high of \$3.9M on 6/30/18, has decreased to \$884k on 12/31/22 due to the rise in claims combined with a deliberate use of the reserves through 2020-21. The requested budget will align contributions with expected claims for 23-24 but will not increase the reserve

balance. Mr. Masciana reviewed some noteworthy factors and initiatives including our wellness programs.

He reviewed medical cost trends and then reviewed the medical benefits funding history. He said the last three years we depleted our fund, last year and this year we actually increased the reserve because we funded properly. He reviewed claims totaling over \$25K from 2019 to 2022. People are having significant illnesses. Cancer claims are the highest and then heart, arterial, blood and stroke. The costs have increased as well. We consider a healthy reserve to cover 2-3 months of claims. Our current reserve balance is \$884,205 but he expects stop loss reimbursements and prescription drug rebates to help build the balance up. During January through April, claims should go down because we have started a new HSA policy year and employee deductibles kick in.

Mr. Masciana introduced Thomas Kowalchik, Senior Vice President of USI Employee Benefits who gave a detailed presentation on Medical Benefits. Mr. Kowalchik confirmed that the past few years, claims have gone up a great deal everywhere, not only in Cheshire. We are also seeing an increase in mental health issues, including substance abuse. He reviewed Risk Metrics, Warehouse Metrics, and Cost Metrics. He said Mr. Masciana is correct that the trend is that costs are going up. In addition, claims are higher also because people put things off during the pandemic and they are now getting treatments. Mr. Kowalchik answered Board Member's questions.

Mr. Masciana summarized the medical benefits request:

- The Cheshire Public Schools Medical Claims Trend of 5.5% over the past 10 years is lower than the national trend of 6.3%, however our trend over the past 4 years has been higher than the national trend.
- The rate for illness claims over \$25k has more than doubled since 19-20 from approx. \$1.4M to \$3.5M per 6 months.
  - The largest categories YTD are - Cancer (\$1M), Heart/Arterial & Stroke (\$897k), GI/Endocrine/Other (\$659k) and Bone/Spine/Joint (\$507k)
- The budget increase of \$1,509,762 is needed to meet the expected claims rate of \$1,100,000 per month in 23-24 as well as to cover the expected increase in Stop Loss Premiums.
- The budget increase is 32% lower than the \$2,235,633 increase needed in 22-23 to fully-fund expected claims.

Mr. Masciana reviewed the Pension budget line. He said we do not have the numbers from the actuaries as of tonight. They are expected by the end of the month.

- Pension/Retirement Account increase of \$20,000 to \$1,318,767 for employer contributions to non-certified\* retirement plans.
- No new enrollments after 6/30/212 – New employees participate in the Defined Contribution Retirement Plan.
  - 7/1/2012 - Defined Contribution Retirement Plan – 212 employees - \$370,000

- Pension Plan Contributions have increased steadily due to two factors:
  - Return assumptions were reduced from 8.25% to 7.0% as recommended by our actuaries resulting in the need to increase contributions.
  - Based on actuary's recommendations following the '07-'09 market declines.

Mr. Masciana said the next budget meeting will be held on January 24<sup>th</sup>.

4. **ADJOURNMENT**

On a motion by Ms. Harrigan, and seconded by Mr. Perugini, the meeting was adjourned at 8:45 p.m.

Respectfully submitted,

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Anthony Perugini, Board Chair

Attest:

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Carol K. Jesensky, Board of Education Clerk

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