

STATE OF RHODE ISLAND
AND
PROVIDENCE PLANTATIONS

COMMISSIONER OF EDUCATION

NORTH PROVIDENCE SCHOOL
COMMITTEE
V.
TOWN OF NORTH PROVIDENCE

DECISION

Held: Additional funds must be
appropriated.

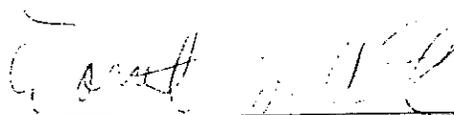
Date: May 5, 1994

At the initial hearing in this matter on October 12, 1993 the North Providence School Committee presented evidence and argument in support of its contention that it needed more funds to complete the school year. The town of North Providence, through its representatives, including the now deceased Mayor Salvatore Mancini, challenged and questioned the need for additional funds. A special visitor was appointed to examine the books and records of the school committee to determine its exact financial situation. The visitor appointed, Mr. Donald Driscoll, has extensive experience in school management and budgeting. On March 10, 1994 he submitted a written report on the financial situation of the North Providence school committee. At the next hearing in this matter Mr. Driscoll testified on the preparation of his report. Both the school committee and the town had an opportunity to question Mr. Driscoll. This questioning failed to reveal any flaws in Mr. Driscoll's analysis. A copy of Mr. Driscoll's report is attached to this decision.

We believe that Mr. Driscoll's report is a fair and accurate statement of the financial situation of the North Providence School Committee. We adopt Mr. Driscoll's report as our finding of facts. We find in accordance with the report that the North Providence School Committee needs an additional appropriation of \$1,078,469 to fund the applicable collective bargaining agreement and to provide the services required by law and regulation. Exeter-West Greenwich R.S.D. v. Teachers Association, 489 A.2d 1010(R.I. 1989).

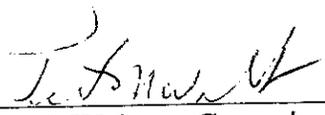
Conclusion

The town of North Providence is required to appropriate an additional \$1,078,469 to the North Providence School Committee in order to fund the applicable collective bargaining agreement and to provide the services required by law and regulation.



Forrest L. Avila, Hearing Officer

Approved:



Peter McWalters, Commissioner

May 5, 1994
Date

To: Peter McWalters, R. I. Commissioner of Education
 From: Donald J. Driscoll, Special Visitor, North Providence
 Subject: FY 94 Budget Review, North Providence School Dept.
 Date: March 10, 1994

Purpose: To determine an appropriate budget for the North Providence School Department, examine the external income stream and determine the appropriate Town share needed to balance the budget.

Travel of the Case:

Action	Date	Budget	Income	Difference
SC Request	5/93	\$24,889,570	NP 18,501,734 RI 6,387,836	- 0 -
Approved Town	7/93	\$22,889,570	NP 16,501,734 RI 6,387,836	\$2,000,000
SC Revision	8/93.	\$24,270,570	NP 16,501,734 RI 6,463,151 Tuition 69,340	\$1,236,345

The School Committee of North Providence sought resolution through the Commissioner's Office and a hearing was held on October 12, 1993. The hearing was inconclusive and was recessed so that a "Special Visitor" could be appointed so that an assessment could be made and a resolution of the problem proposed.

The Special Visitor was appointed on February 1, 1994. Data from the RI Department of Education was obtained on February 3, 1994: Transcript of October 12th Hearing; Form 31 FY 92 and FY 93; internal documents comparing budgets FY 93 and FY 94.

Request of School Department: Statement of Expenses to date (1/31/94) and current encumbered amounts and expected encumbrances to end of year (6/30/94)

Expended thru 1/31/94	Encumbered	Potential Enc.	Total
\$11,736,660	12,576,635	445,160	\$24,758,455

The net effect of this document was to increase the "gap" to the Town by \$1,724,230

This report became the focus of the analysis.

Several assumptions were made by the visitor:

1. Since the academic year was more than 1/2 completed, there

would be no attempt to reorganize the schools.

2. Since the North Providence Schools are in compliance with the Basic Educational Plan, there would be an assumption that the current program offered met the combination of the State's interests and the interests of the people of the Town of North Providence.

3. Given the difference, the "Visitor" conducted an investigation of the document comparing the FY 94 increases over FY 93 expenditures, reviewing special increases noted by the School Committee since the year commenced; e.g., construction costs at High School of \$187,000 and modular classroom rental of \$70,000.

4. The analysis was not an "audit" but a study using a standard of judgement of "reasonable assessment" i.e., What would a reasonable person conclude after reviewing the current and proposed expenditure, comparing to history and factoring in known actions - contractual increases, reasonable replacement, repair and care of the environment of the school, both physical and social?

5. Meetings held: School Department - 4
Mayor and Staff - 2
Dept and Town - 1

CONCLUSIONS:

1. Income: The Tuition line should be increased by \$55,581 to \$125,191. (See Attached: Exhibit A)
2. Expenditure: A new figure of \$24,168,545 (See attached: Exhibit B)
3. Increase Town Share: \$1,078,469 from \$16,501,734
Total Town Share \$17,580,203
4. Special notes:

1. There is an unresolved difference between the Town and the School Committee over a matter of income; i.e., Literacy Grant from the State of R.I.(\$229,944). The money is on deposit in the Town General Fund. The department draws money to pay certain personnel and other expenses and claims that expenses for this program are segregated and not included in the budget expenses set forth in the document prepared for analysis as of 1/31/94. Short of an audit of all personnel expenses for the department, there is no way to determine, within the scope of this study, the accuracy of this allegation. Further, the inability of the Town records and School Department records to reconcile in format makes judgements short of audit standards very questionable. The Special Visitor was constrained by time and cost and therefore recommends that this issue be resolved prior to the

next budget proposal/approval cycle since such inadequate systems and controls cause disputes in times of reduced resources and permit an environment of distrust and confusion.

2. The proposed budget expenditures set forth by the Visitor are extremely tight. The expending party must exercise great caution in the remaining months in order to not over expend, but also to save as much money as possible under the amounts stated. The proposal is for the normal, expected course of events. To that end if significant problems were to arise; e.g., failure of a necessary piece of equipment to the extent of immediate replacement, the parties must consult one another and arrive at a consensus.

EXHIBIT A:

FY 1994 INCOME

TOWN OF NORTH PROVIDENCE		\$17,580,203
STATE OF RHODE ISLAND.....	Regular Aid....	\$5,518,653
	Special Ed....	913,445
	LEP.....	6,635
	Technology...	24,418
		<u>\$6,463,151</u> ...\$ 6,463,151
TUITIONS.....		<u>\$ 125,191</u>
TOTAL.....		\$24,168,545