

**Rochester Board of Education
Finance Committee
September 22, 2015**

Attendance: Commissioner Cruz (Chair); Commissioners Evans, Powell and Adams.

District Staff: Bill Ansbro, Chief Financial Officer; Everton Sewell, Budget Director; Annmarie Lehner, Director of Information Management & Technology; Chris Hoch, Human Capital Initiatives.

Parent Representative: Giancarlo Giannini.

Board Staff: Debra Flanagan.

Commissioner Cruz convened the meeting at 6:36PM.

I. Review and Discuss Minutes of August 24, 2015 Finance Committee Meeting

Motion by Commissioner Evans to approve the minutes of the August 24th Finance Committee meeting. Seconded by Commissioner Powell. **Adopted 3-0, with concurrence of Parent Representative.**

II. Review and Discuss August 2015 Financial Report and Proposed Amendments to 2015-16 RCSD Budget

- 1. Amend 2015-16 General Fund budget to \$685,064,882 to reflect a net decrease of \$200K, which includes reductions of \$100K in earnings from General Fund investments and of \$1.4M in Inter-Fund Transfers, and an increase in NYS Legislative Appropriation of \$1.3M – Resolution No. 2015-16: 248**
- 2. Amend 2015-16 Special Aid Grant Fund budget to \$95,625,713 to reflect a net increase of \$3,998, including a reduction of \$627,959 in NYS grants, and an increase of \$622,597 in federal grant funding – Resolution No. 2015-16: 249**
- 3. Retain the same level of funding for the 2015-16 School Food Service Fund of \$20,932,595 – Resolution No. 2015-16: 250**
- 4. Amend 2015-16 RCSD Budget to \$801,622,595 to reflect the above changes in the General Fund and Special Aid Grant Fund – Resolution No. 2015-16: 251**

Everton Sewell provided a handout regarding the major factors leading to the proposed amendments to the 2015-16 RCSD budget. He noted that NYS Aid for “persistently struggling” schools is expected this fall. For “struggling” schools, the District set aside \$642K in the 2015-16 RCSD budget, but these funds have already been exhausted. Consequently, the proposed amendments to the 2015-16 RCSD budget include use of \$4M in contingency funds to continue support for “struggling” schools.

Mr. Sewell reported an overall reduction of \$200K in General Fund revenue and an increase of approximately \$4K in Special Aid Grant Fund revenue at this point. He stated that the net decrease in revenue for the General Fund is due to receipt of less Title I Inter-Fund Transfers from the NYS Education Department than anticipated. He noted that the District had been informed that a total of \$3M would be provided in these funds, but only \$1.6M has actually been received. Another factor leading to the decrease in General Fund revenue is a decline in investment earnings.

Mr. Sewell indicated that the slight net increase (\$4K) in Special Aid Grant Fund revenue is due to an increase of \$57K in a new Optics & Smart Scholars grant, \$380K in IDEA rollover funds, and an additional \$250K in the School Improvement Grant (SIG) for Charlotte High School.

Mr. Sewell reported that expenditures have been adjusted to reflect the overall reduction in revenue by approximately \$200K: using almost \$4M of the contingency budget, reducing Facilities expenditures by approximately \$1.4M, reducing Other Compensation by \$570K, and increasing expenditures for staffing salaries by \$4.47M. He explained that a significant factor affecting the increase for staff salaries is due to an agreement under the East High School EPO with RTA to provide a stipend to each teacher. Mr. Sewell stated that these stipends were originally budgeted as "Other Compensation", but a decision has since been made to add the stipend to teachers' salaries.

Mr. Ansbrow added that a meeting has been scheduled with the EPO Team to discuss financial reporting and expectations. He stated that Dr. Uebbing had indicated that the EPO would like to develop their own financial reporting.

Commissioner Evans interjected that the funding for East High School under the EPO agreement is provided by the Rochester City School District. Mr. Ansbrow concurred, clarifying that the focus of the meeting with the EPO Team would be on the extent and level of detail to be provided in their financial reporting.

Commissioner Evans pointed out that East High School is still a part of the District, and the EPO does not constitute a separate school district. He maintained that while he appreciates the relationship with the University of Rochester as the educational partner for this school and that he has every desire to see East High School succeed, the District allocates their funding in the same way as for all other schools. Commissioner Evans emphasized that he does not want the EPO or East High School to maintain separate accounts apart from the overall RCSD budget because their fiscal practices affect the overall budget. He stressed that the EPO Team at East High School must operate within the existing parameters that have been established within the adopted RCSD budget.

Commissioner Adams requested an explanation of expenditures using contingency funds. Mr. Sewell noted that a total of \$5.51M was budgeted in contingency funds to address staffing needs due to receivership in the 2015-16 fiscal year. He explained that staffing has been readjusted for East High School and other receivership schools, and contingency funds have been used to cover these additional costs. Mr. Sewell announced that the current balance in contingency funds after adoption of these budget amendments will be \$2.1M.

Mr. Sewell reviewed staffing changes incorporated into the proposed budget amendments, noting an increase of 91.04FTE, which consists of 11.40FTE for Administrators, 12.62FTE for Civil

Service (primarily for Food Services), 2.50FTE for Paraprofessionals and Teaching Assistants, and 64.52FTE for Teachers. With respect to additional staffing for Food Services, Mr. Sewell clarified that the collective bargaining agreement with BENTE requires that staff hours be adjusted based on the average number of overtime hours worked over the last 30 days. For this reason, he stated that the number of FTE in Food Services fluctuates over time.

Commissioner Cruz observed that most of the additional FTE for Administrators are for Assistant Principals. He asked about the rationale for these additional positions and the specific locations to which they are being assigned. Mr. Ansbrow replied that this is basically a timing issue because the District is increasing staffing to begin implementation of receivership plans, even though the funding has not yet been provided by the State.

Action Item: Mr. Sewell will provide to members of the Finance Committee a breakdown of the schools to which the additional 10.0FTE for Assistant Principals have been assigned.

Commissioner Evans requested information about the schools receiving additional teachers, based on the addition of 64.52FTE for Teachers in the proposed budget amendments.

Action Item: Mr. Sewell will report to the Finance Committee a breakdown of the additional 64.52FTE for Teachers in terms of the specific schools to which they have been assigned.

Mr. Ansbrow pointed to the need to monitor staffing changes under the EPO with East High School because the EPO is not required to report to the RCSD Finance Department, yet these changes have a significant impact on the RCSD budget.

Commissioner Adams noted that a report was recently issued by the Special Education Department that indicated the need for a net increase of 20.0FTE, but these additional staff do not appear to be included in the proposed 2015-16 RCSD budget amendments. Mr. Ansbrow replied that these staffing increases have not yet been authorized, and fully staffing these additional positions would exhaust all remaining contingency funds in the 2015-16 RCSD budget. He emphasized the importance of ensuring that the additional staff are actually needed and stated that the review should be completed within the next week.

Mr. Sewell concluded the presentation by discussing other actions affecting the budget:

- Position Control Committee continues to review all non-school positions and vacancies to identify positions that are not needed;
- Receipt of an additional \$3-4M in grant funding to enable three-year-old children to attend PreK, which will be implemented in January 2016

Parent Representative Giancarlo Giannini observed that the average class size in the District is approximately 20 students per teacher, and the proposed budget amendments would add approximately 65.0FTE for Teachers. He pointed out that this amounts to an increase of approximately 1,000 students, and asked whether student enrollment projections have changed this significantly since the 2015-16 RCSD budget was developed or whether other factors are affecting the need for additional teachers.

Mr. Ansbrow replied that the additional teachers are partially due to receivership and the need to support improvement efforts in these schools before receipt of NYS funding. He reported that student enrollment projections are currently being reconciled with actual enrollment figures, which are available after BEDS day in early October. Mr. Ansbrow stated that the District is also actively identifying the number of students who have not attended school so far this year, and this will also affect staffing.

Motion by Commissioner Evans to approve the August 2015 Financial Report. **Adopted 3-0, with concurrence of Parent Representative.**

Motion by Commissioner Evans to approve proposed amendments to the 2015-16 RCSD budget. **Adopted 3-0, with concurrence of Parent Representative.**

III. Overview of Risk Management and the RCSD Workers' Compensation Program

Chris Hoch with the RCSD Human Capital Initiatives Department gave an overview of risk management strategies taken to prevent employee injury. The following are some of the actions taken by the District to minimize risk:

- Modified the Workers' Compensation reporting process;
- Conducted approximately 120 work station ergonomic reviews through POMCO, Inc.;
- Coordinated Non-Violent Crises Intervention Training;
- Conducted worksite safety audits;
- Initiated a Workers' Compensation settlement program;
- Facilitated a slip-resistant shoe program in the Food Services Department

Mr. Hoch reported cost trends in Workers' Compensation over the last five years, noting that 2012-13 and 2014-15 were outliers. He explained that the expenditures in 2012-13 reflect payments that were not made in the previous year and the pharmaceutical company that was being used. Mr. Hoch noted that a substantial amount of the payments made in 2014-15 were actually for claims from 2011-12 and 2013-14. He pointed out that this does not reflect the significant reduction in the number of District Workers' Compensation claims over the last several years, largely due to enhanced preventive and safety measures.

Fiscal Year	Actual Expense
2010-11	\$6,122,618
2011-12	\$4,474,965
2012-13	\$5,065,156
2013-14	\$4,107,902
2014-15 *	\$4,866,658

Mr. Hoch reported that he expects this trend of decreasing claims to continue and discussed continued implementation of the district-wide Health & Safety Training program, "Safe Schools". He also pointed to an increase in the number of claims that are settled, which reduces the District's overall liability costs.

IV. Review Resolutions in Preparation for September 24, 2015 Board Business Meeting

A. FACILITIES

Contracts for Maintenance Services:

- 1. Heaster Building Restoration, Inc. – contract for masonry repair of various District schools – Resolution No. 2015-16: 215**
- 2. Betlem Service Corporation – contract for refrigeration equipment repair – Resolution No. 2015-16: 216**
- 3. Betlem Service Corporation – contract for air conditioning/handling – Resolution No. 2015-16: 217**
- 4. Betlem Service Corporation – contract for boiler repair – Resolution No. 2015-16: 218**
- 5. Industrial Furnace Co., Inc. – contract extension for boiler tube repair – Resolution No. 2015-16: 219**
- 6. Industrial Furnace Co., Inc. – contract extension for boiler refractory repair – Resolution No. 2015-16: 220**
- 7. Lauramar Corp. (dba “AP Plumbing”) – contract extension for sewer cleaning – Resolution No. 2015-16: 221**
- 8. Lauramar Corp. (dba “AP Plumbing”) – contract extension for plumbing repair – Resolution No. 2015-16: 222**
- 9. Downey-Goodlein Elevator Corp. – contract extension for elevator repair – Resolution No. 2015-16: 223**
- 10. P.D.H. Contractors, Inc. – contract extension for curtain and stage drapery cleaning – Resolution No. 2015-16: 224**
- 11. CRAL Contracting, Inc. – contract for asbestos abatement – Resolution No. 2015-16: 225**
- 12. TES Environmental Corp. – contract for air monitoring sampling and testing services – Resolution No. 2015-16: 226**
- 13. Kuitems Construction, Inc. – contract for miscellaneous millwright services – Resolution No. 2015-16: 227**
- 14. Kuitems Construction, Inc. – contract extension for general carpentry work to maintain school buildings – Resolution No. 2015-16: 228**

15. Manel Excavating Corp. – contract extension for paving and resurfacing work – Resolution No. 2015-16: 229
16. Leo J. Roth Corp. – contract extension for roof repair – Resolution No. 2015-16: 230
17. Sheen and Shine, Inc. – contract extension for window washing – Resolution No. 2015-16: 231
18. Power Team Maintenance Co., Inc. (dba “All Seasons Window Cleaning Co.”) – contract extension for window washing – Resolution No. 2015-16: 232
19. A.R. Pierrepont Company, Inc. – contract for painting of various school buildings – Resolution No. 2015-16: 233
20. Kircher Construction, Inc. – contract for demountable partition work – Resolution No. 2015-16: 234
21. Connors-Haas, Inc. – contract for electrical work in various school buildings – Resolution No. 2015-16: 235
22. J.C. Ehrlich Co., Inc. – contract extension for pest management – Resolution No. 2015-16: 236

Commissioner Cruz pointed out that all of the above resolutions for Facilities’ Maintenance Services are routine. Michael Schmidt confirmed that these contracts for maintenance services typically come up for renewal at this time every year.

Motion by Commissioner Evans to address all above Facilities resolutions for Maintenance Services as a group. **Adopted 3-0, with concurrence of Parent Representative.**

Motion by Commissioner Evans to approve all above Facilities resolutions for Maintenance Services. **Adopted 3-0, with concurrence of Parent Representative.**

Other:

23. Submission of documentation required under the State Environmental Quality Review Act (SEQRA) of the environmental impact of capital improvement projects in the District – Resolution No. 2015-16: 237

Motion by Commissioner Powell to approve above resolution to submit the SEQRA to the NYS Education Department. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

B. INFORMATION MANAGEMENT & TECHNOLOGY

1. Millenium Strategies – contract to conduct a feasibility study for expanding Internet access throughout the City of Rochester – Resolution No. 2015-16: 238

Annmarie Lehner noted that a presentation was given in last month's Finance Committee meeting about the initiative to provide Internet access to all residents in the City of Rochester. She added that a number of responses have been received to the Request for Information to conduct a Feasibility Study, but these were primarily inquiries about the initiative and the District's future plans.

Commissioner Evans stated that this initiative would be of great benefit and he would like to see Rochester have this capability.

Mr. Giannini noted that this initiative is supported through funds from the Smart Schools Bond Act, which requires participation of community members on the committee. He stated that while the committee does have a parent representative, this individual was not selected by the district-wide Parent Advisory Council and the Council's input was not sought. He inquired about future plans to discuss use of Smart Schools Bond funding with the Parent Advisory Council.

Mr. Ansbrow stated that he does plan to engage the Parent Advisory Council for their input, and the current parent representative to the committee regarding Smart School Bond funding was selected to involve the larger community.

Mr. Giannini expressed concern about the basis for selecting the parent representative to this committee, particularly without the involvement of the Parent Advisory Council.

Action Item: Mr. Ansbrow will follow up with Mr. Giannini to schedule a time to meet with members of the district-wide Parent Advisory Council to obtain their input regarding the use of funding under the Smart Schools Bond Act.

Motion by Commissioner Evans to approve the above Information Management & Technology resolution to conduct a Feasibility Study about expanding wireless Internet access to all residents in the City of Rochester. **Adopted 3-0, with concurrence of Parent Representative.**

Motion by Commissioner Evans to adjourn. **Adopted 3-0, with concurrence of Parent Representative.**

Meeting adjourned at 7:20PM.

Next Finance Committee Meeting: Thursday, October 15th, at 5:30PM