

Rochester Board of Education
Finance Committee
September 18, 2014

Attendance: Commissioner Powell (Chair); Commissioners Evans and Cruz. Parent Representative: Giancarlo Giannini. District Staff: Vern Connors, Budget Director; Michael Schmidt, Chief of Operations; Chris Suriano, Director of Special Education; and Bill Ansbro, Chief Financial Officer.

Commissioner Powell convened the meeting at 5:39PM.

I. Review and Approve Minutes of August 16, 2014 Finance Committee Meeting

Motion by Commissioner Evans to approve the minutes of the August 16, 2014 Finance Committee meeting. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of Parent Representative.**

II. Follow-Up on Questions from Previous Finance Committee Meeting about RTS Transportation

Mike Schmidt presented a map illustrating the RTS transportation routes for RCSD students, explaining that the majority of students are on special express routes that bypass downtown. He reported that a total of 6,438 students take these express routes out of a potential 10,000 that are eligible. Mr. Schmidt provided Committee members with a summary of the number of express RTS routes for each school and the average number of students per bus on each route. He explained that this data reflects the number of students enrolled and provided an RTS bus pass for school transportation. Mr. Schmidt stated that there are approximately 150 changes per day in this transportation due to new students enrolling in the District, students changing schools or programs, or changes in students' needs for bus transportation. He offered to provide data regarding actual student ridership on each of the special express routes as the school year progresses.

Commissioner Powell observed that there must be few students at the high school level in the South Wedge/Swillburg area from the data provided. Mr. Schmidt replied that students in that area of the City could be attending parochial or private schools, for which the District would not provide RTS bus passes. He stated that school transportation is provided for RCSD students attending public schools or charter schools in the District, and those students would receive an RTS bus pass. Mr. Schmidt noted that the number of students given bus passes for express RTS routes is affected by many different variables, but the South Wedge/Swillburg neighborhood has the fewest number of students using RTS transportation to school. He pointed out that the students residing in this neighborhood would take line transportation rather than an express route with RTS.

Commissioner Powell asked if regular line RTS transportation is used when there aren't enough students to warrant a special express route. She asked about the possibility of secondary students attending K-8 schools taking the school bus with younger students.

Mr. Schmidt confirmed that secondary students in the District take line RTS transportation when there aren't enough students residing in their area to create a special express RTS route. He noted that the intent is to minimize the number of students having to transfer RTS buses downtown.

Action Item: Mr. Schmidt will look into the possibility of secondary students attending a K-8 school taking the school bus with younger students, and report his findings to the members of the Finance Committee.

Giancarlo Giannini stated that he would like data regarding actual student ridership on RTS buses when this information becomes available.

Commissioner Evans inquired about the number of RCSD students transferring RTS buses downtown. Mr. Schmidt responded that a total of 1546 students have to transfer buses downtown, which includes almost all of the secondary students attending charter schools. He noted that another 322 students have to transfer buses in other locations.

III. Review of Resolutions in Preparation for September 25th Board Business Meeting

A. PROCUREMENT & SUPPLY

- 1. Cross Bros. Co.; D&W Diesel, Inc.; Fleet Pride; Frey The Wheelman, Inc. (dba "Frey Heavy Duty"); Matthews Buses, Inc.; Oil Filter Service, Inc.; Regional International Corp.; Tracey Road Equipment, Inc.; Uni-Select, Inc. – contract extension for auto, truck and bus parts to maintain and repair the District's fleet vehicles – Resolution No. 2014-15: 187**

Motion by Commissioner Cruz to approve above resolution for Procurement & Supply. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

B. EDUCATIONAL FACILITIES

Commissioner Powell pointed out that the lengthy list of resolutions for proposed Facilities contracts below are typical for this time of year, and needed for maintenance and repair of District buildings throughout the school year.

Contracts:

- 1. Heaster Building Restoration, Inc. – contract extension for masonry repair – Resolution No. 2014-15: 188**
- 2. Pipitone Enterprises, LLC – contract extension for refrigeration/equipment repair – Resolution No. 2014-15: 189**
- 3. Betlem Service Corporation – contract extension for air conditioning/air handling – Resolution No. 2014-15: 190**
- 4. Betlem Service Corporation – contract extension for boiler repair – Resolution No. 2014-15: 191**

5. **Industrial Furnace Co., Inc. – contract extension for boiler tube repair – Resolution No. 2014-15: 192**
6. **Industrial Furnace Co., Inc. – contract extension for boiler refractory repair – Resolution No. 2014-15: 193**
7. **Lauramar Corp. (dba “AP Plumbing”) – contract for sewer cleaning – Resolution No. 2014-15: 194**
8. **Lauramar Corp. (dba “AP Plumbing”) – contract for plumbing repair – Resolution No. 2014-15: 195**
9. **R.C. Shaheen Paint Co., Inc. – contract extension for shades/blinds repair – Resolution No. 2014-15: 196**
10. **P.D.H. Contractors, Inc. – contract extension for curtain and stage drapery cleaning – Resolution No. 2014-15: 197**
11. **Home Guard environmental Services, Inc. – contract extension for asbestos abatement – Resolution No. 2014-15: 198**
12. **TES Environmental Corp. – contract extension for testing laboratory services – Resolution No. 2014-15: 199**
13. **Kuitems Construction, Inc. – contract extension for miscellaneous millwright repair – Resolution No. 2014-15: 200**
14. **Kuitems Construction, Inc. – contract extension for general carpentry – Resolution No. 2014-15: 201**
15. **Manel Excavating Corp. – contract extension for paving and resurfacing – Resolution No. 2014-15: 202**
16. **Leo J. Roth Corp. – contract extension for roof repair – Resolution No. 2014-15: 203**
17. **Sheen and Shine, Inc. – contract extension for window washing – Resolution No. 2014-15: 204**
18. **Power Team Maintenance Co., Inc. (dba “All Seasons Window Cleaning Co.”) – contract extension for window washing – Resolution No. 2014-15: 205**
19. **Archie Donoughe Sanding, Inc. – contract extension for wood floor refinishing – Resolution No. 2014-15: 206**
20. **GP Land & Carpet Corp. – contract extension for resilient flooring at various schools – Resolution No. 2014-15: 207**
21. **A.R. Pierrepont Co., Inc. – contract extension for painting at various schools – Resolution No. 2014-15: 208**
22. **Kircher Construction, Inc. – contract extension for demountable partition work at various schools – Resolution No. 2014-15: 209**

23. Hewitt Young Electric, LLC – contract extension for electrical work at various schools – Resolution No. 2014-15: 210

24. J.C. Ehrlich Co., Inc. – contract for pest management services – Resolution No. 2014-15: 211

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

Motion by Commissioner Cruz to approve all above Facilities contract resolutions. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

Final Payments:

25. Eastcoast Electric, LLC – final payment for electrical work to renovate School Without Walls Foundation Academy – Resolution No. 2014-15: 212

26. TES Environmental Corp. – final payment for air monitoring work to renovate Wilson Commencement Academy and Wilson Foundation Academy – Resolution No. 2014-15: 213

27. Eastcoast Electric, LLC – final payment for electrical work to renovate Wilson Commencement Academy and Wilson Foundation Academy – Resolution No. 2014-15: 214

28. Concord Electric Corp. – final payment for electrical work to renovate School No. 9 and Clinton Baden Recreation Center – Resolution No. 2014-15: 215

29. Steve General Contractor, Inc. – final payment for general construction work to renovate Franklin High School – Resolution No. 2014-15: 216

Motion by Commissioner Cruz to address all above Facilities final payment resolutions as a group. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

Motion by Commissioner Cruz to approve all above Facilities final payment resolutions. Seconded by Commissioner Evans. **Adopted 3-0, with concurrence of Parent Representative.**

IV. Review of Quarterly Student Activity Fund Report for Year-End 2013-14

Commissioner Evans recalled the Audit Department having had difficulties in the past with some schools not complying with accounting and reporting Student Activity Funds, and he asked whether this situation has improved. Bill Ansbro replied that a point process was created based on each school's level of compliance with accounting and financial reporting practices. He stated that this process was initiated last year, with the ultimate penalty being suspension of the school's Student Activity Funds. Mr. Ansbro reported that this is a work in progress.

Motion by Commissioner Evans to approve the Quarterly Student Activity Fund Report for Year-End 2013-14. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of Parent Representative.**

V. Presentation regarding Initiatives in Special Education

Chris Suriano gave a presentation to Finance Committee members about the District's redesign of Special Education, which was based on a number of key indicators regarding students with disabilities:

- 24.1% graduation rate
- 25.4% drop-out rate
- 94% of students with disabilities scored within Level 1 on NYS ELA assessments
- 91% of students with disabilities scored within Level 1 on NYS Math assessments
- 18.5% of RCSD students are classified as students with disabilities (approximately 5,987 students)

Mr. Giannini noticed that for students with disabilities, approximately 25% graduate and 25% drop out. He asked about outcomes for the remaining 50% of students with disabilities. Mr. Suriano replied that these students have left the District for programs and services in other locations. He pointed out that the remaining 50% includes students who would have received an IEP diploma in the past and are now receiving a Career Development & Occupational Studies credential.

Commissioner Powell inquired about the students receiving the Career Development & Occupational Studies credential, and how they are viewed by the State. Mr. Suriano reported that students receiving this credential are considered "non-graduates" by New York State.

Commissioner Powell commented that this is not very satisfactory in terms of recognizing the work of these students in completing a program. Mr. Suriano replied that the State is beginning to examine the number of students obtaining the Career Development & Occupational Studies credential, but will not include them in the graduation rate because this is to reflect only attainment of a Regents or local diploma.

Mr. Suriano reported that the NYS Education Department determined that RCSD is a district in need of intervention to implement Part B of the Individuals with Disabilities Education Act (IDEA). As a result of this determination, he stated that the District was mandated to develop a Strategic Action Plan, which was created last year in consultation with the NYS Education Department Office of Special Education. Mr. Suriano noted that the District is required to obtain technical assistance to ensure compliance with IDEA and to improve outcomes for students with disabilities. He stated that technical assistance is provided to RCSD from the Regional Technical Assistance Center, which is part of a State-funded network.

Mr. Suriano reviewed the major aspects of the Strategic Action Plan for Special Education:

1. Expand the continuum of services for students with disabilities: RCSD has had a very limited range of services for these students in the past

2. Develop high-quality Individual Education Plans (IEP), which requires consistency in the process of referral, identification of appropriate academic and other supports/services, review of progress, and declassification by the Committee on Special Education (CSE). These processes need to be based on established policies and procedures to provide consistency.

3. Access to high-quality Career & Technical Education (CTE) programs

With respect to expanding the continuum of services for students with disabilities, Mr. Suriano reported that a K-2 language enrichment program will be implemented in some elementary schools for early intervention and remediation. He stated that the plan also includes shifting from primarily relying on an Integrated Co-Teaching approach to increasing use of the Consultant Teacher model. Mr. Suriano explained that the Integrated Co-Teaching model involves having a general education teacher and a Special Education teacher provide instruction in the classroom for the entire school day, and is not tailored to the needs of individual students with disabilities. In contrast, the Consultant Teacher model involves having a Special Education teacher come into a general education classroom for a specified period of time to work with students with disabilities. Mr. Suriano stated that this model allows much greater flexibility to tailor intervention and supports to the specific needs of each student.

Commissioner Powell inquired when the District began using the Integrated Co-Teaching model, and whether this was prior to the courts releasing RCSD from supervision with respect to Special Education. Mr. Suriano stated that the District was released from the consent decree prior to relying primarily on the Integrated Co-Teaching model. He added that the State found that many districts were attempting to integrate students with disabilities into general education classrooms because they wanted to reduce the number of students in Special Education. Mr. Suriano described a previous model (ISC) used in RCSD in which students with disabilities were placed in a general education classroom with their Special Education teacher. However, this practice was deemed inconsistent with NYS regulations and the District was required to phase it out. He reported that RCSD phased out the ISC model over a five-year period because of the number of students involved. Mr. Suriano stated that the District began removing students from the Consultant Teacher model and put them in Integrated Co-Teaching, rather than placing them in Special Education classes.

Mr. Suriano pointed out that a large number of students have entered the school district with an IEP from pre-K, and a significant number of these students may have delays in language development. For these students, he stated that it may be more beneficial to have a Speech Pathologist in the general education classroom than a Special Education Consultant Teacher. Mr. Suriano emphasized the importance of addressing these specific learning disabilities early, so that the student can be declassified for Special Education.

Besides increasing the use of the Consultant Special Education Teacher model, Mr. Suriano discussed the importance of providing Resource Rooms for students with disabilities. He explained that this enables students with disabilities to be removed from the general education classroom for a specified period of time to receive supplementary instruction to address a particular skill deficit. He noted that there cannot be more than five students per teacher in the Resource Room to ensure that each student's individual needs are being addressed.

Mr. Suriano discussed the use of Special Classes, which are self-contained with a Special Education teacher. He observed that RCSD primarily utilizes a 12:1:1 model, which indicates twelve students to one teacher to one supplementary school staff member. He pointed out that the State governs the ratio of students to teachers, but school districts and schools have the discretion to determine the number of supplementary school staff to include in a Special Class and this should be based on the needs of the students. Mr. Suriano reported that the redesign includes offering a 15:1 class for students who have academic difficulties, but no behavioral problems.

In summary, Mr. Suriano stated that shifting to greater use of the Consultant Teacher model, and offering Resource Rooms and 15:1 classes are all aspects of the redesign intended to better address the needs of individual students with disabilities and expand the continuum of programs/services provided.

Mr. Suriano noted that ambitious goals were established for the redesign in 2013-14, which were not fully attained:

- Goal to have 50% of students transition from the Integrated Co-Teaching model to the Consultant Teacher model:
 - ❖ In 2013-14, the use of the Integrated Co-Teaching model reduced by 5.9%
 - ❖ The use of the Consultant Teacher model increased by 8% that year
- Goal to convert 50% of the 12:1:1 to 15:1 Special Classes, but only 1.9% were actually converted in 2013-14

Commissioner Powell inquired about factors that may limit the shift from the Integrated Co-Teaching to the Consultant Teacher model, and whether this may be due to limitations imposed by CSE decisions or by parental objections. Mr. Suriano replied that multiple factors affect use of the recommended model, but this is ultimately a CSE decision. He noted that the District begins annual reviews of all IEPs in January and the professional development provided to CSE members about the Consultant Teacher model has not coincided well with this review process. He reported that the result is that the CSE members have received this training by mid-March, and their referrals then increase to the Consultant Teacher model. After receiving this training, CSE members then understand the benefits of this model and the students best suited for it, which affects their referrals. Mr. Suriano noted that parents also tend to prefer the Integrated Co-Teaching model because it is perceived as providing more services, since the Special Education teacher is providing instruction with the general education teacher for the entire school day. In contrast, the Consultant Teacher model only involves the Special Education teacher for a portion of the school day – but the Special Education teacher is better able to tailor their approach to meet individual student needs with this model.

Mr. Suriano asserted that a lot of services are provided to students with disabilities without positive results, which indicates the need to increase reliance on models that address the particular needs of individual students. He also discussed the importance of grouping students with similar needs, which can also be done with the Consultant Teacher model. Mr. Suriano reported that much more work needs to be done to make these changes to Special Education in the District, but there is now a broader range and improved programming for students with disabilities.

Commissioner Powell asked why the annual review of IEPs is not initiated earlier in the school year. Mr. Suriano clarified that the review begun in January is to recommend services for students with disabilities in the next school year, beginning in September. He stated that the redesign has involved educating the CSE about appropriate referrals to the Consultant Teacher model, 12:1:1 and 15:1 classes to ensure the correct class size and environment for students.

Mr. Suriano pointed out that a broader continuum of services and programs are offered with approximately the same number of Special Education teachers as in 2013-14, but the cost is greater than anticipated when the 2014-15 RCSD budget was adopted. He explained that the additional cost is due to resistance encountered in implementing changes in Special Education as described above, and from relying primarily on Teaching Assistants rather than Paraprofessionals as supplementary school staff because Teaching Assistants are able to share the instructional load and provide differentiated instruction. Mr. Suriano noted that the District has provided 1:1 Paraprofessional support in the past and this was used too often and for a prolonged period of time. He explained that this 1:1 Paraprofessional support should be considered a temporary service because students with disabilities need to build independence and this level prolonged individualized assistance interferes with skill development.

Commissioner Evans expressed frustration about implementation of changes in Special Education in the District, noting that the Council of Great City Schools conducted an evaluation of Special Education in 2008 and cited the same issues and provided the same recommendations. He asked why it has taken the District six years to begin implementing these recommendations. Commissioner Evans asked the following questions regarding the Special Education redesign:

- How will Special Education in the District be different in the future?
- What is being done to address the over-classification of students for Special Education, particularly African American males?
- Why weren't concerns regarding difficulties in implementing the Special Education redesign discussed during budget deliberations, so that the additional costs could have been incorporated into the 2014-15 RCSD budget? Why is this just beginning to be discussed now?

Mr. Suriano addressed the question regarding over-classification of RCSD students for Special Education by explaining that he reviewed the referral process when he first began his tenure with the District in October 2013. He reported a high number of students entering the District from preschool with an IEP, and the limited spectrum of services available in the past to students with disabilities meant that their needs were not being addressed. He stated that the result was that these students would continue on the same path in Special Education.

Mr. Suriano observed that many children are entering the Rochester City School District with language delays, but District programs/services have not focused on ameliorating these problems. He stated that the lack of programming to address language delays leads these children to fall farther behind every year, so that a problem that may have been readily addressed in early years becomes a significant disability by 3rd or 4th grade. He noted that students with an IEP at that point tended to continue in Special Education throughout their education. Mr. Suriano reported that a new program has been developed specifically to address language delays early in the child's life.

Commissioner Powell provided historical background regarding these issues, noting that the Board was lobbied extensively by schools during years with severe budget shortfalls. She reported that school staff were advocating for an expansion of programs for Speech Pathologists and Psychologists to address early language delays for children for the reasons just described. Commissioner Powell stated that budget restrictions unfortunately led to substantial cutbacks in this program in schools, if not complete elimination of it. Mr. Suriano added that the only remaining program for students with language delays was the STEPS program at School No. 25, which utilized a Special Education teacher with dual certification as a Speech Pathologist. He reported that the data showed that 90% of the students participating in the STEPS language enrichment program were de-classified for Special Education by 3rd grade at that school. Mr. Suriano explained that the STEPS program was very specifically designed for students with speech articulation problems, and the new language enrichment program in the District is more broadly designed for students with delays in language development. He asserted that the new program by itself will begin to reduce the number of students classified for Special Education.

Mr. Suriano reported that a review is also being conducted of students covered by Section 504 of the Rehabilitation Act of 1973, which is a completely different population from students in Special Education. He stated that approximately 666 students in the District currently have a 504 plan, which stipulate specific accommodations needed by these students and generally involve a much more minimal level of service than students with an IEP. Mr. Suriano observed that RCSD has not historically identified students whose needs could be met under a 504 plan rather than an IEP because use of an IEP has traditionally been the fastest method for obtaining services in the District. He stated that the number of students with a 504 plan has increased to approximately 1000 over the last year, since he began his tenure with the District.

Mr. Suriano explained that the classification rate will also be reduced by having a multi-disciplinary team at the school level with the understanding of different services, programs, and levels of intervention, as well as the specific types of students best suited for each.

Commissioner Evans inquired about the extent to which referrals for Special Education arise because of teachers not being able to address behavioral issues in the classroom. Mr. Suriano replied that a great deal of professional development is being implemented at the school level and in the classroom to demonstrate effective classroom management, particularly with the large number of inclusive classrooms. He emphasized the need not only to provide professional development, but to follow up with quality control efforts to ensure that the training is actually being applied in classrooms. Mr. Suriano stated that administrators from the Special Education Department are routinely going into classrooms for monitoring and quality control.

Mr. Suriano noted that his assessment of the status of Special Education in the Rochester City School District was informed by the recommendations and 2008 report from the Council of Great City Schools and the findings of an external auditor who examined Special Education last year. He asserted that Board members are finally seeing implementation of the changes that should have been initiated in 2008.

Commissioner Evans questioned the rationale for reporting the fiscal impact of the Special Education redesign at this time, rather than in the context of budget discussions. Mr. Suriano responded that the extent of dysfunction in the CSE process was underestimated, which led to failure to attain the ambitious goals that had been established last year. He noted that the budgetary targets would have been met if the goals had been achieved.

Mr. Suriano added that the culture of low expectations in the District for students with disabilities must be addressed. He stated that there has been a pervasive perception that students with disabilities cannot be successful without a Special Education teacher co-teaching for the entire school day or without being in a Special Class with a Special Education teacher. Mr. Suriano added that not only are these models failing to address the needs of most students with disabilities, they are also the most costly.

Commissioner Powell stated that she has an acquaintance who is a Special Education Consultant Teacher, and who reports that her recommendations are frequently unheeded by other staff in the District. Commissioner Powell asked whether there is an issue with general education teachers understanding the role of the Consultant Teacher and utilizing them effectively. Mr. Suriano confirmed that this has been an issue and professional development regarding inclusion models (i.e. Consultant Teacher and Integrated Co-Teaching) will be offered to general education and Special Education teachers. He added that the administrators monitoring the application of training in the classroom will provide feedback to both the general education and Special Education teachers. Mr. Suriano emphasized the importance of partnership and collaboration to ensure that inclusive models are functional and effective. He stated that a lack of collaboration has been one of the factors leading to poor outcomes for students with disabilities in the District.

Mr. Giannini recalled that the proposed 2014-15 RCSD budget included an estimated \$1.2M in cost savings from the Special Education redesign, and the slower than anticipated progress toward redesign goals has actually increased these costs. He asked how the additional \$5.5M in costs will be covered. Mr. Connors replied that he will address this question in the discussion of the proposed amendments to the 2014-15 RCSD budget.

Commissioner Powell observed that the District has a system to direct parents and students to the location of services and programs. She stated that if the STEPS program at School No. 25 has been shown to be effective, a similar program should be offered in each zone to enable parents to select a school within their zone that will meet their child's needs. She asserted that this increased access to necessary services and programs would enhance parents' choices, and reduce other District costs such as cross-zone transportation. Commissioner Powell discussed this as an equity issue in that parents of students with disabilities should have the same ability to choose a school for their child as other parents. She stated the District can then allocate classrooms and seats based on students' needs, rather than limiting students' options.

Mr. Suriano stated that equity in Special Education will require moving away from reliance on only two models: Integrated Co-Teaching and 12:1:1 classrooms. He noted that an expanded continuum of services that includes the Consultant Teacher model and Resource Room will increase access and school choice because these are much more flexible service models. Mr. Suriano stated that a Consultant Teacher can move among different school buildings to meet with students and tailor their approach to address their individual needs. He pointed out that concerns regarding access and equity were incorporated into the Special Education redesign, citing the example of 8:1:1 rooms, 15:1 rooms, and programs for students with autism no longer being concentrated in one school building. Mr. Suriano noted that certain highly specialized services have to be provided in a central location, but most programs for students with disabilities can be expanded to provide equity across zones. He stated that more schools will have a variety of Special Education programs and services as the redesign progresses.

Commissioner Powell pointed out that this discussion has focused primarily on the costs arising from additional staffing, but ancillary costs must also be considered. She stated that the District's transportation costs cannot be reduced until there is equity in programs and services in each zone. Mr. Suriano replied that the difficulty is in projecting the number of students who will be in need of particular types of services/programs for the following school year. He reported that from July 1, 2014 to September 5, 2014, 284 new school-aged children entered the District with an IEP. He stated that the District is required to provide services for children attending charter schools, which involves itinerant Special Education teachers and associated professionals. Mr. Suriano reported on additional students receiving services paid by the District: 62 students who have been placed by their parents outside the District; 336 students who are sent out of the District to other agencies for services (e.g. Mary Cariola, Hillside); and 204 students receiving services through BOCES.

VI. Review Proposed Amendments to 2014-15 RCSD Budget

Vern Connors gave a presentation to explain the rationale for the revenue and expenditure changes in the proposed amendments to the 2014-15 RCSD budget:

- 1. Amend the 2014-15 Special Aid Grant Fund Budget to \$109,902,457 to reflect an increase of \$2,512,143 in federal grants and \$36,984 in local grants, and a reduction of \$177,202 in NYS grants – Resolution No. 2014-15: 184**
- 2. Amend 2014-15 RCSD Budget to reflect change to Special Aid Grant Fund Budget for a budget total of \$790,631,387 – Resolution No. 2014-15: 185**

Mr. Connors reported that the revenue changes contained in the proposed amendments to the 2014-15 RCSD budget are not significant, but the amendments regarding expenditures are substantial due to the need for staffing above levels anticipated when the 2014-15 RCSD budget was developed. The major expenditure changes are highlighted below:

- Increase of \$303.6M for staffing salaries (addition of 145.2FTE: 84.2FTE Teachers and 64.0FTE for Teaching Assistants and Paraprofessionals; increase offset by reduction of Administrators)
- Increase of \$0.5M due to adoption of new K-8 Science textbook in June, after 2014-15 RCSD budget had been adopted
- Increase of \$1.0M in expenditures for installation of hybrid kitchens in additional schools and purchase of a new truck, which were covered by the Food Services Management contract
- Use of \$4.8M in contingency funds to cover additional staffing above levels in adopted 2014-15 RCSD budget

Commissioner Evans inquired whether there have ever been budget amendments of this magnitude in the past.

Commissioner Powell recalled that there were budget amendments of \$22M under Dr. Janey's administration, which illustrated a substantial variance from the adopted budget entirely due to staffing increases.

Mr. Connors reported that there was a large adjustment to the budget during the first year of Dr. Vargas' tenure as Superintendent due to implementation of equitable student funding and approximately 800 positions in the District eliminated in the adopted budget. He stated that Finance Department staff realized later that positions had been cut too dramatically, and 200FTE were restored. Mr. Connors noted that large changes to the adopted budget are typically due to grant funding.

Commissioner Evans pointed out that the Board was aware of the changes needed to the budget during Dr. Vargas' first year as Superintendent because of the desire to correct the problems caused by equitable student funding.

Commissioner Powell observed that the large addition of FTEs for Teachers cannot be fully explained by the issues involved with the Special Education redesign, which only accounts for an increase of 38.7FTE. She asked for an accounting of the remaining 40.0FTE for Teachers that has been added, questioning the necessity for this staffing increase. She asked whether student enrollment in the District has increased above the projections upon which the 2014-15 RCSD budget was based. Mr. Connors responded that 1200 new students were enrolled in the District in the summer of 2013, which was not anticipated when the 2013-14 RCSD budget was developed. He stated that urban school districts tend to experience a great deal of mobility of students and their families. Mr. Connors explained that student enrollment projections are devised in January/February to incorporate into the budget, but actual enrollment can differ considerably by September/October. He reported that the main problem with obtaining accurate enrollment projections is with secondary students because these students may transfer out of state or drop out and the District is not notified. Mr. Connors pointed out that staffing is also affected by the particular composition of students, their needs (e.g. ELL students and students with disabilities), and enrollment for each school at each grade level. He stated that the number and composition of students enrolling in each school affects the courses offered and the number of classes (i.e. the number of teachers needed). Mr. Connors reported that staff in the Finance Department have been working to improve the projections used to develop the District's budget, but more needs to be done.

Mr. Ansbro added that a hiring freeze has been imposed at this point because of capacity issues and teaching staff levels will be evaluated to identify opportunities for redeployment among schools.

Commissioner Evans contended that the underlying problem is that too many staff are involved with the budget process who do not have knowledge or experience with academic programs. He asserted that the result is that incorrect assumptions are used in developing the budget, which then have to be corrected later in the year. Commissioner Evans stated that academic decisions must first be made and these priorities must be incorporated into the budget to prevent major fiscal disruptions later into the school year that affect students.

Mr. Ansbro stated that District academic staff collaborated closely with Finance Department staff in developing the 2014-15 RCSD budget regarding staffing needs and assumptions. He emphasized the impact of District staff not embracing and implementing the Special Education redesign as quickly as hoped, citing this as a major factor leading to the proposed increase in staff and expenditures.

Mr. Connors observed that the projections upon which the 2014-15 RCSD budget was based were only off by approximately 2% with regard to staffing levels for teachers. He noted that while this is not a large percentage, it is costly. Mr. Connors pointed out the small margin of error tolerated in making projections to prevent a significant fiscal impact. He stated that there were over 5,000 changes in schools and districts from one BEDS day to the next (i.e. from one year to the next), which illustrates the highly mobile student population in the District.

Mr. Ansbrow reflected that he had estimated that \$2M in budget contingency funds would be needed to set aside to cover unforeseen costs when he began his tenure as Chief Financial Officer with the District, and this estimate may have been too low. He stated that after adding the staff proposed in the budget amendments, only \$175K will remain in contingency funds. Mr. Ansbrow stated that a higher level of contingency funds (e.g. \$5M) should be set aside in the future.

Commissioner Powell contended that with regard to staffing levels, the most critical aspect is to improve the accuracy of projections upon which the budget is based. She pointed out that if the staffing projections are too low, then staff will be laid off and re-hired later and this creates other problems. She stated that having a larger contingency fund will not address these problems.

Mr. Ansbrow explained that deliberate attempts were made to minimize layoffs and later re-hiring by extrapolating from trends in staff turnover for a typical year.

Mr. Connors noted that while the additional staff have led to an \$8.6M additional cost for the District, only \$5.7M of contingency funds were used and the remainder was covered by identifying cost savings in other areas. He acknowledged that increased benefit costs have not yet been budgeted for the additional staff, but this will be done in the future and can be covered at this point for a few months within the existing budget. Mr. Connors also noted that an additional \$1.3M will be needed to cover the cost of the RTS contract, which is larger than expected. He also reported that the NYS Education Department expanded eligibility for bonuses for highly effective teachers, resulting in 267 teachers receiving bonuses instead of 10 included in the budget. Mr. Connors estimated that this expanded eligibility for bonuses will cost approximately \$1M.

Commissioner Powell inquired about the potential impact of these eligibility changes in future years. Mr. Connors replied that the District currently provides 75% of the cost of bonuses for highly effective teachers, but will be required to cover the entire cost after this fiscal year.

Commissioner Powell asked about the possibility of contacting NYS Education Department officials to notify them of the fiscal impact of these rule and eligibility changes, and to request an additional \$1M in funding to cover the extra costs imposed. Mr. Ansbrow stated that he plans to pursue this at the State level.

Mr. Connors reported that some items that would be funded under the Teacher Improvement Fund (TIF) grant will have to be paid out of the General Fund. He explained that the District paid out more than anticipated in 2013-14 for teacher stipends, so began 2014-15 with less TIF funding for this year. Mr. Connors estimated that approximately \$600K of the General Fund will be needed to provide teacher stipends for 2014-15.

On the positive side, Mr. Connors stated that the estimates for Title I grant funds to be rolled over from 2013-14 to 2014-15 were quite conservative, so there will be an increase of approximately \$2.7M in these funds for the current year. He cautioned that Title I funds must be targeted for use for eligible items, but may be able to be used to cover some of the increased costs. Mr. Connors stated that a Position Control Committee has been established to review all vacancies and to identify non-school positions that can be removed from the RCSD budget. He reported that 15.5FTE have been identified that can be eliminated at this point for cost savings. Mr. Connors added that non-school operating expenses are also being reviewed and restrictions have been placed on office supplies, professional development, travel, and contractual services.

Mr. Connors stated that school staffing is also being evaluated to determine actual needs, and 3 positions have been identified as not needed at this time. He noted that the General Fund and Grant Fund are also being examined to identify opportunities for additional cost savings.

Commissioner Evans inquired about the amount in the Fund Balance at this point. Mr. Ansbrow replied that approximately \$12M is in the unassigned Fund Balance as of the end of FY2013-14.

Commissioner Cruz pointed out that some of the increased costs could not have been anticipated, such as the RTS contract and the slow pace of implementing the Special Education redesign. He stated that discussions regarding the assumptions in developing the District budget should have been conducted much earlier (i.e. the end of the year) rather than at the beginning of the school year.

Mr. Ansbrow stated that the plans for the Special Education redesign were discussed, but the assumptions regarding the pace of implementation were incorrect. He stated that greater resistance than anticipated was encountered in implementing the redesign, which has implications for fiscal and educational outcomes.

Commissioner Cruz observed the difficulty in addressing organizational cultural resistance to change in many aspects of the District. He contended that these changes will become imperative at some point, and there will be no other option than to adapt.

Commissioner Evans stated that this is a considerable source of his frustration because he has seen the same basic problems persist for the last eleven years of his tenure on the Board of Education. He noted that this has led the Board to adopt an increasingly active role in questioning and monitoring actions within the District.

Mr. Giannini requested an updated list of the schools that currently have hybrid kitchens and those which are planned to have them installed.

Action Item: Mr. Ansbrow will provide a list to the members of the Finance Committee of the schools that currently have hybrid kitchens and those that are planned to have them installed.

Mr. Giannini stated that he has received positive feedback from students about the improved quality of food served at school.

Mr. Giannini asked about funding for expeditionary learning, noting that previously reported information indicated that these costs would be covered by School Improvement Grants (SIG) at

School No. 17 and NW College Preparatory Academy. He stated that he did not see this accounted for in either the budget amendments or the August Financial Report.

Mr. Connors explained that the expeditionary learning contract will be centralized and the funding will be provided from an existing grant. Mr. Ansbro clarified that the funds are being reallocated within an existing grant that had already been included in the budget.

Mr. Giannini inquired whether this funding is available to schools at this point. Mr. Connors replied that funds will not be requisitioned at the school level because this will be a district-wide contract to provide expeditionary learning support to schools using this model. He reported that the contract is being negotiated with Expeditionary Learning with input from the schools, and will be based on school needs. Mr. Connors estimated that the contract will amount to approximately \$214,400.

Mr. Giannini requested information about the timeline for finalizing the Expeditionary Learning contract and providing this support to schools.

Action Item: Mr. Connors will provide information to the members of the Finance Committee regarding the timeline for finalizing the Expeditionary Learning contract and provision of support to schools.

Motion by Commissioner Cruz to approve above amendments to the 2014-15 Special Aid Grant Fund and the 2014-15 RCSD Budget, as well as the August 2014 Financial Report. Seconded by Commissioner Evans. **Adopted 2-0, without concurrence of Parent Representative.**

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

Meeting adjourned at 7:51PM.