

Rochester Board of Education
Finance Committee
October 17, 2013

Attendance: Commissioner Powell (Chair); Commissioners Cruz and White. Parent Representative: Giancarlo Giannini (left at 6:22PM). District Staff: Bill Ansbrow, Chief Financial Officer; Vernon Connors, Budget Director; Gary Smith, Purchasing Officer; Ed Lopez-Soto, General Counsel. Board Staff: Debra Flanagan.

Commissioner Powell convened the meeting at 5:37PM.

I. Review and Approve Minutes of the September 19, 2013 Finance Committee Meeting

Motion by Commissioner White to approve the minutes of the September 19th Finance Committee meeting. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of Parent Representative.**

II. Update on McKinsey Project to Identify Efficiencies

Bill Ansbrow reported that a half-day session was conducted with approximately 50 leaders in Central Office, as well as with principals and a focus group to discuss the purpose and parameters of the project:

- What opportunities exist in the District to improve resource utilization and allocation?
- What functions are being performed effectively and efficiently at this point?
- Which processes are being performed well, but could be improved?
- Which functions are ineffective and/or inefficient, and therefore should be stopped or modified?

Mr. Ansbrow explained that the information obtained in response to these questions will be used to identify common themes. He also announced that the New York State Education Department has approved the District's use of funds under the Management Efficiency grant to pay for the local share of this project.

Mr. Ansbrow reported that McKinsey staff are currently on site and have been engaged with Central Office staff and stakeholders to identify priorities and initiatives for improving student achievement. He stated that the recommendations from the McKinsey group will be checked to determine the extent to which each is supported by research and evidence-based practices.

Commissioner Powell inquired about the timeline for McKinsey to provide specific deliverables for the project. Mr. Ansbrow replied that this timeline should be finalized in November, noting that a key aspect of the entire project is building capacity and training staff to examine their work processes critically. He stated that a logic tree is being developed to identify critical

components, and the Superintendent will identify internal staff members to advance data-driven decision-making to sustain this effort.

As a cost saving measure, an employee suggested that the District stop mailing pay stubs to employees who use direct deposit. Mr. Ansbrow estimated that this measure will reduce District costs by approximately \$100K per year, and will begin on November 1st. He noted that employees can view their pay stub online through the PeopleSoft system, and print it out if necessary. Mr. Ansbrow stated that the District is also planning to issue a payroll card to employees who do not have direct deposit, as this would further reduce costs by not having to issue paper paychecks.

Commissioner Cruz expressed concern about employee payroll cards, as there have been recent investigations into the hidden fees that many of these cards contain. He emphasized the importance of ensuring that this will not become a problem when implemented in the District. Gary Smith reported that after exploring opportunities with different vendors, it became apparent that Chase Bank was the only vendor able to accommodate the District's needs and would not impose any fees on employees. He estimated that 50% of employees receiving paper paychecks would select direct deposit, rather than a payroll card. Mr. Smith stated that the remaining 50% receiving paper paychecks would have their pay deposited at Chase Bank, with a debit card for their use. He pointed out that this plan has been discussed with each of the collective bargaining units, and all are in agreement.

III. Review and Approve Resolutions in Preparation for October 22, 2013 Board Business Meeting

A. EDUCATIONAL FACILITIES

Contracts:

- 1. Eastcoast Electric, LLC – contract for electrical work for Phase III of the District-wide Security Upgrades project – Resolution No. 2013-14: 278**

Final Payments:

- 2. Eastcoast Electric, LLC – final payment for electrical work in renovating Schools No. 8 and 45 – Resolution No. 2013-14: 279**
- 3. Eastcoast Electric, LLC – final payment for electrical work in renovating School No. 3 – Resolution No. 2013-14: 280**

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

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

B. Discuss Resolution No. 2013-14: 68 (Agreement with Center for Youth for the Rochester Teen Court) referred by Board to the Finance Committee:

- Can Title I funds be used to support additional funding for this Agreement?
- Can SIG grant funds be used for this Agreement?
- What is the balance at this point for the budget contingency fund?

Mr. Ansbro reported that approximately \$16K under the School Violence Prevention grant is remaining because the original project came in under budget. He stated that he has been working with the granting agency to re-direct these funds for a similar purpose, such as the Rochester Teen Court or a broader program that is being developed by the School Chief for Secondary Schools. Mr. Ansbro noted that the School Chief's proposal should be completed within the next 30 days.

Commissioner Powell asserted that consideration should be given to the Board's priorities in allocating additional funding for the Rochester Teen Court, given that \$16K is available in unexpended funds with no plan yet for their use. She suggested allowing 30 days for the School Chief to finalize their proposal, and then making a determination as to the best use for these remaining funds. Commissioner Powell expressed concern about the notion of parity in the District only providing as much financial support for programs as the City, particularly since their priorities are not necessarily the same.

Mr. Ansbro committed to preventing the \$16K in unexpended grant funds from being used, except with the consent of the Finance Committee.

Ed Lopez-Soto asserted that the scope of the Rochester Teen Court is limited because it involves students who have been arrested and does not address the larger issue of student suspension and discipline. He reported that the Office of Court Administration has not provided any financial support for the program, but consideration is being given to modifying the Teen Court to a peer court program to expand the scope to school incidents.

Commissioner White objected to the notion of the Teen Court being limited because his experience as a practitioner in the criminal justice system has demonstrated that misdemeanors and violations are the beginning of the "cradle-to-prison pipeline", which is not necessarily related to school suspension. He also pointed out that expansion of the Teen Court to a peer court would significantly increase costs, and the contingency funds in the budget are already quite slim.

Motion by Commissioner White to table the above resolution regarding the Rochester Teen Court until the December Finance Committee meeting, when the School Chief's proposal is expected to be finalized. Seconded by Commissioner Cruz. **Adopted 3-0.**

C. Follow-Up on Action Items from Previous Meeting

1. The schools attended by the 3rd and 4th grade students included in the summer school program and longitudinal study by the Wallace Foundation

Mr. Ansbrow provided information of the schools in which students were enrolled who also attended the Wallace Foundation program this summer. Mr. Connors offered to provide additional data regarding the percentage of students from each school who applied to participate, compared to the percentage accepted.

Action Item: Mr. Connors will provide data comparing the percentage of students from each school who applied for entry with the percentage actually accepted into the Wallace Foundation summer school program.

2. Estimated cost savings from modernizing school buildings under the FMP (e.g. reduced utility and maintenance costs)

Mr. Ansbrow reported that the projected savings from reduced maintenance and utility costs in the schools modernized under the FMP would be offset by the increased square footage in these schools. Mr. Connors noted that these savings are also offset by new mandates requiring more frequent air refreshing in each building.

3. Possibility of using solar panels to provide energy for the schools modernized under the FMP, and of obtaining assistance to purchase the panels

Mr. Connors stated that installation of solar panels would create difficulties for Facilities staff in roof maintenance and repair of District buildings.

IV. Review September Financial Report and Budget Amendments

- A. Amend General Fund Budget to \$616.651M to reflect \$100K increase in NYS Aid: Resolution No. 2013-14: TBD
- B. Amend Special Aid Grant Fund budget to \$111.586M to reflect increases in receipt of grant funds: Resolution No. 2013-14: TBD
- C. Amend Lunch Fund budget to \$19.613M to reflect increase in federal reimbursement: Resolution No. 2013-14: TBD
- D. Amend 2013-14 RCSD budget to increase by \$12.026M – Resolution No. 2013-14: TBD

Vern Connors stated that budget amendments will be presented in October from this year forward to enable the budget process to begin earlier in the year.

Mr. Connors gave a presentation highlighting the major changes to the 2013-14 budget at this point:

- Additional revenue, primarily due to increased grant funding (11.77%, or \$11.586M)
- Increased expenditures, primarily due to:
 - adding 130.2 FTE in staff to accommodate additional enrollment of 1264 students, Master Schedule, expanded learning, and Special Education support
 - additional professional development needed for the Common Core curriculum and APPR

Parent Representative Giancarlo Giannini pointed out that the handout from the presentation indicates a total budget increase of \$12M, but the resolution states that the increase is \$14M. Mr. Connors responded that the resolution has since been corrected to reflect a \$12M budget increase. He explained that the difference is due to inclusion of a School Improvement Grant (SIG) that has not yet been awarded.

Mr. Giannini asked which schools are receiving SIG funding this year. Mr. Connors offered to provide Mr. Giannini and members of the Finance Committee with this information. After Mr. Giannini left the meeting (at 6:22PM), Mr. Connors was able to locate the information and reported that the following schools are receiving SIG grants this year: School No. 3, 17, 45, Monroe High School, and Northwest College Preparatory High School. He stated that an application has been submitted for Wilson Commencement High School, but this has not yet been funded.

Commissioner White inquired about the process for determining changes in staffing levels. Mr. Connors explained that each program provides the rationale for their staffing requests based on their ability to attain goals and serve students. He stated that school staffing requests are based on enrollment and operations, and a centralized review is conducted of all staffing requests received.

Commissioner White asked about the way in which these staffing requests are checked against the budget to ensure that the District does not exceed budgetary thresholds. Mr. Ansbro replied that these requests are examined by HCI, the Chief Financial Officer, and the Superintendent.

Commissioner Powell discussed the difficulties that arise when students register late for school since the increase in enrollment may lead to capacity issues within the zone. She explained that sections (and staff) have to be added when existing classrooms cannot accommodate any more students. On the other hand, not all students who have registered will end up actually attending school in the District. Commissioner Powell noted that the problem is exacerbated by the State defining absence as not attending school for 20 days, so that schools must be staffed with a larger number of teachers to accommodate students who register late – but staff cannot be reduced based on student absences until 4-6 weeks after the beginning of the school year. Mr. Connors pointed out that 85-90% of this variation in staffing is at the secondary level because the use of zone boundaries at the elementary level makes this process more manageable.

Mr. Connors provided an overview of the contingency funds remaining in the 2013-14 budget at this point, noting that only \$742K remains of the \$5M budgeted to cover unforeseen expenses

(e.g. unexpected increase in enrollment, additional staff needed for the LyncX program, and additional staff time needed for planning and implementing the Master Schedule). He noted that an additional \$564.6K in expenditures is anticipated (e.g. benefit costs for additional staff, additional stipends for Math/ELA coaches, and additional professional development), leaving only \$177.8K remaining for any other unexpected costs during the year.

Mr. Ansbrow acknowledged that the original \$5M budgeted for contingencies may not have been sufficient, but he plans to track the number of late-registered students, student absences, and other recurring costs to obtain a better estimate for future years.

Commissioner White voiced concern about the very slim amount of funds available to cover contingencies, and asked about ways to build these funds. Mr. Ansbrow responded that an estimated \$100K will be saved by no longer mailing pay stubs to employees with direct deposit, and other types of efficiencies will add to the contingency fund.

Commissioner Powell explained that contingency funds were established within the budget so that the District would not have to utilize Reserve Funds to cover unexpected costs. She stated that the budget contingency protects against using Reserve Funds that may be needed in future years to cover budget shortfalls.

Motion by Commissioner White to approve the September Financial Report and all above budget amendments. Seconded by Commissioner Cruz. **Adopted 3-0.**

Motion by Commissioner Cruz to adjourn. Seconded by Commissioner White. **Adopted 3-0.**

Meeting adjourned at 6:57PM.