

Rochester Board of Education
Finance Committee
February 12, 2013

Attendance: Commissioner Powell (Chair); Commissioners White (arrived 5:39PM) and Cruz (arrived 5:51PM). Parent Representative: Giancarlo Giannini. District Staff: Bill Ansbro, Chief Financial Officer; Vern Connors, Budget Director; Gary Smith, Purchasing Officer. Board Staff: Debra Flanagan.

Commissioner Powell convened the meeting at 5:40PM.

I. Question & Answer Session

Bill Ansbro stated that there is no new information at this point, since the Governor has released his proposed NYS budget for 2013-14. He stated that there is hope that the NYS budget will be approved in March.

Mr. Ansbro discussed the Governor's recent proposal for allowing local government and school districts to stabilize annual pension payments, which would be beneficial to RCSD. He stated that an agreement has not yet been reached between the Governor and the NYS Comptroller on this proposal.

II. Review and Approve Minutes of January 17, 2013 Finance Committee Meeting

Motion by Commissioner White to approve the minutes of the January 17, 2013 Finance Committee meeting. **Adopted 2-0, with concurrence of parent representative.**

III. Review and Approve January 2013 Financial Report and Budget Amendments

A. Review Amendments to 2012-13 RCSD Budget

- 1. Amend General Fund Budget to reflect reduction of \$858,069 in NYS Aid, reduction of \$230,000 in Local Other Revenue, and increase of \$250,000 in Medicaid revenue – Resolution No. 2012-13: 465**
- 2. Amend Special Aid Grant Fund Budget to reflect increase of \$1,709,045 in NYS grants, \$1,052,800 in federal grants, and \$219,728 in local grants – Resolution No. 2012-13: 466**
- 3. Amend School Food Services Fund – Resolution No. 2012-13: 467 - **withdrawn (no changes to Fund)****
- 4. Amend RCSD 2012-13 Budget to reflect changes in the General Fund and Special Aid Grant Fund for a net increase of \$2,143,504 – Resolution No. 2012-13: 468**

Vern Connors gave a presentation to explain the budget changes in further detail:

General Fund:

- Reductions in NYS Aid in the General Fund are due to a decrease in “Public Excess Cost Aid” (-\$398,784), “Private Excess Cost Aid” (-6,102), and Prior Year NYS Aid (-446,409).

Mr. Connors explained that the “Public Excess Cost Aid” is provided to cover the cost of placement for high-need students in the District or BOCES, while the “Private Excess Cost Aid” is for placement of these students in a private agency (e.g. Mary Cariola, Crestwood). He stated that the decline in these sources of NYS Aid indicates that the cost of these services/placements was not as great as anticipated when the 2012-13 budget was developed.

Mr. Connors stated that the Prior Year NYS Aid reduction results from NYS providing an advance to RCSD in 2002-03 for all prior year Aid. He noted that the 2012-13 budget was developed with the expectation that one full year of this Aid would be forthcoming, but only half a year of Aid is actually being provided.

Commissioner Powell commented that the Public Excess Cost Aid and Private Excess Cost Aid should not change much in the future. Mr. Connors replied that these sources of NYS Aid will fluctuate depending on the cost of services/placements and needs of RCSD students with disabilities. He pointed out that the District will no longer experience budget changes due to Prior Year Aid because this is the last payment for the advance provided by the State from 2002-03.

Mr. Connors noted that the diligence of the RCSD Medicaid unit has resulted in a \$250K increase in revenue. He stated that parental consent is required to enable the District to bill for services under Medicaid, and staff are working to attain a 60% parental consent rate to maximize this source of revenue. Mr. Connors pointed out that a 60% rate would make RCSD at one of the highest levels among the Big Five school districts, if not in the entire State. He reported that the District is lobbying the NYS Education Department to change the regulations so that the process of obtaining parental consent is not so onerous. He also indicated that District staff are exploring opportunities for coordinating this with the process for certifying eligibility for free and reduced-price meals.

- Mr. Connors reported that the decrease in local revenue (-\$230,000) results from a lower rate of E-rate revenue than projected when developing the 2012-13 budget, and a decline in revenue from curriculum-based programs (i.e. work experience programs).

Special Aid Fund:

- Increased Special Aid Fund revenue is primarily due to additional federal and state grant funding. The State has provided two new grants to the District: Management Efficiency grant (\$1.7M), and Learning Technology grant (\$0.2M).

Several new grants were obtained by RCSD from the federal government: Virtual AP grant (\$0.4M), Title III Immigration grant (\$0.2M), School Innovation Fund for School No. 34 (\$0.1M), and an additional \$0.4M in other federal grants.

- Mr. Connors provided additional detail regarding program changes due to the NYS Management Efficiency grant and a grant from the Gates Foundation. The Management Efficiency grant is for three years and will fund pre-K at School No. 33, as well as activities targeted to drive future efficiencies and a new position of Director of Efficiencies to advance and monitor this work.

The Gates Foundation grant will provide \$600K, with RCSD matching 30% of the funding. Mr. Ansbrow stated that the purpose of this grant is to develop a four-year sustainable plan for the District to obtain external resources. He explained that these funds will be used to hire an outside consultant to develop the four-year plan. In this way, the Gates Foundation grant will be used to initiate the work under the Management Efficiency grant.

Parent Representative Giancarlo Giannini requested a breakdown as to the planned use of funds under the NYS Management Efficiency grant.

Action Item: Mr. Ansbrow will provide a breakdown of the planned uses of the NYS Management Efficiency grant funds to the members of the Finance Committee.

Mr. Giannini inquired about the timing of realizing cost savings under the Management Efficiency grant. Mr. Ansbrow replied that cost savings should begin to materialize in FY2014-15, and discussed the importance of encouraging the State to value efforts made by local government and school districts to generate cost savings. He noted that this effort began in the District with placing a bar code on textbooks, which is entered in the Destiny system to improve tracking and monitoring inventory.

Commissioner White expressed concern about relying on experts through the Gates Foundation because of their ineffective performance with the District in the past. He questioned whether the costs incurred under the grant requirements are worth the funding provided. Commissioner White asserted that RCSD staff have expertise in District systems and an awareness of potential efficiencies, so there would seem to be no need to hire an outside consultant for this purpose.

Mr. Ansbrow contended that the District does not currently have staff with this particular and unique skill set.

Action Item: Mr. Ansbrow will provide a breakdown of planned expenditures under the Gates Foundation grant to the members of the Finance Committee.

Mr. Giannini asked for an estimate regarding expected savings to compensate for the costs incurred under the NYS Management Efficiency grant and the Gates Foundation grant. Mr. Connors responded that they are not yet in a position to provide an estimate that a specific investment will generate a specific dollar amount in savings. He noted that while there is

awareness of particular opportunities for efficiencies, multiple departments and inputs make it difficult to quantify. He stated that cost savings projections also depend on estimating the error rate involved in different processes throughout the District, and of the net savings generated through implementing improvements. Mr. Connors cited an example of payroll staff spending half of their time correcting errors, and preventing these errors would result in a need for fewer payroll staff.

Commissioner White commented that he understands the demands on staff time and that much of the District's work is performed in silos, but he objected to hiring consultants to profit from the District's ineptitude.

Expenditures:

Mr. Connors reported that cost reductions are due to a decrease of 6.5FTE (-\$157K); teacher in-service training, substitute teachers, and overtime (-\$255K); employee benefits (-\$685K); other General Fund staffing reductions (-\$473K); and the conversion of short-term Bond Anticipation Notes (BANs) to bonds at lower interest rates (-\$750K).

Mr. Connors stated that the budget amendments reflect an increase in expenditures for Facilities, instructional supplies, and materials (+\$3.1M) and for transportation and charter school tuition (+\$321K). He noted that the increase in Facilities expenditures is due to the increased cost of materials and to repurposing Race to the Top funds for supplies and materials rather than for staffing.

Commissioner Powell asked whether the conversion from BANs to bonds will also stabilize the District's debt payment over the next few years. Mr. Connors confirmed that debt payment will stabilize over the next several years, which will also ensure that there will be no impact on the amount of the City's Maintenance of Effort (MOE) payment to the District.

Mr. Connors provided additional detail regarding the 6.5FTE reduction: 1.8FTE in Civil Service, 3.9FTE for Paraprofessionals and Teaching Assistants, and 0.8FTE for teachers. He noted that there will be another budget amendment in April, which will include a further reduction of 20FTE in positions that are mostly vacant at this time.

Motion by Commissioner White to approve the above budget resolutions and the January 2013 Financial Report. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

B. Review and Approve Quarterly Change Order Report

Motion by Commissioner Cruz to approve Quarterly Change Order Report. Seconded by Commissioner White. **Adopted 3-0, with concurrence of parent representative.**

C. Review and Approve Student Activity Funds Report

Motion by Commissioner Cruz to approve Student Activity Funds Report. Seconded by Commissioner White. **Adopted 3-0, with concurrence of parent representative.**

IV. Review of Resolutions in preparation for February 14, 2013 Board Business Meeting

A. PROCUREMENT & SUPPLY

1. **Riddell/All American – new contract for reconditioning of football equipment – Resolution No. 2012-13: 469**

Motion by Commissioner White to approve above Procurement resolution. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

B. FACILITIES

Final Payments:

1. **Kuitems Construction, Inc. – final payment for general construction work for renovations to School No. 2 – Resolution No. 2012-13: 470**

Motion by Commissioner Cruz to approve above final payment resolution. Seconded by Commissioner White. **Adopted 3-0, with concurrence of parent representative.**

Contracts:

2. **O'Brien & Gere Engineers, Inc. – new contract to confirm existing and removed asbestos-containing materials, investigate previously identified types and quantities of asbestos-containing materials, and assess current conditions in compliance with the EPA Asbestos Hazard Emergency Response Act triennial update of District schools – Resolution No. 2012-13: 471**
3. **Steve General Contractor, Inc. – general construction work; Pipitone Enterprises, LLC – HVAC work; Leo J. Roth – plumbing work; Eastcoast Electric, LLC – electrical work; TES Environmental Corp. – air monitoring work; Jupiter Environmental Services, Inc. – asbestos abatement work – new contracts for renovations to School No. 39 – Resolution No. 2012-13: 472 (Withdrawn)**
4. **Lozier Environmental Consulting, Inc. – air monitoring work; Window Specialist, Inc. – window work – new contracts for renovations to School No. 46 – Resolution No. 2012-13: 473**

Motion by Commissioner White to address all above Facilities contract 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 contract resolutions. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

Other:

5. **Joseph DiBattisto (aka Dee Parking) – agreement to permit Dee Parking to operate a parking facility on District premises at 231 Andrews Street – Resolution No. 2012-13: 474**

Commissioner Powell inquired as to the location of this property and the specific arrangements for management of the parking lot. Mr. Connors replied that this property is adjacent to the School Without Walls, and Dee Parking has agreed to manage the parking lot during off hours for payment to RCSD of \$1200 per month. He stated that having this company manage the parking lot during off hours will generate cost savings, as compared to paying overtime to RCSD employees.

Motion by Commissioner Cruz to approve above resolution for Dee Parking to manage the District parking lot during off hours. Seconded by Commissioner White. **Adopted 3-0, with concurrence of parent representative.**

Motion by Commissioner White to adjourn. **Adopted 3-0, with concurrence of parent representative.**

Meeting adjourned at 6:51PM.