

**Rochester Board of Education**  
**Finance Committee**  
**February 9, 2012**

**Attendance:** Commissioner Powell (Chair), Commissioners Cruz and White. Parent Representative: Giancarlo Giannini. District Staff: Vernon Connors, Chief Financial Officer. Board Staff: Debra Flanagan.

Commissioner Powell convened the meeting at 7:39PM.

Commissioner Powell noted that Tom Keysa gave a presentation some time ago about the change order process, and requested that this presentation be videotaped for Board member training in the future.

**Action Item: Ms. Flanagan will arrange for videotaping of Tom Keysa’s presentation regarding the change order process for future training of Board members.**

**I. Review Minutes of January 19, 2012 Finance Committee Meeting**

**Motion** by Commissioner White to approve the minutes of the January 19, 2012 Finance Committee meeting. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

**II. Question – Answer Session**

Commissioner Powell stated that she recently attended a meeting of the Federal Relations Network, and noted that Meryll Tisch, President of the Board of Regents, and John King, NYS Commissioner of Education, were presenting a request for an NCLB waiver for New York State.

Vern Connors reported that the State legislature must act on the Governor’s proposed 2012-13 budget before information is available in terms of NYS funding allocations for the District. He noted that historically the Governor’s proposed budget is typically the “floor” and the Assembly’s version is the “ceiling”, with the final approved funding for education most closely aligned with the Senate version between the two extremes. He stated that the legislature is attempting to pass the State budget in early March, which will allow time for school districts and municipalities to evaluate the impact on their budgets.

Commissioner Powell pointed out that the Governor has threatened to veto the legislature’s re-districting plan if his budget is not approved. She stated that Governor Cuomo seems to be using the leverage at his disposal to get the legislature to act in a timely fashion.

### III. Review Financial Reports and Budget Amendments

#### A. Budget Amendments

1. Amend the 2011-12 General Fund – Resolution No. 2011-12: 535
2. Amend the 2011-12 Grant Fund – Resolution No. 2011-12: 536
3. Amend the 2011-12 Food Service Fund - Resolution No. 2011-12: 537
4. Amend the 2011-12 Budget – Resolution No. 2011-12: 538

Mr. Connors noted that the budget amendments do not involve significant changes. He stated that the General Fund increased by \$12K based on the most recent NYS Aid reports and the Grant Fund increased by \$1.5M, but \$1.3M of this increase simply reflects a carry-over of funds from last year because NYS was so late in approving the Race to the Top grant.

Parent Representative Giancarlo Giannini inquired about accounting for funds withheld by the State due to the District's lack of timeliness in establishing an agreement with collective bargaining units regarding a new teacher evaluation system. Mr. Connors replied that the State has frozen funding for School Improvement Grants (SIG), rather than reduced the amount of the grants. He stated that the District has also frozen these SIG funds until the issue is resolved, which has led to cuts in training, materials, and equipment but not in instructional staff. He stated that he is hopeful that the State will accept the proposed agreement with the Rochester Teachers' Association (RTA) regarding the new evaluation system and release these funds. Mr. Connors noted that staffing costs will have to be taken from the General Fund if this agreement is not approved.

Mr. Giannini asked about the amount withheld in SIG funds due to not having the agreement approved regarding teacher evaluations.

**Action Item: Mr. Connors will report to the Finance Committee the amount withheld in SIG funds due to the District not having an agreement in place with RTA regarding the new teacher evaluation system.**

Mr. Connors pointed out that the impact of freezing SIG funds has been limited to Dr. Freddie Thomas High School and East High School because these are the only schools in the District using the transformation model.

Commissioner Powell stated that ten districts in the State have had these funds withheld due to not having an agreement in place with their collective bargaining units regarding the new teacher evaluation system. She also reported that the U.S. Education Secretary has criticized New York for lack of an accountability system at the state level. She questioned the impact on school districts if their teacher evaluation systems are approved, but the State has not complied with federal Race to the Top requirements in establishing an adequate accountability system. Mr. Connors replied that his understanding is that Race to the Top funds have been withheld at the State level and not at the federal level at

this point. He noted that this was reflected in the Governor's budget proposal to withhold all NYS Aid to districts that have not yet implemented the new teacher evaluation system by January 2013.

Mr. Giannini expressed concern about the District expending a greater percentage of funds in certain categories this year compared to the same time last year. He noted that these expenditure categories were substantially reduced this year, and questioned the risk of over-spending in these areas (i.e. facilities service contracts, maintenance repair supplies, postage and print advertising, hourly teachers). Mr. Connors replied that there cannot be over-spending in these areas because these expenditures are controlled by the budget. He explained that the system will not allow a department to issue a purchase order if the purchase is over the budgeted amount. He stated that departments have to make decisions in terms of reducing expenditures for this line item, or transferring funds from a different line item. Mr. Connors noted that transfer of funds between line items is reviewed by budget analysts and must be approved by him.

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

#### **B. January 2012 Financial Report**

**Motion** by Commissioner White to approve the January 2012 Financial Report. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

#### **C. Quarterly Student Activity Funds Report**

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

### **IV. Review Resolutions for February 16, 2012 Board Business Meeting**

#### **A. OTHER**

##### **1. Non-Resident Tuition and Tutoring Rates – Resolution No. 2011-12: 539**

Mr. Giannini asked about the number of students that cross district boundaries to attend RCSD schools. Mr. Connors replied that a small number of students choose to go outside their own district to attend RCSD schools, but the District provides tutoring as part of many programs and services (e.g. students in hospitals and other agencies). He explained that other local districts rely on RCSD services because the District is able to provide them more cost effectively because of economies of scale. He stated that non-resident tutoring services regularly add \$600-700K per year to District revenue.

Commissioner Powell inquired whether students from other districts who are incarcerated in Rochester are included in RCSD student performance statistics. Mr. Connors replied that incarcerated youth may receive services from the District, but are not considered RCSD students for NYS measures or statistics. He noted that the services provided to these youth are fully funded by the State.

Commissioner Powell asked about the number of students residing in the District who choose to attend suburban schools. Mr. Connors reported that approximately 525-530 City students in 2011-12 chose to attend suburban schools, and NYS Aid for these students goes to those districts.

Commissioner Powell expressed concern about recent legislation requiring NYS Aid for Article 42 schools to pass through the District, thereby artificially inflating the RCSD budget and per pupil expenditures. Mr. Connors responded that he plans to highlight these factors in the 2012-13 budget presentation to the Board.

Commissioner Powell pointed out that the District receives NYS funding for all pre-K students, yet a substantial number attend other agency programs and are not included in the count of RCSD students. She noted that this also inflates the size of the budget and per pupil expenditures. Mr. Connors replied that approximately \$60M for 9,000 students *not* attending RCSD schools is passed through the District's budget, creating these distortions (e.g. charter school students, pre-K students attending other agency programs, incarcerated youth, and students attending Article 42 schools). He noted that this is particularly important for the public to understand, and discussed plans to improve the Budget Book for clarification.

**Motion** by Commissioner White to approve above resolution regarding Non-Resident tuition and tutoring rates. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

## **B. FACILITIES**

### **Final Payments:**

- 1. Blackmon-Farrell Electric, Inc. – electrical work for renovations at School No. 19 (\$3,489) – Resolution No. 2011-12: 540**
- 2. Lloyd Mechanical Co., LLC – mechanical work for renovations at School No. 25 (\$10,586) – Resolution No. 2011-12: 541**
- 3. Lloyd Mechanical Co., LLC – plumbing work for renovations at School No. 25 (\$1,203.50) – Resolution No. 2011-12: 542**
- 4. Lloyd Mechanical Co., LLC – plumbing work for renovations at School Without Walls Foundation Academy (\$2,196) – Resolution No. 2011-12: 543**

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

**Other:**

**5. Final Building Projects Report (FBPR) – adjustment in request for reimbursement from NYS Building Aid based on final project cost (School No. 33) – Resolution No. 2011-12: 544**

With regard to the Final Building Projects Report, Commissioner Powell asked whether this is the final report regarding School No. 33 and the Ryan Center. Mr. Connors confirmed this and stated that the report was necessary to ensure that all of the renovations are covered by NYS Building Aid.

Commissioner Powell noted that the final cost of the School No. 33 project came in at \$39K less than projected. Mr. Connors stated that any remaining funds are required by law to be used to reduce the District's debt service.

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

**V. Discussion Topics**

**A. Summary of Input Received in Public Budget Information Sessions**

Debra Flanagan reported a number of concerns and suggestions received from parents and community members in the Public Budget Information sessions conducted last week:

- Staffing costs, particularly employee benefits
- Increasing consolidation/streamlining of departments in Central Office
- Increase collaboration and resource-sharing among schools so that students have access to a wider range of specialized classes or programs (e.g. AP courses)
- Retain arts, music, foreign language, physical education, sports and high-quality academic programs (i.e. AP, MAP, enrichment programs – especially at the elementary level). Offer foreign language in elementary schools – when children are at an age when they can best learn another language.

- Concern about the increasing number of students attending charter schools
- Concern about inefficiencies and costs from continually changing initiatives and models in the District (e.g. K-8 model, school re-design and “phase in, phase out”) – need for stability for parents, students, and staff

Commissioner Cruz noted the need to inform parents and community members that the changes in initiatives and models are due to mandates at the federal and state level, rather than the choice of the District.

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

Meeting adjourned at 8:17PM.

**Next Finance Committee meeting:            March 15<sup>th</sup> at 5:30PM**