

Rochester Board of Education
Finance Committee
November 10, 2011

Attendance: Commissioner Powell (Chair), Commissioners Cruz and White. Parent Representative: Giancarlo Giannini. District Staff: Vernon Connors, Chief Financial Officer; Annmarie Lehner, Information Technology Officer; and Jerome Underwood, Senior Director of Operations. Board Staff: Ms. Debra Flanagan.

Commissioner Powell convened the meeting at 6:47PM.

I. Question – Answer Session

Vern Connors informed the Committee that the Governor reiterated his commitment to an \$805m increase in NYS Aid to school districts for FY2012-13, but the specific amount and formulation has not yet been determined. He stated that approximately half of the \$805m increase in funding is expected to be for Building Aid and expenditure-based aid. The impact on RCSD will depend on the formula used and the way in which it is derived.

Commissioner Powell inquired whether there is any Transition Aid for charter schools. Mr. Connors replied that he will address this topic when the October Financial Reports are reviewed. He stated that the \$805m increase in NYS Aid was included in a two-year plan, and FY2012-13 will be the second year of this plan.

Commissioner White asked about the way in which the first phase of this plan was apportioned among the Big Five school districts.

Action Item: Mr. Connors will look into the way in which the first phase of the State’s two-year plan has been apportioned among the Big Five school districts in the state.

Mr. Connors reported that the State has traditionally divided all of the school districts into regions and allocated funding on this basis.

Commissioner White inquired whether the increased NYS Aid would be based on the District’s projected deficit. Mr. Connors responded that it would not be based on budget deficits faced by school districts, and he estimates that RCSD would receive approximately \$10m in increased State Aid for FY2012-13.

Commissioner White stated that the projected deficit for RCSD for FY2012-13 is approximately \$40m and his understanding is that upstate New York typically does not receive their share of State funding. He asked about the portion of increased NYS Aid that has been allocated to upstate districts in the past.

Action Item: Mr. Connors will examine past increases in NYS funding and report to the Finance Committee the allocations provided to RCSD and other school districts in upstate New York.

Commissioner Powell asserted that the State abandoned the Contract for Excellence and has not been interested in restoring funding for full implementation. She stated that the Contract for Excellence had committed the State to providing \$25m in **additional** funds to RCSD annually for four years. She reported that there has not been any willingness at the State level to support an equitable funding formula.

Commissioner White contended that if RCSD does not receive a fair share of NYS Aid increases, the local legislative delegation is not adequately advocating for our community.

Mr. Connors stated that staff are deeply involved in the FY2012-13 budget development process, and he plans to present the Budget Calendar to the Finance Committee in the December meeting.

Commissioner White inquired about the assumptions built into the FY2012-13 RCSD budget given the increase in NYS Aid. Mr. Connors replied that the budget is built on an anticipated \$10m increase in NYS Aid, which will help reduce the projected \$41-42m deficit. He added that the remainder of the budget gap will be covered through \$20m from the Fund Balance and \$10-12m in program and staffing efficiencies. Mr. Connors stated that the Governor typically releases the NYS budget in the third week of January, and the budget figures can be analyzed and refined when this information is available.

II. Review Minutes of October 20, 2011 Finance Committee Meeting

Motion by Commissioner Cruz to approve the minutes of the October 20, 2011 Finance Committee meeting. **Adopted 3-0, with concurrence of parent representative.**

III. Review October Financial Report

Commissioner Powell noted that the District has received approval for School Improvement Grants for new schools that opened this year, and asked whether these grants would be included in the budget amendment to be presented in December. Mr. Connors confirmed that the December budget amendment will include these grants, and will supplement the Equitable Student Funding provided to these schools.

Commissioner Powell asked how the Superintendent was able to restore teaching positions in art and music without reducing Equitable Student Funding to schools. Mr. Connors replied that funding for the restored positions came from efficiencies identified in a number of areas, citing a \$3.2m cost savings from eliminating the professional development incentive in the RTA contract and \$1m+ from review of other contracts.

Giancarlo Giannini asked whether the \$6m increase in charter school tuition was paid by RCSD or by NYS Aid that was passed through the District. Mr. Connors responded that NYS Aid is based on student enrollment in the District, including students attending charter schools. He explained that NYS Aid to RCSD for charter school tuition is based on a formula which does not cover the entire cost. Mr. Connors reported that RCSD had to absorb a cost of \$1100 for each

student attending charter schools in 2010-11SY, the most recent year for which this data is available.

Mr. Giannini inquired how decisions are made regarding charter schools in the District. Commissioner Powell explained that the District does not make decisions regarding charter schools – the Board of Regents or the SUNY Board reviews and approves applications for new or expanded charter schools. She stated that RCSD is required to pay tuition and to provide transportation, textbooks and other services for students attending charter schools. She explained that NYS provides Transition Aid to RCSD in recognition of inefficiencies arising from a few students from different classrooms or schools attending charter schools. Mr. Connors reported that the Transition Aid is insufficient to cover all of these costs, and the \$1100 per student cost is **after** calculating charter school tuition, transportation, textbooks and all types of aid provided to the District.

Mr. Giannini asked about the number of students in the District attending charter schools. Mr. Connors replied that approximately 2300 students in the current year and an estimated 3100 students in the 2012-13SY will attend charter schools. He noted that charter school tuition costs now surpass health insurance costs to the District

Commissioner White emphasized the importance of improving the performance of District schools to prevent further net losses in the future due to charter schools.

Mr. Giannini pointed out that deficits are expected to continue for the foreseeable future, and asked about options for closing these budget gaps. Mr. Connors discussed the situation in the Buffalo City School District, which has over 7,000 students attending charter schools and a \$100m charter school tuition payment this year. He stated that Buffalo school officials met with those in the NYS Education Department to explore options, one of which was for the State to provide funds directly to the charter schools so that the Buffalo district would not continue to incur these net costs. Mr. Connors pointed out that the charter school tuition formula has been based on operating expenses for New York City charter schools; but when the NYS budget was cut, charter school tuition was frozen and these schools have joined public school districts to advocate for funding at the State level.

Commissioner White inquired whether funds would remain in the District for RCSD-sponsored charter schools. Mr. Connors confirmed that the funds would remain in RCSD for these schools, albeit separately from the rest of the District.

Commissioner Powell noted that the law allows school districts to convert charter schools to district-sponsored charter schools, but a two-thirds vote is required by parents and the school community. She noted that she does not know of a single school converted to a district-sponsored charter school in New York State.

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

IV. Review of Quarterly Student Activity Funds Report for 1st Quarter of 2011-12FY

Motion by Commissioner White to accept the Quarterly Student Activity Funds Report for the first quarter of the 2011-12 fiscal year. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

V. Resolutions for November 17, 2011 Board Business Meeting

A. PROCUREMENT & SUPPLY

- 1. Emerald Promotions & Graphics, Inc.; MG Business Forms, Inc. (dba “Proforma If Print Services”); The New Premier Sports Center – contract to purchase school uniforms – (Resolution No. 2011-12: 359)**
- 2. Borden Decal, a division of East Bay Sign Co., Inc.; Mid City Signs, Inc.- contract extension for purchasing signage throughout the District - (Resolution No. 2011-12: 360)**

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

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

B. FACILITIES

Contracts:

- 1. Kuitems Construction Inc. – contract for general carpentry work for school maintenance – (Resolution No. 2011-12: 361)**

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

C. INFORMATION MANAGEMENT & TECHNOLOGY

- 1. DynTek Services, Inc. – contract to assist the District in upgrading Microsoft SharePoint 2003 to SharePoint 2010 - (Resolution No. 2011-12: 362)**

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

VI. Preparation of Finance Committee Meeting Materials

Debra Flanagan reported that a new Administrative Assistant will be preparing the materials for the Finance Committee, and it would be easier to train her in one system (i.e. Board Docs). Mr. Connors noted that use of Board Docs by the Finance Committee will save staff time in preparing materials, which can be made available earlier to Committee members and thereby allow additional time for review.

Mr. Giannini stated that he will need an account to access Board Docs.

Action Item: Ms. Flanagan will contact her supervisor to request an account in Board Docs for Mr. Giannini, Parent Representative to the Finance Committee.

Commissioner Powell inquired whether the room is wired adequately to allow projection of materials on Board Docs for those without a laptop at the meeting. Annmarie Lehner stated that a plan has been drafted to upgrade the conference room to provide this capability, and she plans to present the plan to the Board in the near future.

Commissioner Powell asked whether an RFP/RFI process is currently under way to contract with a firm to upgrade the conference room. Ms. Lehner replied that the District will be using the same company that provides Smart Boards because of their expertise with these systems and their familiarity with the District's infrastructure.

VI. Additional Business

Mr. Giannini commended Mr. Underwood for his presentation in last month's Finance Committee meeting regarding M/WBE participation in public works contracts as compared to specified goals. He asked whether the District has any policies regarding contracting with local firms to promote employment within the community. Mr. Connors explained that all of the criteria for capital projects in the Capital Improvement Plan (CIP) are company-based and do not pertain to company employees, even with regard to M/WBE participation. He stated that the projects included in the Facilities Modernization Plan (FMP) do contain a component regarding local employment, including students. Mr. Connors noted that the FMP projects also are to be used as a basis for building the curriculum at the Robert Brown School of Construction High School.

Mr. Giannini requested an assessment of current status v. specified goals regarding local employment under the FMP. He also asked about the availability of funding for training to increase local employment in FMP projects. Mr. Connors replied that funding may be available under the FMP and/or through the Office of Adult Career and Educational Services (OACES).

Action Item: Mr. Connors will examine local employment against specified goals for the FMP, and report this information in the December Finance Committee meeting. He will also report on the availability of funding for training to increase local employment in these projects.

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

Meeting adjourned at 7:27PM.

**Next Finance Committee meeting: December 8th, immediately following the Policy
Committee meeting**