

Board of Education

Finance Committee Meeting of the Whole

April 13, 2010

5:30PM

Attending: Commissioner Powell (Chair); Commissioners Cruz, Campos (arrived at 6:50PM), Williams (arrived at 5:56PM), Elliott (arrived at 6:05PM), White (left at 6:25PM), and Evans (left at 7:38PM).

District Staff: Superintendent Brizard, Joyce Martelli, John Scanlan, Vern Connors, Gladys Pedraza Burgos, Jerome Underwood, Mary Doyle, Jim Fenton and Annmarie Lehner.

Board Staff: Debra Flanagan

Commissioner Powell convened the meeting at 5:40PM.

Section 6: School Support Profiles and Budgets

Commissioner White noted considerable objections in the public budget hearing regarding proposed staffing reductions primarily for BENTE employees, creating the appearance of larger staffing cuts in Central Office than in actuality. Superintendent Brizard replied that 100 FTE are being reduced in Central Office and not all are low-paying positions.

Commissioner White asked how services will be provided to students with fewer bus drivers and Food Services workers. Jerome Underwood described analyzing existing staffing levels for each position in Food Services, comparing to industry standards and benchmarks and identifying areas of low efficiency and productivity (e.g. number of meals produced District-wide and by school, and Profit – Loss Statements). He stated that this analysis revealed overstaffing for Food Services in the high schools. Mr. Underwood noted that Food Services are supposed to be budget-neutral, but have been operating at a loss for the last few years. Under current fiscal conditions, this can no longer be supported. He asserted that the upgrades to the Central Kitchen to be performed this summer will also enhance productivity, enabling improved quality with fewer staff. Mr. Underwood clarified that 30 FTE of the 50 FTE planned reductions are for existing vacancies, so 20 FTE will be affected by the proposed staffing cuts.

Commissioner Powell pointed out that these operating deficits are not reflected in the District-wide budget summary. Joyce Martelli explained that the operating deficits are not shown in the budget because the District is required to have a balanced budget, but that she can provide this information. Mr. Underwood clarified that there has been a cumulative profit of \$113K over the last five years in Food Services, but closer examination revealed opportunities for additional cost savings. He reported that the District has had \$100K loss annually from providing Food Services to the City of Rochester for their summer program.

Action Item: A Profit-Loss Statement will be provided to the Board for Food Services operations for the last five years.

With regard to the proposed cuts to staff in Transportation, Mr. Underwood explained that 50% involve vacant positions and the reductions were based on analysis of alternatives to maximize efficiency to prevent drawing from the General Fund. The positions to be cut are those not eligible for reimbursement through State Aid, so will not reduce revenue provided to the District. Mr. Underwood underscored the necessity of these staffing reductions to enable the District to stay afloat financially.

Commissioner White emphasized the importance of demonstrating fiscal restraint and leadership by example, suggesting that Board members agree to a 10% pay reduction and asking the Superintendent to speak with his top management team about making similar concessions. Commissioner White noted that while these pay reductions would be negligible in terms of reducing the budget deficit, these actions would demonstrate fiscal leadership and encourage others to consider making sacrifices, thereby creating additional opportunities for cost savings.

Superintendent Brizard agreed to speak with his management team about this proposal, but cautioned that SEG regulations require pay increases based on the Consumer Price Index (CPI) which would not enable him to exert control over these expenditures. He also commented that none of the bargaining units have been willing to consider a pay freeze in contract negotiations. The Superintendent also asked Commissioners to examine their own budget to determine specific areas where costs can be reduced, such as eliminating one vacant position and cutting operating costs.

Commissioner White asserted that bargaining units have not been willing to consider smaller pay raises or a pay freeze because of the appearance that they are the only ones making sacrifices. For this reason, he urged the leadership of the District (i.e. Board members, Superintendent and his management team) to demonstrate their willingness to sacrifice to encourage similar actions on the part of employees at lower levels. Commissioner White also expressed concern about layoffs of BENTE employees because they are City residents raising their children in RCSD schools and paying City taxes.

Superintendent Brizard commented that a system built primarily on staff will have to cut employees when there is a deficit, which is exacerbated by large reductions in revenue from New York State. He stated that a 10% cut in pay would largely be symbolic, but he could understand this as a demonstration of leadership. The Superintendent stated that even if every position in the Central Office were eliminated, half of the \$61m deficit would still remain.

Commissioner White inquired as to the effect of a 10% pay reduction for all Board members, the Superintendent and his top management team in terms of saving teaching positions. Joyce Martelli replied that these pay cuts would amount to restoration of two teaching positions.

Commissioner Evans questioned the number of the 100 FTE to be cut in Central Office that would return to the schools. The Superintendent responded that the vast majority of these

positions would be eliminated completely, but some individuals have the right to return to work in the schools.

Commissioner Evans objected to proposed layoffs while the District continues to hire staff, noting that one of the resolutions to be considered in the April 29th Board Business meeting is for a budget analyst to be paid \$90K per year. He stated that he is trying to comprehend these apparently contradictory and opposing actions within the District. Commissioner Evans asked why positions are currently being filled when the District is facing such dire financial conditions, and why individual employees are put into “Acting” positions. Superintendent Brizard explained that placing an employee in an “Acting” position is to fill a critical function and to protect building-level administrators who otherwise would lose their job completely rather than being able to return to a teaching position. He stated that the District has staffing shortages in specific areas such as ESL, Special Education, Math, and Physical Science so employees continue to be hired for these positions, but other areas are overstaffed and therefore proposed to have reductions in force.

Commissioner Evans questioned the purpose of protecting jobs of building-level administrators when these positions are being eliminated anyway. Superintendent Brizard explained that schools over a certain size would continue to need an Assistant Principal for the remainder of the year; by establishing “Acting” positions, these individuals are able to continue their tenure until the end of the school year as school administrators and then to return to classroom teaching for the following year.

Commissioner Evans inquired as to whether there is still a hiring freeze in the District. Superintendent Brizard replied that there has been a hiring freeze since March 2008, and each employee hired since that time has been authorized as an exception to the freeze. He asserted that even in an environment with reductions in force, certain positions still need to be filled (e.g. custodian).

Commissioner Evans pointed out that the Superintendent’s Administration seems to have been bringing in staff at higher pay levels than previously awarded for the same position. Ms. Martelli clarified that the budget analyst position referred to in the resolution is an existing position that has been filled by temporary employees, to which the union has objected. She stated that she currently has 4 FTE and Vern Connors in the Budget Department, which is insufficient in developing a budget of the size and complexity of this District. Ms. Martelli explained that the employee filling the budget analyst position has a high level of skill, which will prevent an undue burden from being imposed on existing staff. Superintendent Brizard highlighted the importance of examining comparable pay levels and salary history for staff in these positions.

Commissioner Evans expressed concern regarding the elimination of funds for the Truancy Center, given the difficulties confronted by RCSD students and the risk of truant students receiving no intervention or support. He noted that this only leads to lower graduation rates, higher drop out rates, and increased risk of involvement with the criminal justice system. Superintendent Brizard contended that the Truancy Center does not work and that staff have only been serving seven students per day or week. He noted the need to improve methods for

intervening with these students. Commissioner Evans emphasized that it is not prudent to reduce funding and services for this student population, which faces numerous obstacles and is often difficult to reach.

Commissioner Williams objected to the rationale for hiring a budget analyst, noting that equally compelling reasons could be given for retaining teachers and principals. He pointed out that the Superintendent cannot continue to direct everyone to sacrifice, be more accountable, and do more with less when he is not willing to do so himself. He contended that this leads the Superintendent to lose credibility, and that this same rationale was also used last year to justify staffing cuts. Superintendent Brizard replied that unions exist to protect their own members rather than students. He noted that the District was overstaffed at the beginning of his tenure, and this had also been reported by outgoing Superintendent Cala.

Commissioner Williams emphasized that staff cannot be reduced in one area while the Superintendent builds up his own management team, noting that the SEG has increased in terms of the number of staff and pay levels over the last few years. Superintendent Brizard replied that he has nine Cabinet members, the same number as with Superintendent Janey and four fewer than under Superintendent Rivera. Commissioner Williams stated that previous and current cabinet levels cannot be used as the benchmark for the appropriate number of top management positions, but has to be determined by the Board with consideration as to the levels that are sustainable.

Commissioner Williams noted that the resolution for the budget analyst position indicates that the employee actually began working last week, prior to Board approval. He emphasized that this is in violation of State law and Board policy and was a specific issue cited in the State Comptroller's Audit Report. Superintendent Brizard replied that the Comptroller's Report referred to oversight of contracts rather than hiring of personnel and that positions have to be filled to address needs, even if it is prior to the Board meeting.

Commissioner Powell asserted that some positions save more in funding than the cost of the salary and benefits because of the value added. She stated that the argument is valid that substantial changes are expected of the Administration, which requires certain management staff and resources. To make significant improvements, talent is required and must be used wisely while being balanced against resource constraints.

Commissioner Cruz stated that there is no point to comparing staffing of 7,000 and budget levels of \$700m to other districts. He expressed concern regarding eliminating critical positions (e.g. budget, HR) to the detriment of the District in the long term. He noted that a 10% pay cut for SEG and the Board would not make much difference in closing the budget deficit of \$61m. Commissioner Cruz emphasized the need to bring all parties to the table to discuss sacrifices needed; without cooperation from bargaining units, there are no real options and all have to take ownership of the outcome.

Commissioner Cruz inquired whether an analysis has been conducted of the amount of cost savings resulting from a pay freeze. The Superintendent stated that this would result in \$9m savings which could save approximately 150 FTE of the 259 FTE proposed from being laid off;

with attrition, he asserted that only 40-50 FTE would have to be eliminated. Ms. Martelli cautioned that the Triborough law requires that members of all public bargaining units receive a minimum 2% pay increase when working without a contract, which presents a significant obstacle in attaining a pay freeze.

The Superintendent reported that approximately \$2m is anticipated per school for restructuring efforts, for a total of approximately \$54m. He cautioned that these funds are allocated to schools for specific purposes. Superintendent Brizard observed that the Rochester City School District obtains significantly greater grant funding than Syracuse, Buffalo, or Yonkers. Ms. Martelli warned that many grants are becoming competitive and increasingly difficult to obtain. She also cautioned that the District will be losing approximately \$19m in the 2011-12 fiscal year due to the loss of ARRA funds.

Superintendent Brizard emphasized that RCSD is facing the fewest teacher layoffs of any of the Big 5 districts in New York. Commissioner Cruz pointed out that this is due to RCSD having reserve funds to cover the current budget deficit, which is depleting the remaining reserve.

Commissioner Cruz asked about priorities for restoring funding if the NYS Assembly reduces the funding cuts proposed by the Governor. Superintendent Brizard responded that some portion of restored NYS funding would be put into reserve in the Fund Balance and a team would examine priorities for any remaining funding. Commissioner Cruz stated that he hopes that art and music programs would be high on the list for funding priorities, particularly since these programs are important in reaching and retaining students.

Commissioner Cruz inquired as to alternatives considered to the Truancy Center. Superintendent Brizard replied that greater efforts have been made to contact students who have been absent and to reach out to them, returning them to school. Superintendent Brizard stated that additional efforts have been made by Gladys Pedraza Burgos, Chief of Youth & Family Services, to obtain information to identify gaps within RCSD systems and in coordinating with the Rochester Police Department, City, and County. He reported that an initiative is currently being explored to use handheld devices such as palm pilots to provide RPD with access to the student database for monitoring of truant students. Commissioner Cruz asserted that the fundamental problem is lack of a process for communication, data collection and exchange, and reporting among agencies involved to monitor services and outcomes for these kids. Commissioner Elliott contended that students are not even contacted until the 20th day of absence from school and that the District has to examine its own systems. She emphasized the importance of addressing the needs of the hardest to serve youth because they present the most difficulty within the school system. Commissioner Elliott also highlighted the significance of implementation methods to ensure that services are actually being provided for the benefit of children rather than for adults.

Commissioner Campos noted that responses received to Section 5 of the Budget Book indicated that Board members were provided with a list of FTE for each position by school and department with a comparison between 2009-10 and proposed 2010-11 levels, but that she had not received this information. Other Commissioners present confirmed that they also had not received this information.

Action Item: A breakdown of FTE will be provided with a comparison for 2009-10 to 2010-11 for each position by school and department to indicate the impact of proposed staffing reductions.

Commissioner Campos also requested clarification of the response received to Section 7 of the Budget Book regarding the impact of eliminating the position of Director of Foreign Languages and many foreign language teachers.

Action Item: Clarification will be provided to the Board regarding the basis for proposed elimination of Director of Foreign Languages and of many foreign language teachers, as well as the impact of these staffing reductions.

Commissioner Campos referred to a statement from the public budget hearing conducted on April 12th regarding focusing on needs rather than wants when making funding decisions, emphasizing the importance of making this distinction. John Scanlan replied that this was the basis upon which all funding decisions were made in developing the proposed 2010-11 budget. He stated that each department was asked to examine alternative ways of operating to identify potential cost savings.

Commissioner Powell contended that unions bargain in good faith and have made sacrifices recently to assist the District in realizing significant cost savings from the new health insurance package. She asserted that the issue of pay increases should only be addressed with bargaining units during contract negotiations.

Commissioner Elliott contended that unions have to do more under current fiscal conditions to reduce costs. She encouraged the Administration to re-examine contracts with the intent of re-negotiation.

Commissioner Powell acknowledged the need to exercise fiscal restraint and leadership, but also ethical leadership. She stated that breaking existing contracts is neither fair nor ethical regardless of the District's financial condition, and noted that there are other options for realizing cost savings. Commissioner Powell discussed the proposal originating in the Finance Committee last year of strengthening the zone boundaries to minimize the extent to which underfilled buses are travelling long distances and at considerable expense, which adds no value educationally.

Commissioner Elliott inquired whether the Board could establish a policy to strengthen the zone boundaries and have it implemented by September. Commissioner Powell replied that this is already Board policy under the Parent Managed Choice Policy, but it is not being heeded. Superintendent Brizard stated that it would not be feasible or politically viable to require parents to change their child's school due to changes in transportation, and that this would result in displacement of a few thousand students in September. Commissioner Powell disagreed with this assessment, emphasizing that Board policy established zones to limit expenditures and the mobility rate of families in the City was the primary consideration in drawing the zone boundaries. She explained that zone boundaries were also drawn to ensure equity in terms of socioeconomic conditions.

Commissioner Elliott questioned the changes in funding for Professional Development in the Board budget from 2008-09 to proposed 2010-11.

Action Item: Information will be provided to the Board regarding the basis for the funding changes for Professional Development in the Board of Education budget.

Commissioner Elliott inquired as to the use of funds for Professional and Technical Services for the Chief of Staff. Ms. Martelli replied that these funds are used for initiatives originating in the Superintendent's office; as schools implement these programs, the funds are shifted to them.

Commissioner Elliott asked about the proposed \$27.8m for Special Education tuition in 2010-11. Mr. Connors explained that these funds are used to pay for a wide range of services for Special Education students to a variety of providers, such as BOCES, Mary Cariola, and Crestwood. He stated that these types of contracted services are currently provided to 500-525 Special Education students for an average cost of \$40K+ per student.

Commissioner Elliott questioned the large funding changes for the Central Kitchen from a deficit of \$111,352 in 2009-10 to \$288,000 proposed for 2010-11.

Action Item: Information will be provided to the Board as to the reason for the large change in funding for the Central Kitchen from 2009-10 to 2010-11.

Commissioner Elliott asked about the rationale for the \$2m increase in funding proposed for Helpdesk Operations in 2010-11. Annmarie Lehner explained that for 2009-10 and previous years, there was a separate department for Copier Management which only consisted of 1 FTE. This department has now been incorporated into Help Desk Operations, so that the budget simply reflects the effects of combining the two departments.

Commissioner Elliott asked about the significant proposed increase in administrator salaries for the Office of School Innovation in 2010-11. Superintendent Brizard clarified that these funds include pay for principals who are developing designs for the new schools.

Commissioner Elliott questioned the use of \$390K for Professional and Technical Services for the Office of School Innovation for 2010-11. Mary Doyle explained that these funds are used to partner with various firms supporting school innovation, such as Expeditionary Learning, School Without Walls, Dr. Walter Cooper, World of Inquiry School, College Board, Integrated Arts & Technology, and the work of Mike Nubick in implementing small learning communities at East High School. Superintendent Brizard stated that the District hopes to obtain School Improvement grants to cover these expenses in the future.

Commissioner Elliott inquired as to the basis for \$130K allocated for Professional and Technical Services for the Chief Strategy Officer for 2010-11. Jim Fenton replied that these funds are used for assistance from RIT for continuous improvement through the Lean Six Sigma process and for translating the Strategic Plan into tools that are readily usable for each department. He stated that the idea for developing specific tools for each department in implementing the Strategic Plan originated in the Atlanta School District, which is quite similar

to Rochester demographically and has realized substantial gains in student achievement. Commissioner Elliott asked about the ratio of students to teachers in the Atlanta School District.

Action Item: Information will be provided to the Board as to the student-teacher ratio in the Atlanta School District.

Commissioner Cruz expressed concern regarding the proposed elimination of 19.0 FTE in Parent Liaison positions. Gladys Pedraza Burgos responded that the proposed 2010-11 budget involves a reduction from 32.0 to 30.57 FTE for Parent Liaisons and from 18.0 to 14.0 FTE for Home School Assistants at the elementary level.

Action Item: Ms. Gladys Pedraza Burgos will verify the proposed staffing reductions in the 2010-11 budget for Parent Liaison and Home School Assistant positions.

Superintendent Brizard stated that he would be willing to accept a \$10K reduction in his salary effective July 1, 2010 and will meet with his management team to discuss making concessions. He also stated that he will ask the bargaining units to accept a pay freeze and Board members to consider a 10% reduction in pay.

Commissioner Powell announced that the next and final budget deliberation session will be held on Monday, April 26th, at 5:30PM. She stated that this will be an opportunity to discuss common areas of concern with the Administration.

Motion by Commissioner Cruz to adjourn. Seconded by Commissioner Elliott. **Adopted 5-0.**

Meeting adjourned at 8:19PM.