

**Rochester Board of Education
Finance Committee
February 19, 2009**

MINUTES

Attendance: Commissioner Powell (Chair) and Commissioner Elliott; District Staff: Shanai Lee, Joyce Martelli, Jim Fenton, Vernon Connors, Tom Petronio, Tim Cliby; Board Staff: D. Flanagan

Commissioner Powell convened the meeting at 5:35 p.m.; Commissioner White was absent.

I. Question / Answer Session

Commissioner Elliott requested further explanation and clarification regarding the status of M/WBE contracts. Shanai Lee noted that there are five resolutions currently before the Finance Committee which detail the bidding for school renovation, as outlined in the Capital Improvement Plan. Ms. Lee stated that ads were placed in the Tuesday edition of the *Democrat and Chronicle*, as well as on the online bid notification system. Contractors for each of these five projects are required to use minority and/or women subcontractors, unless the specific goals for M/WBE participation cannot be met. Ms. Lee explained that either an administrative or discretionary waiver would be issued if the M/WBE goals could not be met. An administrative waiver is issued under one of the following conditions: there is no M/WBE in the Rochester area available, qualified, or willing to perform the work at a competitive price. A discretionary waiver is provided for projects costing less than \$50,000 and utilizing only one M/WBE subcontractor. Ms. Lee stated that four of the five school renovation projects indicate that the subcontractor is to be determined because identification of M/WBE subcontractors is still in process.

II. Approve January 15, 2009 Finance Committee Meeting Minutes

Commissioner Powell requested a motion to approve the meeting minutes of the January 15th Finance Committee meeting. **Motion** made by Commissioner Elliott to table these meeting minutes until the next Finance Committee meeting, as she was not in attendance at the January 15th meeting. **Adopted 2-0**

III. Receive and Review January Financial Reports

Commissioner Powell noted that the January Financial Report included a budget amendment with an increase of \$4.409m in funding, primarily due to changes in revenue from federal grants.

Vernon Connors referred to the Grant Revenue Summary, which lists significant increases and decreases in grant revenue, and explained that the budget amendment reflects all of these changes. He noted the following significant changes in grant funding: an increase of \$0.277m in UPK, \$2.3m in Title IIA due to rollover, \$0.775m in Advanced Placement Incentive grant, \$0.619m in IDEA rollover; and reductions of \$0.200m in Refugee School Impact grant, \$0.267m in Edge grant, and \$0.101m in IMLS Laura Bush grant.

Commissioner Powell pointed out that these changes are “routine” in the sense that they are cyclical and expected. She explained that when the budget is created, the amount of grant revenue to be awarded and the amount of rollover funds are not known. Mr. Connors confirmed this assessment of the budget process, emphasizing that the new year budget is conservative in that only definite funding sources are included because grant money is so restrictive. He stated that typically there is a reduction of \$7-10m in the new year budget, which is usually regained as the year progresses.

Commissioner Elliott requested examples of increases and decreases in these line items historically. Mr. Connors explained that there are fluctuations in formula-driven grants from the federal Department of Education and the New York State Department of Education, which comprise 70% of District grant revenue. He noted that there were major increases in Title IIA and IDEA grants due to rollover from the previous year. For Title IIA, funds for teacher professional development incentives were shifted from Title I because Title IIA has no rollover limitations. Overall, Mr. Connors indicated that funding changes are due to: conservative estimates regarding the amount of rollover and grant funds from one year to the next, changes in grant funding due to enrollment, and changes in state aid.

Commissioner Elliott inquired as to the reason for the reduction in the Refugee School Impact grant this year. Mr. Connors explained that this is an example of a grant based on numbers, and that reduced funding is due to the District serving fewer refugees last year than in the previous year.

Commissioner Powell requested a motion to approve the January Financial Report. **Motion** was made by Commissioner Elliott. **Adopted 2-0**

Commissioner Elliott asked about the impact of the federal stimulus package on state aid for education. Mr. Connors replied that there is no definitive data yet; he reported that the original proposal was to provide funds in the form of Title I and IDEA, but recent reports indicate that greater flexibility will be allowed. Commissioner Powell pointed out that if the state decides to provide the stimulus funds in formula aid, the federal funds would simply supplant state aid; this would assist the state in balancing its budget but would not add funds to the District’s budget. Mr. Connors confirmed this assessment, but emphasized that the specific amount and manner in which funds will be provided from the federal stimulus package have yet to be determined; he stated that the District is not expecting these funds to have an impact until at least FY 2009-2010.

IV. Budget Calendar Discussion

Commissioner Powell explained that the District determines the dates for budget hearings, which will be accepted unless there is a compelling personal or religious reason.

Joyce Martelli pointed out that there is a tight timeframe this year for budget deliberations because of the governor's budget cuts, state deficit, and this initial transition to school-based budgeting.

Commissioner Powell noted that the current Budget Calendar only contains two dates for Board review and questions, and three opportunities had been provided in the past. She emphasized the importance of having a final round to consider items for which there has not been time to consider in the previous two rounds. Ms. Martelli explained that these differences are due to reorganization of the Budget Book into two sections under the new school-based budgeting process.

Commissioner Elliott inquired as to the three-year process for phasing in school-based budgeting. Ms. Martelli described the process of developing school-based budgeting by interviewing principals and determining their priorities and areas within which they would like discretion in allocating resources; the District has provided this increased discretion at the school level, as long as there is compliance with legal requirements. In the first year of this budgeting process, schools will have greater control over budgets for Title I and extended day programs. In the second year, this will be expanded to include other programs.

Commissioner Elliott explained that this budgeting process arose out of concern at the school level over a lack of supplies and basic resources to meet student needs. She expressed concern that school staff be trained and able to manage the budget, as well as providing equity among the schools in funding/ resources available. Ms. Martelli emphasized the need for education and training of school staff with regard to budgeting and complex compliance issues; she stated that the District's focus has been primarily on providing transparency in the budgeting process and equity among the schools in meeting students' needs. She also pointed out that the primary support in this process will still be the Central Office, particularly in providing training and guidelines.

Commissioner Elliott inquired as to whether other procedures would change in conjunction with the school-based budgeting process, such as ordering or purchasing. She also asked whether any additional staff would be needed to implement this process. Ms. Martelli stated that none of these changes would be necessary and no additional staff would be needed; she also noted that principals would be more accountable for student achievement by being responsible for resource allocation in their school.

Commissioner Powell pointed out that expenditures are inflated to the extent that significant funding passes through the District, such as for charter schools, grant pass-throughs, and UPK.

Motion made by Commissioner Elliott to approve the Budget Calendar. **Adopted 2-0.**

V. Student Activity Funds Report

Motion made by Commissioner Elliott to approve the Student Activity Funds Report.
Adopted 2-0

VI. Review of Proposed Resolutions for February 26th Board Meeting

A. INFORMATION MANAGEMENT & TECHNOLOGY

1. ICS Telecom – Motion by Commissioner Elliott. **Adopted 2-0**

B. FACILITIES

Final Payments:

- 1. Jade Enterprises of Rochester – Motion** made by Commissioner Elliott.
Adopted 2-0
- 2. DG Messmer Corporation – Motion** made by Commissioner Elliott.
Adopted 2-0

Contracts:

- 3. Renovations – School 4**
- 4. Renovations – School 5**
- 5. Renovations – School 6**
- 6. Renovations – School 28**
- 7. Renovations – East High School**

Motion made by Commissioner Elliott to reject all of the facilities contracts for school renovations, so that these could be discussed at the Board meeting. Commissioner Powell voted against the motion. **1-1 vote, with school renovation resolutions advanced to the Board without recommendation.**

Commissioner Elliott requested clarification regarding M/WBE participation in the contract to renovate School #4 and the discretionary waiver issued for Hispanic participation. Shanai Lee explained that the waiver was needed because a Hispanic subcontractor could not be found to fulfill the requirements for performing the electrical work. Commissioner Elliott inquired as to whether a contractor must have a representative from each of the three M/WBE groups (African American, Hispanic, Women) to perform each type of work (e.g. electrical, plumbing, etc.) required under the contract. Ms. Lee confirmed that this is required under current Board policy. Commissioner Elliott questioned

whether a contractor who only hires women would have to obtain a waiver. Ms. Lee stated that if women were the only group of M/WBE utilized by a contractor, a waiver would have to be obtained for the other two groups (i.e. African American, Hispanic). Commissioner Elliott expressed concern that this policy may not be realistic or feasible as currently written.

Lease:

8. Unity Hospital – Motion made by Commissioner Elliott. Adopted 2-0

Other:

9. SEQRA – Motion made by Commissioner Elliott. Adopted 2-0

C. COMMUNICATIONS

1. Schoolwires, Inc. – Motion made by Commissioner Elliott. Adopted 2-0

Commissioner Elliott inquired as to the bidding process for the communications contract to redesign the RCSD website and whether a local web designer could be located to perform this work. Tom Petronio explained that proximity to RCSD was a criterion in evaluation of bids, but no local web designers demonstrated the level of skill required at a competitive price. Mr. Petronio stated that ads had been placed on bidnet to recruit contractors for this project.

Commissioner Elliott expressed concern that advertising on bidnet would not reach a wide audience, thereby excluding potential M/WBE contractors. Shanai Lee explained that this was an RFP rather than a competitive bid, and there is no legislative requirement for M/WBE participation with an RFP. Ms. Lee also described efforts to notify potential M/WBE businesses of this opportunity, such as contacting the National Association of Women Business Owners, African American Business Association, and Hispanic Business Association.

Commissioner Elliott contended that the District should exercise due diligence in recruiting M/WBE contractors, whether or not this is a legislative requirement.

Action Items:

Jim Fenton will provide the Chair of the Finance Committee with written information as to the Change Order process.

Jim Fenton will establish a quarterly reporting schedule with the Board.

Joyce Martelli will provide written information to Commissioner Elliott regarding the medical clinic at School #17 which is leased by Unity Hospital, the clinic's utilization, and the effectiveness of these services.

Joyce Martelli will provide written information to Commissioner Elliott as to the way in which Unity Hospital is compensated for providing services at the medical clinic at School #17.

Adjourn – Motion made by Commissioner Elliott. Adopted 2-0

Meeting adjourned at 7:14 p.m.

Next Meeting: March 17, 2009 at 5:30 p.m.