

Rochester Board of Education

Finance Committee

December 6, 2005 at 5:30 p.m.

Present: Commissioners Powell, Garcia and Evans, Ms. Rohring, Dr. Rivera, Ms. Tripi, Mr. Greene, Mr. Connors, Mr. Smith and Ms. Cruttenden

Commissioner Powell convened the meeting at 5:29 p.m.

Commissioner Powell requested a motion to approve the agenda. Made by Commissioner Garcia. Seconded by Commissioner Evans.
Adopted 3-0.

I. Receive and Review Monthly Financial Reports

Commissioner Powell opened the floor for questions regarding the financial reports.

Commissioner Garcia wanted to know why grant funding had changed substantially from one report to the next.

Ms. Tripi explained that some grants had declined based on grant funding and the application submitted. In particular, Teachers of Tomorrow declined by \$551k, Title I and Reading First both declined by \$400k each.

Commissioner Powell stated, basically the word back from the granting agency is that you may have expected this much, but this is what we are going to give you. Ms. Tripi answered yes.

Commissioner Powell anticipated that the committee would have several questions regarding the amended budget particularly in the area of grant revenues and indicated it would have been a good idea for Mr. Silver to be in attendance to answer the committee's questions.

Commissioner Garcia wanted to know if the grant agencies provided any type of explanation regarding the reductions in the grant awards.

Ms. Tripi asked to table the question. She did not have the details explaining the decreases.

Commissioner Evans stated that numbers were up in September amended budget, then down significantly in the December amended budget proposal. He pointed out that the decrease in the Urban Forum line pretty much negates the whole grant. The funding went from \$23k to \$7k and this concerns him.

Mr. Connors arrived at 5:37 p.m. and Ms. Tripi asked him if he could provide the Finance Committee with input specifically in regards to the decline in grant

revenues for the amended budget. We have listed which grants have declined and have given the revenue summary, but the question is why are we seeing these declines?

Mr. Connors explained to the Finance Committee that looking at the Grant Revenue Summary page the largest decrease was the Teacher for Tomorrow grant -\$551k. This grant typically funds teachers' tuition reimbursement to prepare themselves in areas of shortages. The problem with the grant is that the terms are very restrictive. And despite our efforts, we have never been able to utilize all the funds. This year, the state and federal governments reallocated the money to other districts. While it looks like a large drop from a budget standpoint, the effect and reality of the impact on our operations is minimal. And even with the reductions in the grant, we still have sufficient funds to do the program this year.

Commissioner Garcia thought the presentation was a little unusual, because on the Grant Revenue Summary report Class Size Reduction, Teacher Support Grant and Universal Pre-K are all broken down then, Other State Sources category which is \$36.6M has no explanation as to what the \$36.6M represents.

Mr. Connors explained that details can be found on the next page. He explained that when the state tells us how much state aid we'll receive, they include those first three grants in our state aid number, even though we are required to account for and report for them out of the grant fund. By default when we report a state aid number out of the general fund it is reduced by these numbers. That's why we highlight them on the report. The full grant revenues for each grant are shown on the next three pages. They are broken out according to state, federal and local funding.

Mr. Connors explained that we highlight them because it is easier for us to make reference to. For instance, if the state was to give us \$320M in state aid, \$13M of that would be for these three grants which won't be accounted for in the A-fund. So, in the A-fund we have \$307M. Roughly, that is the way it works out.

Commissioner Powell stated OK.

Commissioner Evans wanted to know what the Urban Forum grant was used for.

Mr. Connors stated that he is not familiar with the grant and offered to provide the committee with details regarding the Urban Forum grant.

Mr. Connors redirected the committee back to page one of the grant revenue summary report. He proceeded to explain the report structure.

- First page – highlight below the chart all the major changes in grants in excess of \$100k
- Subsequent pages are the details for all grants and all of their changes.

This has been common practice for the past few years.

Commissioner Powell asked for an explanation on the Title I Basic Grant \$401k decrease. Is this part of a larger trend in our federal reimbursement? Mr. Connors explained that what happens with formula grants is that we get projected numbers from the state based on the formulas that create a projected budget. Then the state will adjust based on updated numbers. When you see a (-\$400k) change it's not an unusual adjustment based on year's past. We often go into fall and spring with adjustments such as these.

Commissioner Evans wanted to know if the loss of \$400k in the Reading First grant translated into program impact/lost positions.

Mr. Connors explained the Reading First was an anticipated adjustment. Basically it is an odd fiscal year, which does not align with our fiscal year. And it did not result in a loss of positions. What the grant did was it had a lot of extra expenditures in year one to buy materials, equipment and things of that nature. In year two the drop off is mainly that type of expenditure.

Commissioner Powell asked that when the figures were computed for the budget this year, we took last year's number and dropped it in?

Mr. Connors explained that it really gets into timing. We have to project how much will be spent. The Reading First grant is a three-year grant that we have to somewhat artificially put boundaries on when we develop the budget. It's not like Title I where we get an allocation and we adjust the allocation. I think the grant year is Jan 1 through Dec 31 which is not aligned with our budget year nor Title 1 which runs Sep 1 through Aug 31 and because of the artificiality we set it up a certain way. Once we knew what the numbers are going to be, we adjust the budget.

Commissioner Powell stated that the long and short of it is that the grant process is a very detailed problem that does not fit neatly in fiscal years because we have so many different cycles that we need to consider.

Mr. Connors added there are many nuances to the grant budget, timing, projections, awards, etc. that affect every grant. He assured the committee that every grant is balanced every month. When grant revenue goes down, grant expenditures go down for a like amount.

Commissioner Powell commented that the general fund does not have to absorb the difference.

Mr. Connors answered correct; our goal is to not push things into the general fund.

Commissioner Evans wanted to know what constitutes the variance on the Prior Years Refunds line.

Mr. Connors explained that this item represents the e-Rate revenues we received for 2002-2003. We had anticipated that we would be able to negotiate with providers to get a reduced billing rate. We budgeted revenues and expenditures low and we weren't able to get the reduced rate. We had to get the revenue, treat it as revenue, then increase the revenue budget at the same time we had to increase the expenditure side.

Ms. Tripi explained that the expenditures are last year's expenditures and this revenue does not have offsetting expenditures this year. This is really a function of Mr. Greene working with CELT to review the paperwork that was provided to the federal government and gather the information necessary to get these revenues this year.

Commissioner Garcia wanted an explanation on Roll-Over. Is it a lack of transcending from one year to the next or is it programs that ended and the monies are allowed to be rolled over?

Mr. Connors explained that the Roll-Over money represents unspent money at the end of the previous grant year that was allowed to be brought into the next fiscal year.

Commissioner Garcia stated without a threat of being disallowed.

Mr. Connors stated that is correct.

Commissioner Powell commended the team on their tremendous effort on the e-Rate project!

Commissioner Powell commented that the U of R grant went up and wanted to know what the grant is for.

Mr. Connors informed the committee that often times we wait for the awards for the grants because if you get ahead of the grant, you create position, fund positions or get expenditure commitments then funding does not come in, then it is pushed into the local fund.

Ms. Tripi assured the committee that purchases are not made until funding is in place.

Commissioner Evans wanted to know what is the driver behind the increase in Contract Transportation?

Ms. Tripi indicated that one of the primary drivers has been the extended day After School Program

Commissioner Evans asked if any of Contract Transportation is being funded through grants?

Mr. Connors indicated that what we are doing in an effort to maximize revenues, we get aided for driving kids to and from school. The original plan was to pay for the extended day transportation out of the grants fund through Title I money, but we found that by funding the transportation out of the local fund we could still recoup 90% of our cost and use the Title I money for other programs. Some transportation is being charged directly to the grants (Saturday or Holiday programs) which do not qualify for reimbursement.

Ms. Tripi indicated that there is also a timing difference with using this methodology as the expenditure happens this year and the reimbursement happens next year. You are always behind when growing a program.

Commissioner Evans wanted to know if Mr. Connors was concerned with the large adjustment to the utilities line.

Ms. Tripi stated that the budget has been increased, cost has come down and on top of cost coming down we have programs in place to reduce utilization. The following recommendations were presented to the committee last month:

ACCEPTED

1. Adjust Occupancy Schedules
2. Optimization of Software Routines
3. Raise Temperatures in the Summer

Ms. Tripi commented that the issue is not as sizable as it was, because the cost of natural gas is coming down.

Commissioner Evans was concerned that we are \$1.8M over the original budget.

Ms. Tripi explained that some of the expenditures have already taken place. We operated summer school in more buildings and it was a really hot summer.

Commissioner Powell wanted to know if we have locked into future purchases?

Ms. Tripi indicated that we had locked into future purchases for December and half of January. Worked with BOCES to do so, but haven't finished locking in for the winter.

Motion to accept the monthly financial reports and recommend their acceptance along with the Budget Amendment Resolutions to the Board made by Commissioner Garcia. Seconded by Commissioner Evans. Adopted 3-0.

ACTION: Mr. Connors and Ms. Tripi will provide details regarding the Urban Forum and U of R/NIMH grants.

II. Receive and Review Proposed Resolutions for November 2005 Board Business Meeting

a. Budget Amendment Resolutions

See above.

b. Follett – Online Textbook and Library

Ms. Tripi asked Ms. Cruttenden and Mr. Smith to join her to present the resolution.

Commissioner Powell wanted to know why other companies did not respond or follow through with a proposal.

Ms. Cruttenden explained that the functionality they are looking for is very cutting edge.

- Textbook management system that could be integrated with a library system
- Web based
- Fully integrated with the new Chancery system

- SIFT compliant

According to Ms. Cruttenden, there are very few companies who can meet these requirements.

Mr. Smith explained the RFP process to the committee.

- September 1, publicly announced
- RFP sent to six companies
- September 12, conference call with committee members (only two companies responded to the conference call)

The Library Corporation and Follett were the two companies that responded.

Mr. Smith indicated that they were expecting two proposals which were due on Oct 3. On Oct 4, The Library Corporation sent a letter opting not to move forward in the RFP process. Also, he found out later that they were not SIFT certified.

Commissioner Powell wanted to know if Follett was the preferred vendor or were there others.

Ms. Cruttenden indicated that Follett is on the OGS list as a vendor in NY State. They are used by many districts throughout NY and the country. RCSD has used Follett for over 15 years with excellent service on a site based level. They contacted a number of school districts after receiving a response to the RFP and received excellent reports on the implementation of the Follett system. Mr. Smith believes they got a very competitive pricing structure because of the request for RFP process that was in place.

Motion to advance the Follett resolution to the Board for consideration made by Commissioner Garcia, Seconded by Commissioner Evans. Adopted 3-0.

III. FTE/Enrollment Reports

Commissioner Powell indicated that this is an FYI topic. The committee is anxious to make sure we do not go over budget on FTEs and the reassurance is presented in these numbers. However, she wanted to make sure temporary help was not being brought in as a means to ensure not going over budget on FTEs. What do we know about temporary contracts for various administrative functions?

Ms. Tripi assured the committee that there are controls in place. HR proactively researches temps that have been in the building for any length of time to determine the reason and make sure an exit strategy is in place for any temp that is being brought on for any length of time. As for teaching temps, we try to marry an absence to a temp assignment. There are some exceptions to this of course but not on a long term basis.

Commissioner Evans questioned the six FTEs for JROTC. He thought it was four based on a report sent to the Quality Assurance committee last week.

Commissioner Powell explained that in some cases they have support staff who isn't an instructor but is there to manage uniforms, supplies, etc.

Ms. Tripi offered to provide the job titles for the six positions in the budget.

Commissioner Garcia wanted to know what is the salary reimbursement for JROTC. Do we get a 40-50% reimbursement?

Ms. Tripi indicated that there is a salary reimbursement.

Mr. Connors explained that we pay the full salary and we receive 50% salary reimbursement of a set figure established by the military.

Commissioner Evans departed at 6:06 p.m.

Commissioner Powell stated to satisfy the discrepancy in the FTEs, please provide us with the job titles for the six positions in the budget and of those six positions are we getting 40-50% reimbursement for all six positions or just the teaching positions?

ACTION: Ms. Tripi will provide job titles for the six positions in the budget and will specify which ones qualify for reimbursement by December 8th.

IV. Superintendent's 2006 – 07 Budget Priorities

Dr. Rivera presented to the Finance Committee budget priorities for 2006 – 2007 fiscal year. He stated that even though he will not be bringing a recommended budget to the Board until March it is not too early to begin the budget process. Internally, we have begun to do this by advancing goals and key objectives to the Board. The objectives received in October and approved in November are really two year objectives and I was very explicit about what the annual deliverables would be. The objectives serve as the basis for the development of the budget. However the goals and objectives presented two months ago don't capture all the things that go on a daily basis and how we operate the school system (ex. There weren't objectives that spoke directly to Full Day Kindergarten or maintaining class sizes at 20:1). However when it comes to creating the budget these items become crucial because they are the heart of the budget. Dr. Rivera asked the committee to consider not just receiving his recommended priorities but perhaps at a Finance Committee meeting of the whole getting full Board buy in. It would be helpful when we begin to make key recommendations that we are in sync with what the Board deems priorities.

Commissioner Powell thanked Dr. Rivera for his presentation. When Dr. Rivera began his presentation he indicated that he would like one of two things to happen either the Board wholly endorses his priority list or for them to do their own work and establish their own priorities list. She suggested a Board retreat to develop their own list of priorities and asked for feedback from Commissioner Garcia.

Ms. Rohring noted that historically the Board has provided a formal response to the Superintendent's proposed budget priorities.

Commissioner Garcia thought that it would be best if the committee responded to Dr. Rivera's list of priorities and if any difference or changes they can be discussed.

Dr. Rivera asked that there is full Board consensus on any changes or additions.

Commissioner Powell stated that she thought it would be beneficial for them to spend sometime reviewing the priorities and making sure Board objectives are addressed.

Commissioner Garcia asked when is he planning to advance the recommendations to the Board?

Dr. Rivera stated he is ready now and at this point it is up to the Finance Committee to present the budget priorities to the full Board and at that point they can decide how they would like to proceed.

Commissioner Powell suggested that Dr. Rivera's list of priorities be attached to a memorandum to the full Board coming from the Finance Committee and report it out to the Board at the next business meeting, then ask for feedback before the next Board meeting on January 19.

Commissioner Garcia moved that the recommendations be advanced to the Board. Commissioner Powell seconded. Adopted 2-0 with Commissioner Evans absent.

ACTION: Dr. Rivera's list of priorities will be attached to a memorandum to the full Board requesting feedback before the January 19, 2006 meeting.

Commissioner Powell wanted to know if the Board Governance committee would be addressing the need to have an audit committee in place. Commissioner Garcia and Ms. Rohring indicated that resolutions would be presented from the Governance Committee.

PeopleSoft

Commissioner Garcia wanted to know why the committee did not receive the PeopleSoft audit report.

Mr. Greene indicated that the audit will take place the week of December 18th and he would have the full report by the end of the month.

Commissioner Powell wanted to know if he would have the information in time for the next Finance Committee meeting.

Mr. Greene stated that he should be prepared to do a full presentation at the January 10th Finance Committee Meeting.

Commissioner Powell stated that she is concerned with any modules we are considering delaying or not implementating at all. Subject can be further discussed at the January meeting as a part of the review of the audit report.

ACTION: Mr. Greene to oversee the PeopleSoft audit and present findings at the next meeting on January 10, 2006.

V. Next Meeting – January 10, 2006

Adjournment: Motion to adjourn made by Commissioner Garcia, Seconded by Commissioner Powell. Adopted 2-0 at 6:27 p.m. with Commissioner Evans absent.