

Finance Committee Meeting

Terry J. Dade
November 12, 2019



*Every student by face and name.
Every school, every classroom.
To and through graduation.*



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*The District's financial crisis did not
happen overnight, and it won't
be solved overnight.*



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Today marks the beginning of the RCSD Blueprint for Financial Stability



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Background

- September 18 — Auditors notified Superintendent of financial concerns
- September 19 — District communication to staff and community
- September 22 — Superintendent video message to staff
- September 26 — \$30M budget shortfall reported at BOE meeting
- October 8 — Superintendent identified areas of under budgeting and overspending at BOE Audit Committee meeting
 - Detailed plan of reductions to be released on Nov. 12
- October 10 - Meeting with City Council to update on fiscal crisis



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Soliciting Feedback

- Asked for feedback from the Board of Education
- Met with bargaining unit presidents to understand members' priorities
- Met with the executive council for ASAR and all principals to obtain feedback for reductions
- One Voice to solicit feedback from students, parents, families, and the community (onevoice@rcsdk12.org)
- Student Leadership Congress is asking for feedback from all high school students through a survey and video message



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One Family Supporting Rochester's Children

- City of Rochester
- New York State Education Department
- Capital Region BOCES
- Monroe 1 BOCES
- Monroe 2 BOCES
- Viramontes Group
- State Comptroller's Office



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Where we were on October 8th



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Target Fund Balance by June 2020: **\$29.3M**

Reserved for Debt	\$13.5M
Insurance – General Liability	\$1.0M
Workers Compensation	\$4.0M
OPEB (Other Post-Employment Benefits)	\$5.0M
Health Insurance (Unions)	\$5.0M
Prepayments and Encumbrances	\$0.8M



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Budget & Spending Reduction Goals = \$30.1M

Assigned fund balance target	\$29.3M
Existing fund balance	\$7.2M
Subtotal	\$22.1 M
Revenue in place of unassigned fund balance	\$8.0M
TOTAL BUDGET & SPENDING REDUCTIONS	\$30.1 M



Process moving forward

- Priorities and commitments
 - **Assess the soundness of 2019-20 approved budget to quantify similar deficiencies, if any**
 - Closing gap while limiting impact to students
 - Responding to NYS Comptroller's Audit
 - Special Education Consent Decree – mandated requirements
 - Distinguished Educator Action Plan
 - Outside support and assistance
 - Stakeholder engagement
 - Transparency
 - ***Next Meeting: November 12***



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*Current Financial State
Based on
Adopted 2019-20 Budget*



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Cumulative Financial State:

Based Upon Actual 2018-19 & Adopted 2019-20 Budget

Based Upon Trend Data -

Areas of Projected 2019-20 Under Budgeted Expenditures ~ \$42.3 M

- Substitute Teachers, Civil Service, and Temporary Staff (\$12.0)
- Health Insurance Claims (\$8.0)
- Staff Salaries (\$5.4)
- Retirement Contributions and Incentive Payments (\$5.1)
- BOCES Special Education Placements (\$2.7)
- Student Transportation (\$2.1)
- Expanded Learning Time (\$2.0)
- Workers Compensation (\$2.0)
- Charter School Tuition (\$1.5)
- Social Security (\$1.0)
- Portion of Pre-K Program Not Funded by Grants (\$0.5)

Areas of Projected Over Budgeted Revenue ~ \$13.6 M

- Lack of 2019-20 Fund Balance to Support Budgeted Appropriation (\$8.0)
- Building Aid: Hart St. Lease, Edison and School 10 Projects (\$3.5)
- Impact of IEP Dates on State Aid & Medicaid Reimbursement (\$1.4)
- Incarcerated Youth Aid (\$0.7)

Additional reductions needed to restore negative 2018-19 unassigned fund balance ~ \$8.9 M

TOTAL ~ \$64.8 M



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What Are We Doing?



Immediate Steps Taken

- “Soft” hiring freeze - Mission critical hires approved only
- Staffing “true up” — 26.1 FTE reduction
 - Teachers placed in other vacant positions - no staff layoffs resulting from True Up
- Revamped approval process for substitute teachers and administrators
- Professional service contracts — under review
- Unbudgeted Expanded Learning Time - on hold and alternatives being reviewed
- ASAR and RTA contract negotiations - pending
- Encumbrance of previous direct pays, such as charter school tuition payments, to prevent overspending



Additional Actions to be Taken

- Medicaid reimbursements
 - Capital Region BOCES in process of conducting Medicaid reimbursement assessment
- McKinney-Vento claim reporting
 - Homeless numbers increasing / aid decreasing
 - Capital Region BOCES to support
- Specialized services HR review
 - Monroe 1 BOCES to complete an assessment of efficiencies
- Pre-K specialized services claims to Monroe County
 - Review by Monroe 2 BOCES
- Assessment of Federal Title Grants
 - Review by Capital Region BOCES to ensure fund maximization
- Cost of school choice policy and right-sizing District footprint
 - Review by Viramontes Group



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Our Challenge



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Proposed Reductions



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Reductions (in millions)

*ASAR/RTA Contract Agreement pending	\$3.1
No mid-year School #2 Move	\$1.3
*Healthy Rewards	\$1.0
Healthcare	\$1.3
*RTA PD Incentive	\$0.9
Professional Development	\$0.5
Professional Contract Services	\$0.5
Extended Learning Day	\$2.0
Consultant Services	\$1.1

* Requires Union Agreement



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Reductions & Efficiencies (in millions)

Departmental Reductions	\$1.0
Operating School Budget Adjustment	\$0.3
*Cash Capital 2019-20	\$10.0
Substitute Cost - Efficiency	\$4.0
**East High	\$1.0

* Requires City Council Approval

**East High also reduced their budget by \$2.2M on 7/1/19

Total Reductions & Efficiencies: \$28.0 Million



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Potential Staff Reductions



January 2020 Start

	2%	FTE	5%	FTE	7%	FTE	10%	FTE	18%	FTE
Administrators	\$358,739	7	\$896,848	18	\$1,255,587	26	\$1,793,695	37	\$3,228,652	66
Teachers	\$2,745,065	67	\$6,862,663	168	\$9,607,728	235	\$13,725,326	336	\$24,705,587	605
Paras & Teacher Assistants	\$259,085	15	\$647,714	38	\$906,799	54	\$1,295,427	77	\$2,331,769	138
Civil Service Hourly	\$533,168	25	\$1,332,920	63	\$1,866,087	88	\$2,665,839	126	\$4,798,510	226
Totals	\$3,896,057	114	\$9,740,145	287	\$13,636,201	403	\$19,480,287	576	\$35,064,518	1,035

*Data includes a prorating due to timing and the consideration of contractual obligations. Does not capture unemployment. Administrators include ASAR certificated, ASAR civil service and SEG.

*Approximate Figures Based Upon Average Salaries of each group



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*Lobby for additional state funding
to solve our immediate problem*



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The Budget Superintendent

- The problem that we have is due to overspending in the 18-19 school year, and has been compounded with under budgeting this year.
- I never could have imagined when I started on July 1 that we would be dealing with a crisis of this magnitude.
- We must act decisively and quickly because the immediate problem must be addressed this school year.
- The focus on our budget crisis, and how we are handling it, has caused us to lose focus on what I was hired to do: improve the academic outcomes of our students.
- I am ready to act swiftly with my team to address this situation, beginning tomorrow.



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Moving Forward 2020-21 & Beyond



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Addressing Structural Deficit (Beginning 2020-21)

- Non-mandated Elementary Summer School Eliminated (\$1.7M)
- Staffing Reductions from January 2020 (\$20.1M)
- Districtwide Footprint:
 - Declining enrollment must be aligned with staffing and facilities to right-size our District
 - Identify potential school closures
 - 2020-21: 2 schools
 - 2021-22: 2 schools
 - Evaluate repurposing of school buildings



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Structural Deficit

2020-21 SY Structural Gap Reduction



	2%	FTE	5%	FTE	7%	FTE	10%	FTE	18%	FTE
Administrators	\$1,024,969	7	\$2,562,422	18	\$3,587,391	26	\$5,124,844	37	\$9,224,719	66
Teachers	\$5,490,131	67	\$13,725,326	168	\$19,215,457	235	\$27,450,653	336	\$49,411,175	605
Paras & Teacher Assistants	\$575,745	15	\$1,439,363	38	\$2,015,109	54	\$2,878,727	77	\$5,181,708	138
Civil Service Hourly	\$1,269,447	25	\$3,173,618	63	\$4,443,065	88	\$6,347,236	126	\$11,425,024	226
Totals	\$8,360,292	114	\$20,900,729	287	\$29,261,022	403	\$41,801,460	576	\$75,242,626	1,035

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*We will achieve and maintain
financial stability to put the District
on secure financial footing.*