



15,146,116

Budget Overview 2016-17



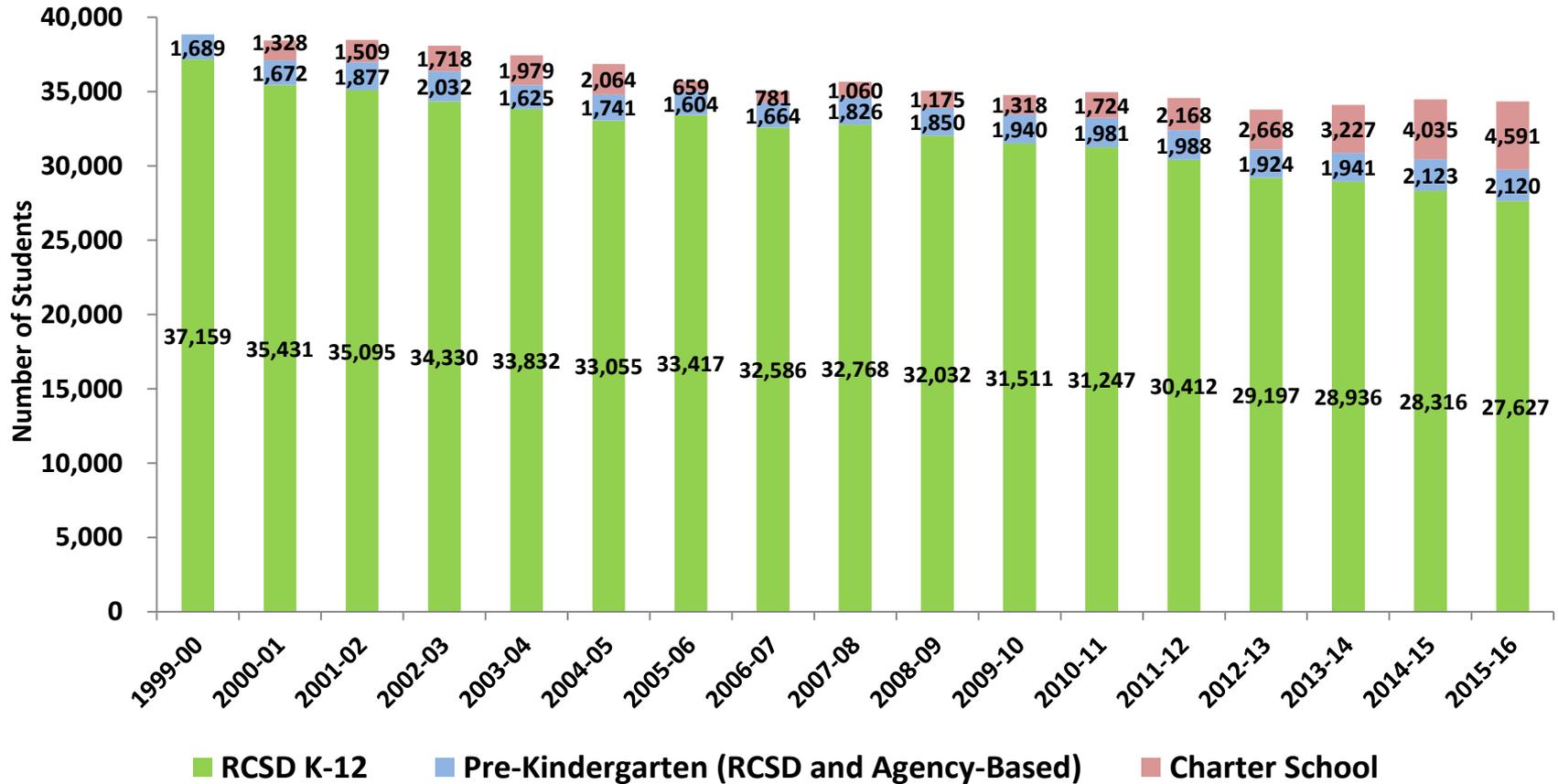
Presentation to the Board of Education
December 17, 2015

Action Plan to Improve Student Achievement

District Goals	Academic Priorities	Administrative Actions
Student achievement/growth	More and better learning time	End annual budget crisis
Effective and efficient allocation of resources	Reading by third grade	Colleges will manage some schools
Communication and customer service	Instructional excellence	Revitalize CTE
Parental, family and community involvement		Engage all stakeholders to improve student behavior
Strengthening management systems		Eliminate summer learning loss for Pre-K–3 students

Student Enrollment Trend (BEDS Data)

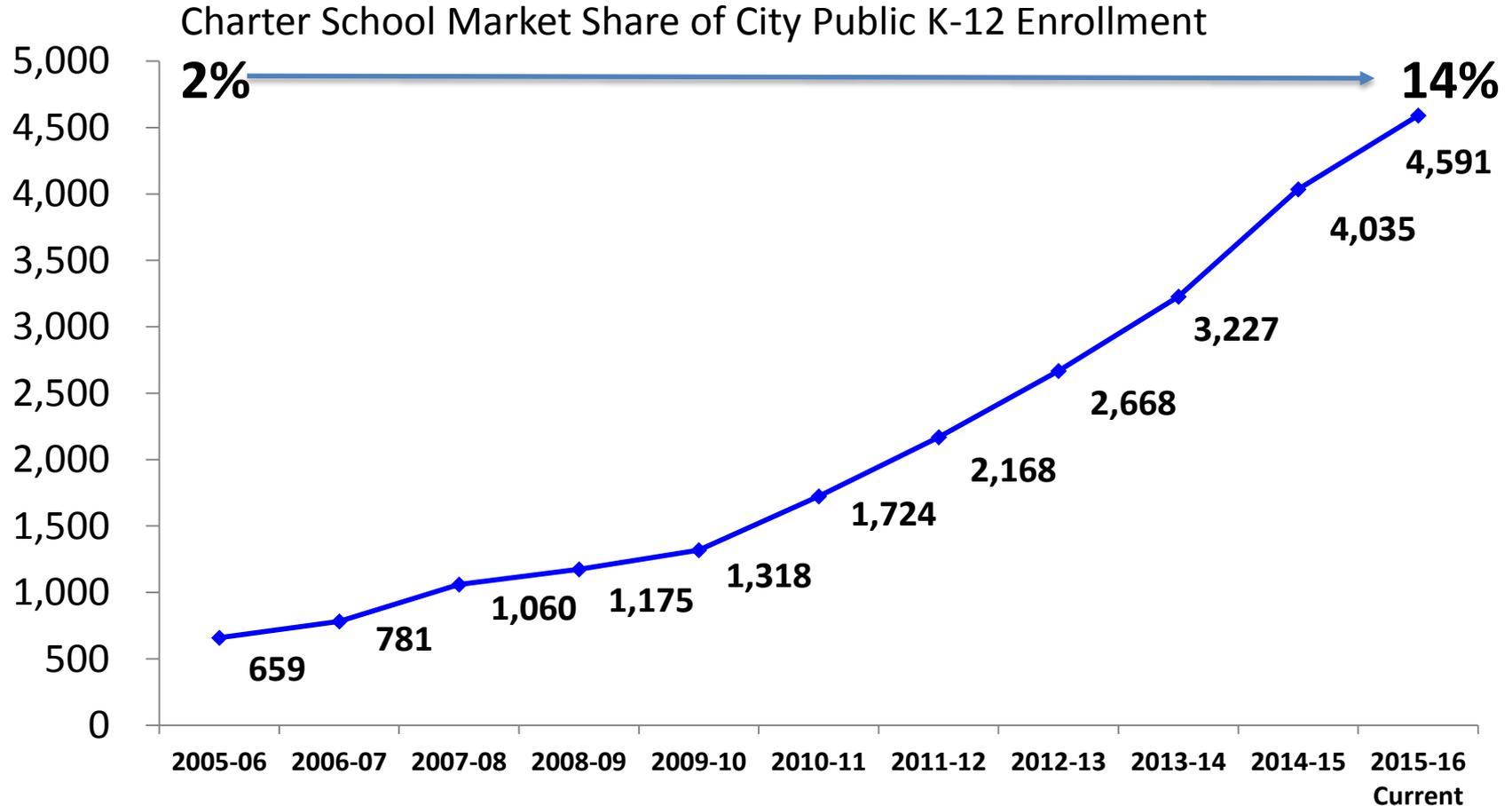
Over the past 16 years, the number of K-12 students in District schools has decreased by 9,532 students (-26%)



- Student counts do not include private and parochial schools
- Pre-K enrollment does not include 642 3-year-old students expected to enroll in January due to pre-K expansion
- 2015-16 enrollment is based on preliminary NYSED BEDS data

Charter School Enrollment Trend

There are seven times as many charter school students in 2015-16 as in 2005-06

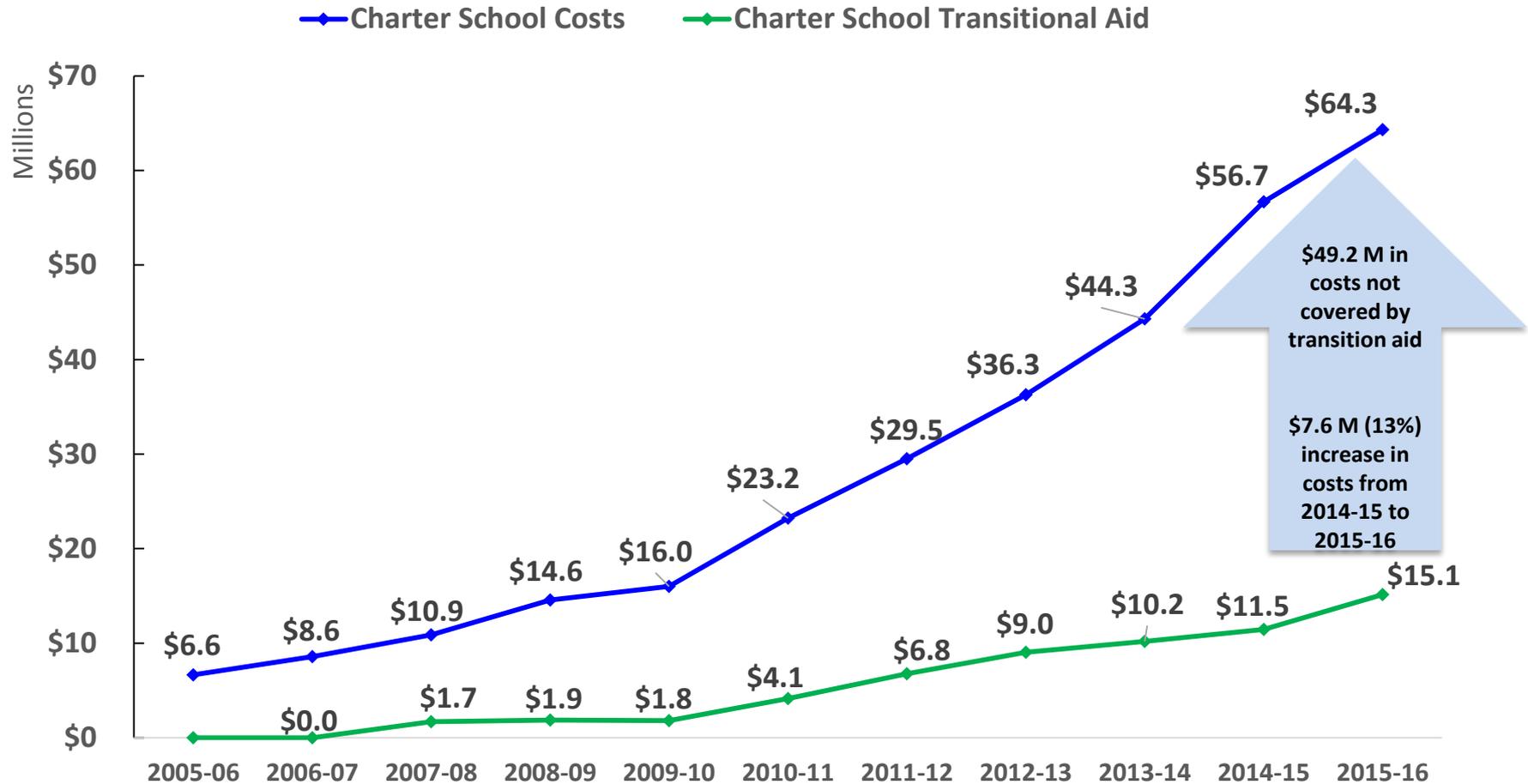


Charter School Cost Growth

Charter School Percentage of RCSD Budget

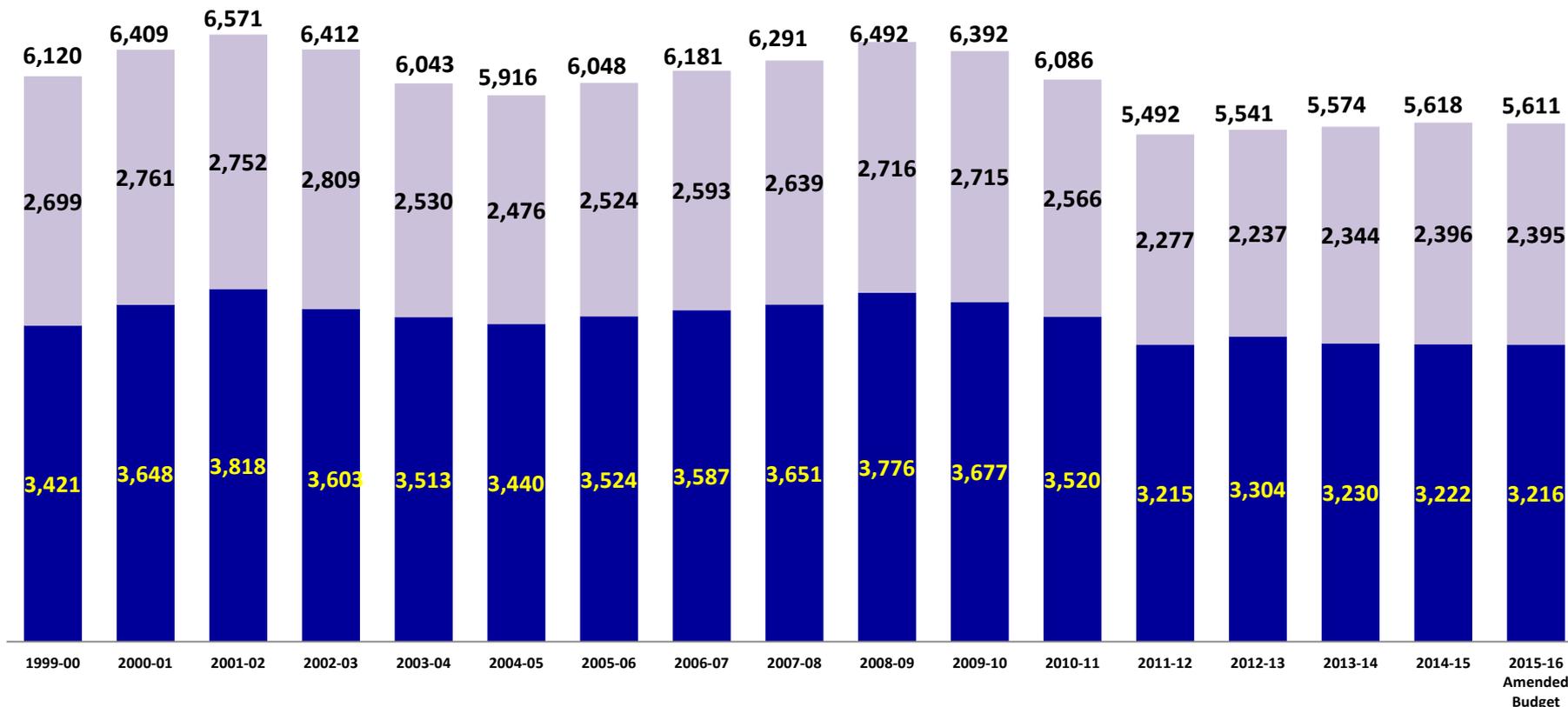
1%

8%



Match Staff to Student Enrollment

8% reduction in staffing since 1999-00; 26% decline in student enrollment

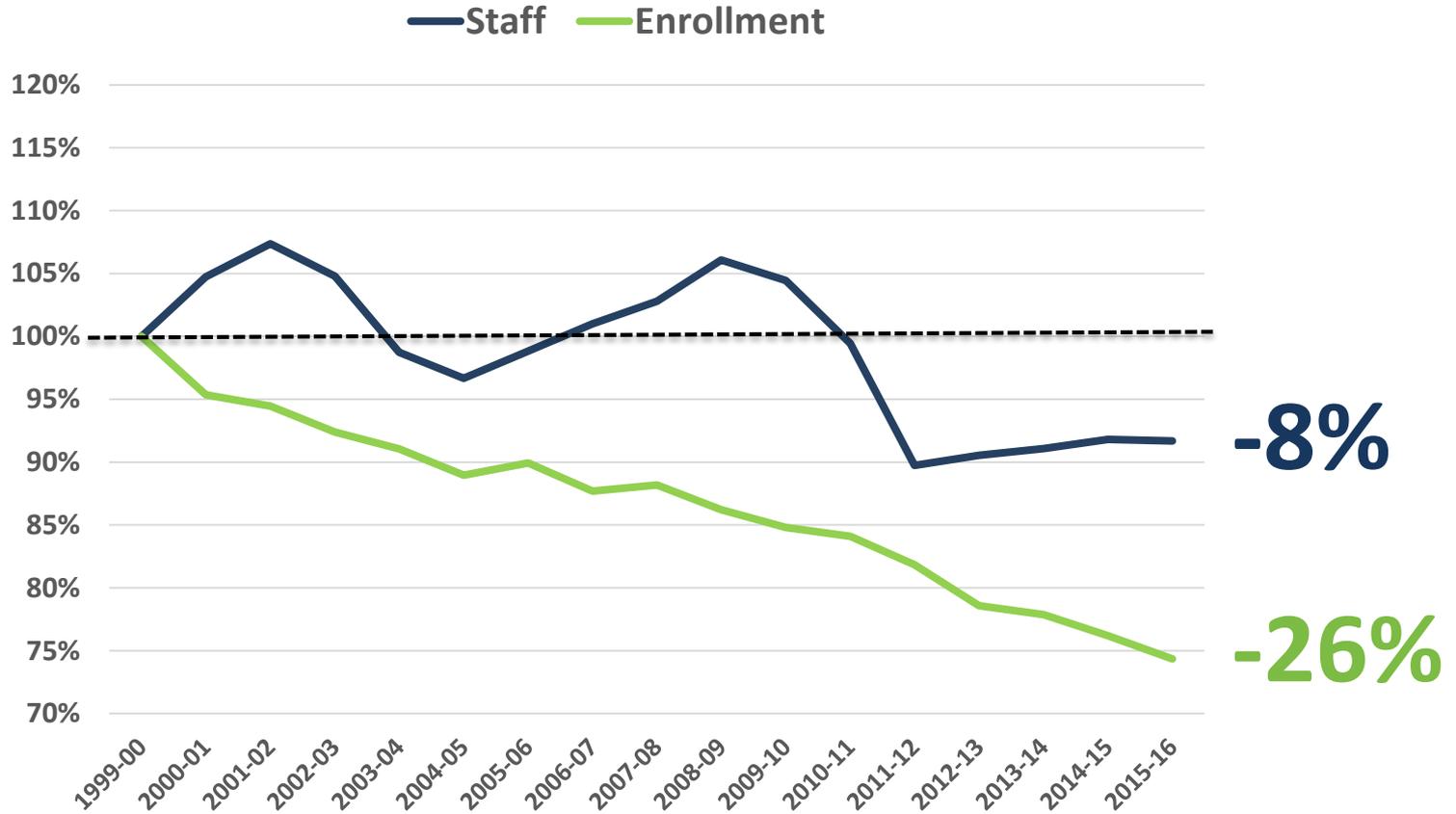


■ All Other Staff

■ Teachers (certificated teaching staff, including librarians, social workers, counselors, psychologists and instructional coaches)

Match Staff to Student Enrollment

Student enrollment loss is more than three times greater than staff reductions over the past 16 years

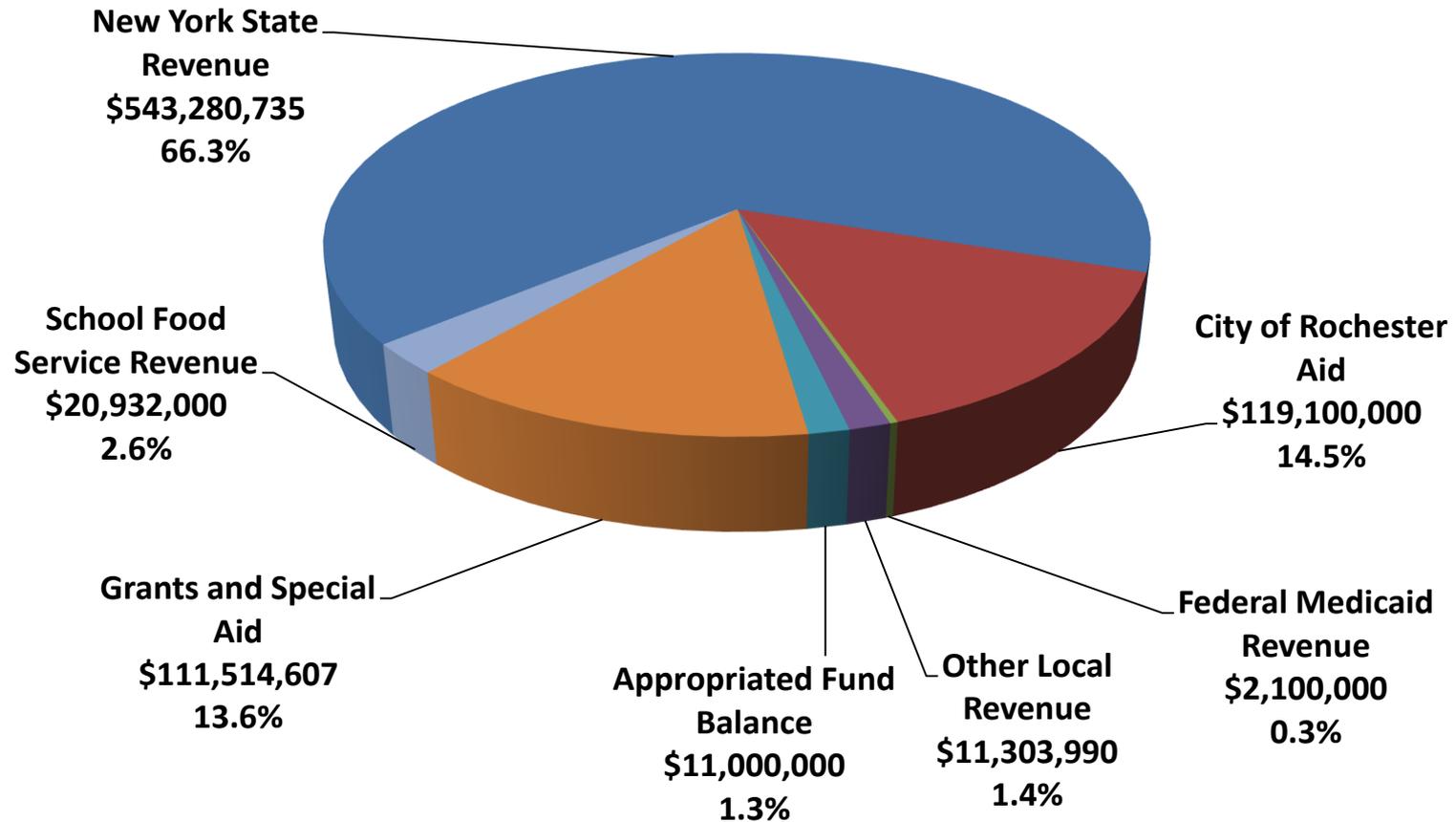


Status of Board-Approved School Closures To Adjust for Declining Enrollment

School	School Location	School Year	Description	BOE Resolution Number	BOE Resolution Date
School #6 Dag Hammarskjold	595 Upper Falls Blvd.	2012-13	Program closed in 2012-13. The School #6 facility is currently used as flexible space to temporarily house other programs during renovations (<i>327 students</i>)	2011-12: 381	Nov. 21, 2011
School #30 General Elwell S. Otis	36 Otis St.	2013-14	Program closed in 2013-14. School #54 was permanently relocated from leased space at 311 Flower City Park to the School #30 facility. The lease on the former School #54 building was terminated at the end of the 2012-13 school year. (<i>378 students</i>)	2012-13: 542	Mar. 28, 2013
Austin St. Lease Terminated, no programs closed	2 Austin St.	2014-15	The lease of the Holy Apostles School building on Austin Street was terminated at the end of the 2013-14 school year. This facility was used to house part of STEM HS, which will move back to the Edison Campus. The net savings is \$11,960 (the annual cost of the lease was \$136,425, but \$124,465 was reimbursed by State Aid).	2014-15 Budget Resolution	May 2014
School #36 Henry W. Longfellow	85 St. Jacob St.	Closed 2015-16	School #36 program closed in 2015-16.	2012-13: 542	Mar. 28, 2013
School #22 Abraham Lincoln	27 Zimbrich St.	By 2020-21	School #22 building closed in 2015-16; program moved to Franklin Campus.	2012-13: 542	Mar. 28, 2013
School #44 Lincoln Park School	820 Chili Ave.	By 2020-21	School #44 is authorized by the Board to close by 2020-21. (Delayed by Board resolution until School #16 is modernized) <i>259 students</i>	2013-14: 59	July 29, 2013
School #25 Nathaniel Hawthorne	965 N. Goodman St.	By 2016-17	School #25 is authorized by the Board to move to the former School #6 facility by 2016-17. (Delayed until School #15 vacates School #6 facility) <i>358 students</i>	2012-13: 542	Mar. 28, 2013

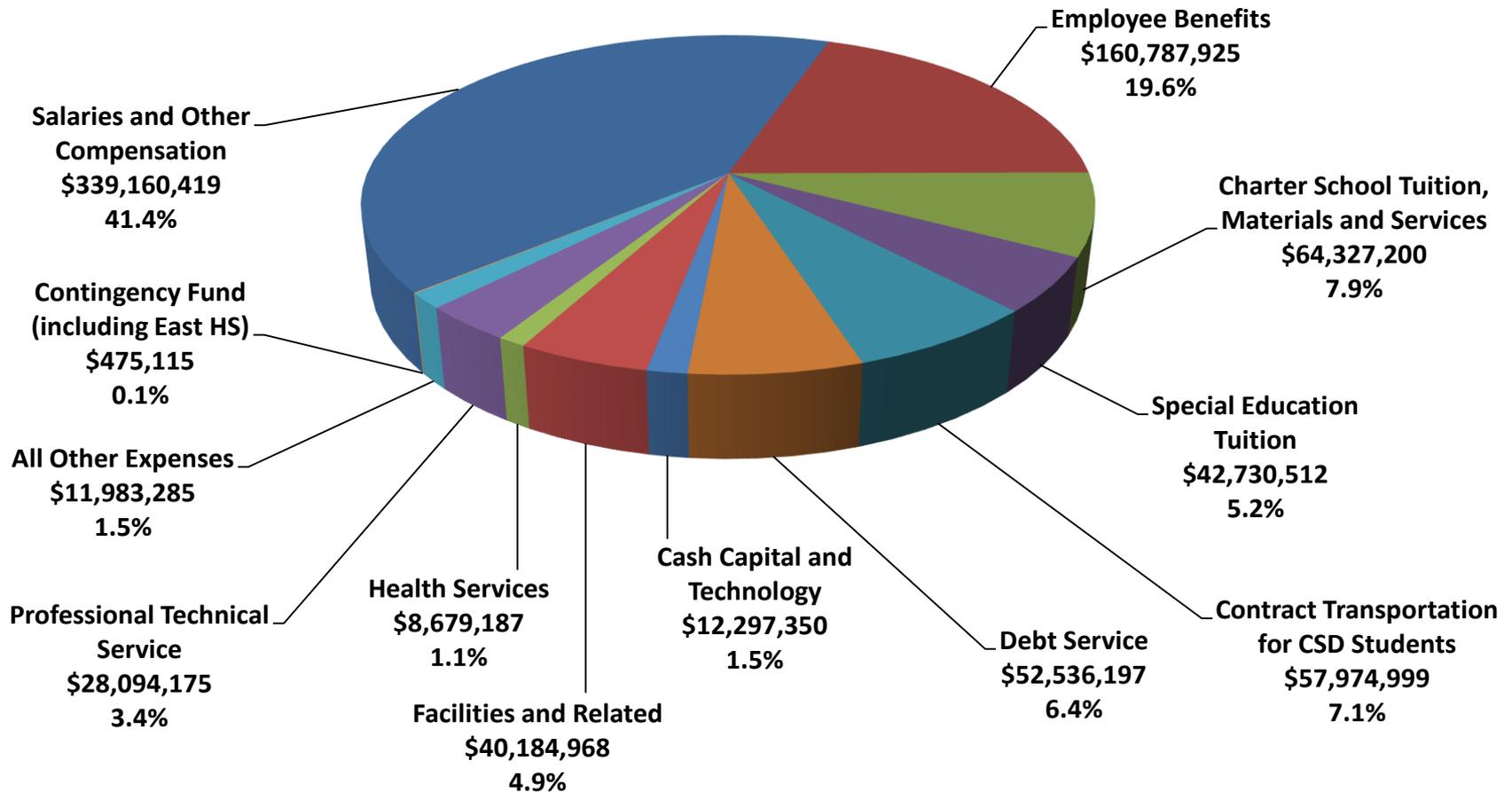
2015-16 Revenue – Proposed Amended Budget

Total Revenue: \$819,231,332



2015-16 Expenditures – Proposed Amended Budget

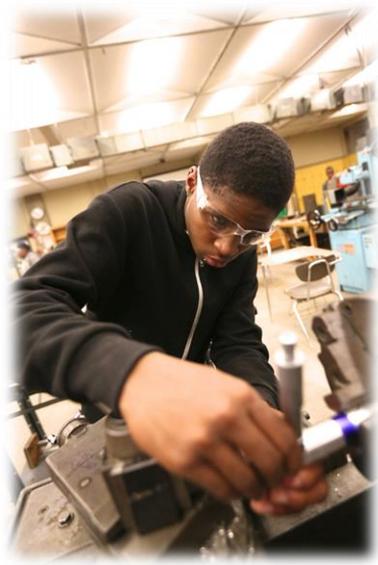
Total Expenditures: \$819,231,332



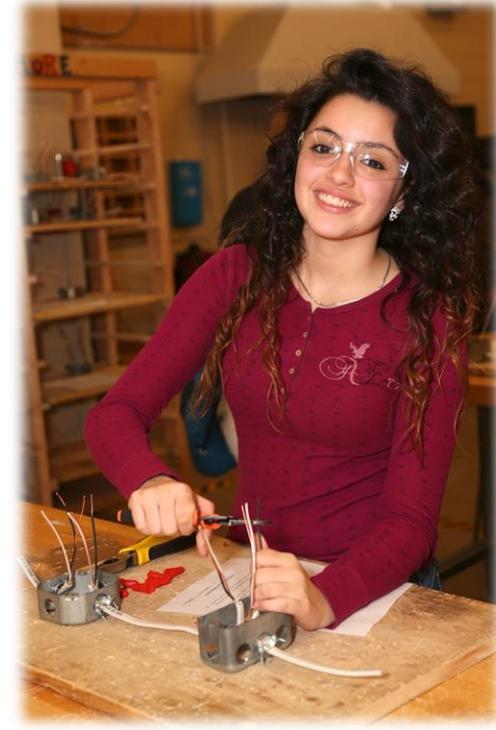
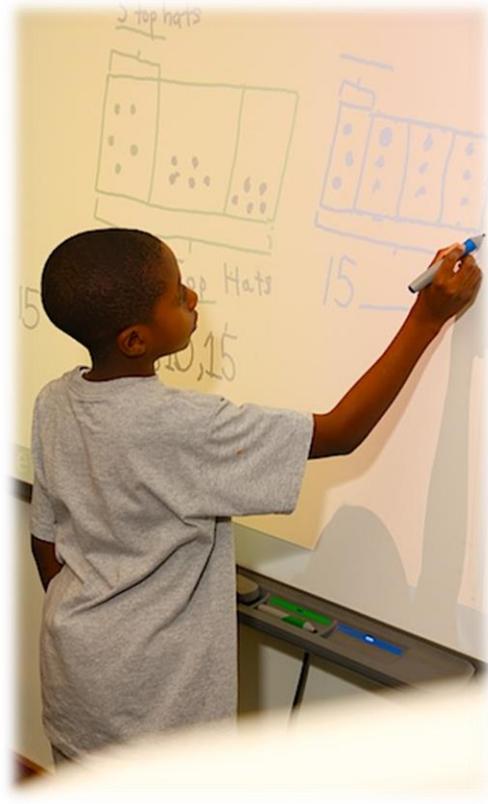
Charter School Tuition, Materials and Services include a portion of the cost of transportation, hardware, software, and textbooks, which would otherwise be counted in other expenditure categories. These costs represent mandated services to charter schools.

Actions to Control Current Year Costs

- Restrict the use of per diem substitutes at Central Office and limit the use of administrative per diem substitutes in schools
- Superintendent must approve hiring of staff
 - Prior to 2013-14, more than 70 filled positions were not reported in the budget and multiple people had hiring authority without budget accountability
 - Position control committee recommends filling non-classroom vacancies only if they are essential to meeting student needs
 - 21 administrative positions are currently held vacant for the Interim Superintendent's consideration
- Superintendent must pre-approve travel requests paid from the General Fund; restrictions on all staff travel are being implemented
- We are holding General Fund non-classroom professional development contracts for possible reconsideration by the Interim Superintendent
- Careful review of outside contracts is continuing



2016-17 Budget Forecast and Suggested Actions



2016-17 Budget Planning—Key Considerations

- Continue to fund District's academic priorities
 - More and Better Learning Time
 - Reading by Third Grade
 - Instructional Excellence
- Address Board of Education budget priorities for 2016-17
- Anticipated loss of nearly 800 additional students to charter schools in 2016-17 increases excess space and requires consideration of additional school closure(s)

2016-17 Key Financial Assumptions

Revenue		Expenses	
NYS Foundation Aid: +4%	<ul style="list-style-type: none"> - 4.1% average annual increase (four years) 	Charter School Tuition: +19%	<ul style="list-style-type: none"> - One new elementary school
		Salaries: <ul style="list-style-type: none"> - BENTE and RAP agreement +2.7% - Others are being negotiated 	
NYS Formula Aid: +3%		Retirement – percent of salaries	
		<ul style="list-style-type: none"> - TRS - Stable Contribution Rate +14.13% - ERS - Partial Amortization +15.90% 	
NYS Building Aid: +12%	<ul style="list-style-type: none"> - Based on project schedule 	Health Insurance: +7.8%	
City of Rochester: Flat	(\$119.1 M)	East High School:	
		<ul style="list-style-type: none"> - Maintain \$10 million increased investment from 2015-16 	
		Budget Contingency: \$5 M	
Grant Funding: \$98 M	<ul style="list-style-type: none"> - SIG grants conclude for Schools #3, #17, #45, Monroe, Charlotte, Wilson, and NWCP - Less Title I Rollover 	Grant Expenses: \$102 M	
		<ul style="list-style-type: none"> - Most grant-specific expenditures eliminated as grants conclude - Certain Title I, Title II-A, and SIG expenses (\$4 million) are included in budget gap 	

Key Drivers of 2016-17 Budget Gap

General Fund	\$32.9 M
Charter School Tuition – One new K-6 school and continuing grow-outs – nearly 800 additional students	\$11.1 M
Employee Salaries	\$7.5 M
Retirement Benefits	\$6.2 M
Health and Dental Insurance	\$5.3 M
Budget Contingency Restored to \$5 million Net of other changes	\$2.8 M
Special Aid Fund	\$4.0 M
Title I Funded Activities Shortfall	\$3.0 M
Title II-A and SIG Shifts to General Fund	\$1.0 M
Projected Gap	\$36.9 M

2016-17 Budget Challenge

Projected Gap	\$36.9 M
Suggestions to Continue Shift of Resources to Services and Supports for Students <ul style="list-style-type: none">• Increase summer jobs program to 500 students• Continue to strengthen Wilson IB, Leadership Academy for Young Men• Support reinvention of Edison Tech and expansion of Career and Technical Education• Maintain funding for music, art and sports equipment	\$5.0 M
Total Budget Challenge for 2016-17	\$41.9 M

Our challenge is to close the gap and fund our priorities

Suggested Actions to Meet Our Challenge

Action	Goal (Dollars in Millions)
Reduce Central Office (admin and BOE) and service departments by 15%	\$11.6
Lobby for 6% Increase in State Aid (as compared to 4% assumed in projections)	\$7.7
Close one additional school to address projected 800 student enrollment decrease	\$5.0
Staff schools to more closely match target class sizes and building ratios	\$3.2
Defer planned increase in cash capital purchases (maintain 2015-16 level)	\$2.5
Partner with collective bargaining units to reduce health insurance costs	\$2.5
Implement transportation efficiencies	\$2.2
Identify new grant revenue	\$2.0
Reduce professional service contracts	\$1.0
Limit vacation cash-out to two weeks	\$0.5
Reduce utility costs	\$0.5
Complete phase-out of Charlotte HS in 2015-16	\$0.4
Reduce General Fund support for OACES program by partnering with REOC	\$0.2
Align school operating budgets with lower enrollment	\$0.2
Sell unused assets	\$0.2
Other actions	\$2.2
Total	\$41.9

Create a School of Last Resort

Our current schools and programs are not well-equipped to serve a small percentage of students with complex social and emotional needs. I strongly urge the Board and Interim Superintendent to implement programs in 2016-17 that will better meet the needs of these students.

Collaborate with an established, approved private “853 Program” school to bring new services to our area

- One need is a new school that provides a therapeutic educational setting for students with disabilities who face the most severe emotional and mental-health challenges
 - Current private placement schools in Rochester do not have the capacity to fully serve students with these disabilities
 - We have had initial conversations with the Stanley G. Falk School, which operates successful programs for these students in the Buffalo area

Modify, Merge or Replace Current Alternative Programs

- A second program need is for a highly flexible alternative academic program for students who struggle in school because of social challenges and/or behavior issues
 - We are currently reviewing programs that serve these students including All City High, Big Picture, Freedom School, LyncX Academy, New Beginnings, and Watertower Academy
 - We need a comprehensive new approach or significant modifications to current programs to improve outcomes for these vulnerable students

Estimated start-up costs of \$5 to \$6 million would allow the District to implement these changes. I believe additional funds can be shifted; however, if required, I recommend using unassigned fund balance to cover these one-time costs for this critical need. Ongoing operations can be sustained by shifting funds from the current programs being merged or replaced.

Proposed Budget Development Timeline

October-December 2015

- Board provides priorities
- Superintendent shares initial guidance
- Finance develops 2016-17 projections
- District leadership engages in budget planning discussions
- Interim Superintendent briefed on projections and suggestions

December 17, 2015

- **Superintendent updates Board of Education**

January 4, 2016

- **Interim Superintendent takes office**

January 2016

- Engagement of principals and school chiefs in budget development
- Community engagement / Board sets budget priorities
- Budget staff will work with District leadership to develop budget proposals
- State Executive Budget released

February - March 2016

- Review proposals with Interim Superintendent
- Interim Superintendent and District leadership finalize decisions
- Staff prepares draft budget for Board review

March 14, 2016

- **Interim Superintendent presents draft budget to Board of Education**

April 2016

- Board of Education conducts budget deliberations

May 2016

- Board of Education scheduled to adopt 2016-17 Budget, then transmit adopted budget to City Council and Mayor

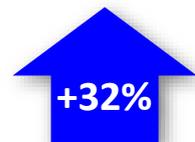
June 2016

- City Council scheduled to approve 2016-17 Adopted Budget

Funding A New Era in Student Achievement

Together We Have Accomplished Much in Four Years

- Students no longer receive the least instructional time
 - No district in Monroe County offers more opportunities for full-day Pre-K, Kindergarten, expanded learning, or summer learning
- \$177 million in budget gaps closed while increasing stability
 - Over \$60 million in budget efficiencies
 - Minimal layoffs, eliminated phase-in phase-out schools
- Provided more support to schools and students



Music teachers



Art teachers



**Reading teachers
(from 0)**



Sports programs



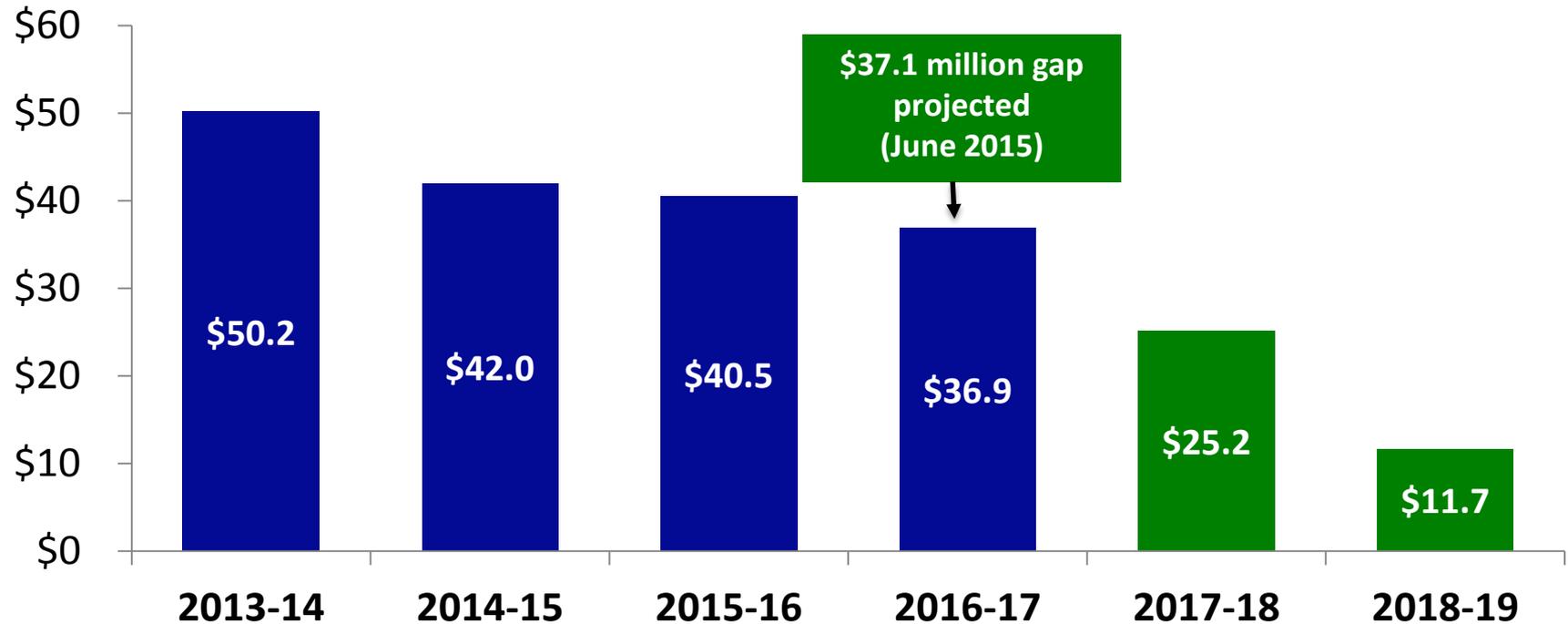
Social workers



Librarians

Improving Long-Term Stability

Annual Incremental Budget Gaps, 2013-14 through 2018-19
(Dollars in Millions)



Figures represent the budget gap identified in December prior to the upcoming fiscal year.

Each gap has been closed with the support of the Board of Education for each respective year.

District Finances Are in a Strong Position

Our Audits are Clean

2011-12 Audit	2014-15 Audit
<i>4 control deficiencies</i>	<i>1 control deficiency</i>
Vendor verification	Student Activity Fund
W-4, I-9, Retirement waivers/application	
New York State Sales Tax	
Student Activity Fund	

Our Balance Sheet is Healthy

***Total General Fund balances represent 9.7% of the 2015-16 budget,
as required by rating agencies***

District Finances Are in a Strong Position

Our Credit Rating is Strong

Standard and Poor's Rating: A+/Positive

“The long-term rating reflects our opinion of Rochester’s strong management, with ‘good’ financial policies and practices under our Financial Management Assessment methodology.”

Outlook: Revised to positive
from stable

*Standard & Poor's Ratings Services
July 9, 2015*

Moody's Rating: Aa3

“The primary drivers of the (RCSD) surplus are attributable to salary and benefit reductions, operating efficiencies and strong financial management.”

Outlook: Stable

*Moody's Investors Service
July 9, 2015*

Suggestions to Continue the Shift in Resources

Budget Area	Additional Suggested Actions over Multiple Years	Potential Savings (Dollars in Millions)
Employee Pay and Benefits	<ul style="list-style-type: none"> • Further reduction in vacation cash-outs • Continue to manage health costs • Continue modest pay increases in contract negotiations – last two contract agreements have been below 3.0% 	\$12 M - \$18 M
Purchasing	<ul style="list-style-type: none"> • More competitive bidding • Leverage contracting by joining with other districts • Expand use of purchasing card for small purchases • Sell surplus equipment from closing buildings • Evaluate opportunities to more efficiently deliver non-core services while maintaining quality 	\$5 M - \$10 M
Academic Intervention and Support	<ul style="list-style-type: none"> • Increase on-time graduation rates to save thousands per student per year for 5, 6 and 7-year grads • Place over-age/under-credited students in appropriate programs • Form Sustainability Team to continue cost-effective expansion of summer learning programs 	\$9 M - \$12 M
Transportation	<ul style="list-style-type: none"> • Multi-year contract with RTS • Use bus stops instead of door-to-door pickups • Implement neighborhood elementary schools with half-mile waiver 	\$5 M - \$10 M
Facilities and Operations	<ul style="list-style-type: none"> • Continue to right-size the district • Reduce staff through attrition to more closely match enrollment declines 	\$10 M - \$20 M
Central Office	<ul style="list-style-type: none"> • Reduce Central Office and administrative costs to match benchmarks for urban districts • Reduce expenses for cell phones by paying only for work-related use • Streamline data and IT operations 	\$12 M - \$16 M
Total		\$53 M - \$86 M

These actions are future multi-year opportunities and do not include savings in the 2016-17 budget projections

Thank You for Supporting Our Children

I am proud that we have been able to do more for our students over the past four years. We have employed financial discipline to control spending and shift resources to invest in more and better learning time, including full-day Pre-K, expanded learning and summer learning; more books, librarians, reading teachers and academic support; more social and emotional support; more career and technical education; more art, music, sports, and extra-curricular activities that engage students and families with school.

Since day one I have said that the Rochester City School District is ultimately responsible for the education of our young people, but we cannot do it alone. I will always be grateful for the support that the Board of Education, our staff, our community, and our families have provided as we strive to improve.

My strong hope is that our District will continue its financial discipline and shift of resources until every Rochester student achieves and succeeds to the best of his or her ability. If we continue on our current path, I believe we can achieve our goal of treating every child like one of our own.



Budget Overview 2016-17



Presentation to the Board of Education
Dr. Bolgen Vargas, Superintendent of
Schools

December 17, 2015

Appendix: Charter School Students by Grade

Grade	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Change from 2009-10
K	114	200	238	199	358	444	430	316
1	115	201	240	243	251	391	442	327
2	113	116	242	241	253	292	389	276
3	114	118	116	251	235	250	285	171
4	115	106	114	102	233	233	235	120
5	178	195	280	303	284	407	429	251
6	176	172	192	266	285	293	397	221
K-6 Subtotal	925	1,108	1,422	1,605	1,899	2,310	2,607	1,682
7	171	275	271	294	373	457	445	274
8	142	213	250	260	323	379	419	277
9	44	52	111	159	236	415	411	367
10	36	49	45	221	233	214	371	335
11	0	29	39	94	91	177	185	185
12	0	0	23	33	72	83	153	153
7-12 Subtotal	393	618	739	1,061	1,328	1,725	1,984	1,591
Unknown	0	(2)	7	2	0	0	0	0
Total	1,318	1,724	2,168	2,668	3,227	4,035	4,591	3,273

Data based on reconciliation of charter school enrollment as reported in PowerSchool (Chancery) with figures provided by charter school business offices. These figures represent year-end reconciliation for 2009-10, 2010-11, 2012-13, 2013-14 and 2014-15; the sixth (final) payment for 2011-12; and the third (November) payment for 2015-16.

Appendix: Charter School Students by Grade

Median 2015-16 Enrollment:
RCSD Elementary School – 484
RCSD Secondary School - 604

