The District’s financial crisis did not happen overnight, and it won’t be solved overnight.
Today marks the beginning of the RCSD Blueprint for Financial Stability
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
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
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
Where we were on October 8th
**Target Fund Balance by June 2020: $29.3M**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserved for Debt</td>
<td>$13.5M</td>
</tr>
<tr>
<td>Insurance – General Liability</td>
<td>$1.0M</td>
</tr>
<tr>
<td>Workers Compensation</td>
<td>$4.0M</td>
</tr>
<tr>
<td>OPEB (Other Post-Employment Benefits)</td>
<td>$5.0M</td>
</tr>
<tr>
<td>Health Insurance (Unions)</td>
<td>$5.0M</td>
</tr>
<tr>
<td>Prepayments and Encumbrances</td>
<td>$0.8M</td>
</tr>
</tbody>
</table>
# Budget & Spending Reduction Goals = $30.1M

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assigned fund balance target</td>
<td>$29.3M</td>
</tr>
<tr>
<td>Existing fund balance</td>
<td>$7.2M</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$22.1 M</strong></td>
</tr>
<tr>
<td>Revenue in place of unassigned fund balance</td>
<td>$8.0M</td>
</tr>
<tr>
<td><strong>TOTAL BUDGET &amp; SPENDING REDUCTIONS</strong></td>
<td><strong>$30.1 M</strong></td>
</tr>
</tbody>
</table>
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
Current Financial State
Based on
Adopted 2019-20 Budget
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
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
Our Challenge
Proposed Reductions
## Reductions (in millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>*ASAR/RTA Contract Agreement pending</td>
<td>$3.1</td>
</tr>
<tr>
<td>No mid-year School #2 Move</td>
<td>$1.3</td>
</tr>
<tr>
<td>*Healthy Rewards</td>
<td>$1.0</td>
</tr>
<tr>
<td>Healthcare</td>
<td>$1.3</td>
</tr>
<tr>
<td>*RTA PD Incentive</td>
<td>$0.9</td>
</tr>
<tr>
<td>Professional Development</td>
<td>$0.5</td>
</tr>
<tr>
<td>Professional Contract Services</td>
<td>$0.5</td>
</tr>
<tr>
<td>Extended Learning Day</td>
<td>$2.0</td>
</tr>
<tr>
<td>Consultant Services</td>
<td>$1.1</td>
</tr>
</tbody>
</table>

* Requires Union Agreement
# Reductions & Efficiencies (in millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental Reductions</td>
<td>$1.0</td>
</tr>
<tr>
<td>Operating School Budget Adjustment</td>
<td>$0.3</td>
</tr>
<tr>
<td>*Cash Capital 2019-20</td>
<td>$10.0</td>
</tr>
<tr>
<td>Substitute Cost - Efficiency</td>
<td>$4.0</td>
</tr>
<tr>
<td>**East High</td>
<td>$1.0</td>
</tr>
</tbody>
</table>

* Requires City Council Approval
**East High also reduced their budget by $2.2M on 7/1/19

**Total Reductions & Efficiencies: $28.0 Million**
## Potential Staff Reductions

**January 2020 Start**

<table>
<thead>
<tr>
<th></th>
<th>2% FTE</th>
<th>5% FTE</th>
<th>7% FTE</th>
<th>10% FTE</th>
<th>18% FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administrators</strong></td>
<td>$358,739</td>
<td>$896,848</td>
<td>$1,255,587</td>
<td>$1,793,695</td>
<td>$3,228,652</td>
</tr>
<tr>
<td><strong>Teachers</strong></td>
<td>$2,745,065</td>
<td>$6,862,663</td>
<td>$9,607,728</td>
<td>$13,725,326</td>
<td>$24,705,587</td>
</tr>
<tr>
<td><strong>Paras &amp; Teacher Assistants</strong></td>
<td>$259,085</td>
<td>$647,714</td>
<td>$906,799</td>
<td>$1,295,427</td>
<td>$2,331,769</td>
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<tr>
<td><strong>Civil Service Hourly</strong></td>
<td>$533,168</td>
<td>$1,332,920</td>
<td>$1,866,087</td>
<td>$2,665,839</td>
<td>$4,798,510</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$3,896,057</td>
<td>$9,740,145</td>
<td>$13,636,201</td>
<td>$19,480,287</td>
<td>$35,064,518</td>
</tr>
</tbody>
</table>

*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*
Lobby for additional state funding to solve our immediate problem
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.
Moving Forward 2020-21 & Beyond
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
Structural Deficit

2020-21 SY Structural Gap Reduction

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

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*Approximate Figures Based Upon Average Salaries of each group
We will achieve and maintain financial stability to put the District on secure financial footing.