
From: Superintendent's Office
Sent: Tuesday, November 12, 2019 5:35 PM
To: Superintendent's Office
Subject: Update on District's Finances
Attachments: Budget11-12-19.pdf

Dear Colleagues,

At this evening's Board of Education Finance Committee meeting, I presented a plan in response to the District's budget deficit, which first came to my attention on September 18th during the District's 2018 -19 internal year-end audit reconciliation.

The District's financial stability has been in question for several years, with student enrollment decreasing steadily while staffing has increased. Our expenditure projections are growing faster than revenue projections, and the Fund Balance has been used to make up the difference. As I already shared at the October 8 Board Audit Committee meeting, under budgeting has led to some severe issues in key areas found by our finance and audit team.

We have welcomed the support of many experts who are helping us analyze and dig deep into our financial situation – the New York State Comptroller's Office, the Mayor's office, a number of BOCES districts, the Viramontes group, and superintendents from across the state who have experience in dealing with this type of situation. Working together, we have uncovered even more areas of under budgeting within this year's budget. If we do not address last year's \$30 million deficit as well as the areas of under budgeting this fiscal year, the budget gap could grow to approximately \$64.8 million by the end of this school year.

It is absolutely critical that we address our deficit and budget gap now. In order to recover from this serious financial situation and close our budget gap, we have to make some very difficult decisions, which I have proposed in the following reductions and efficiencies in millions.

- ASAR/RTA contract agreements pending (\$3.1)
- No mid-year School No. 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)
- 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 – East also reduced their budget by 2.2M on 7/01/19)
- Staff reductions (\$9.7)

I am deeply saddened that we are in a situation where cuts and staffing reductions are necessary. Moving forward, it is imperative that we address our structural deficit in order to achieve and maintain financial stability to put our District on secure financial footing. It is a responsibility we all take very seriously for the future of the children and families we serve. I am absolutely confident that despite these challenges, we will emerge as an even stronger Rochester family.

Sincerely,

Terry Dade
Superintendent of Schools