Memo

To: Barbara Deane-Williams, Superintendent
From: Elizabeth Mascitti-Miller Deputy Superintendent of Administration
       Everton Sewell Chief Financial Officer
Date: November 30, 2018
Re: Investing in Student and School Success

As charged, this document, “Investing in Student and School Success: Innovative Ideas for Reinvesting Resources in the Rochester City School District”, presents options for eliminating the structural deficit. As evidence of our structural deficit can be seen in a historic pattern of closing annual budget gaps with up to $20 Million from our unrestricted reserves. Inflationary cost drivers in a fixed revenue environment suggests the structural deficit is better described with $40 - $45 Million range.

The table on page 22 summarizes the potential ideas that might close the structural deficit over a five year period. If all the ideas were approved and the annual of yield of 20% were achieved we could potentially reduce dependence on unrestricted reserves to $19 Million in a zero inflation environment, using the maximum impact estimate.

In an inflationary environment all ideas would need to yield more than the minimum projections. The maximum potential savings will be roughly around $50 Million, which has the potential to resolve the worst case deficit projections.

Should any part of the recommended action strategies listed on the table on page 22 be rejected, it will be necessary to substitute other potential ideas located on pages 16-17, to close the structural deficit.

Thank you for your consideration. Further details can be provided as needed through the budget season.
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Introduction:

Rochester City School District’s (RCSD) Strategic Plan commits us to knowing every student by face and name, in every classroom and every school, to and through graduation. This commitment has become the vision that guides all facets of our work.

This vision has shaped our Path Forward—a dynamic process that re-imagined how Rochester students learn. By transforming our classrooms and our community learning spaces, programs, and partnerships, we help ensure our Strategic Framework is fully integrated with our Facilities Master Plan, creating the conditions necessary for our students for rich, robust 21st century learning.

While we acknowledge the improvements that have been made in recent years to graduation rates and test scores, we realize that there is still significant room for growth. A long-term financial plan, anchored in our core values of equity, relational capacity, innovation, coherence and accountability, is critical for enabling rich opportunities for students that serve to close both achievement and opportunity gaps.

The RCSD, like many other urban districts, is experiencing a structural deficit, which, if unaddressed, will significantly impede our ability to serve students. In District, we strive for the success of all youth, and we value equity, cohesiveness and positive school climates. Fiscal stewardship, transparency and stability are vital to our students’ success. Our financial future depends on identifying equitable and sustainable programs as we operate in a climate of flat revenue streams, increasing student needs, rigorous accountability measures with the new ESSA regulations, declining district school enrollment and growing enrollment in charter schools.

The following report, which presents reasons for the deficit and respective factors and opportunities to close the structural deficit report, is based on national research studies, expert reports, the RCSD 100 Day Plan, and input collected via discussions, focus groups, surveys and interviews with parent and community groups, administrators, teachers, District Cabinet members, District staff, and the Board of Education.

The report is presented in four parts. The first part is an overview of the instructional priorities of the District, as aligned to the Action Plan. The second part of this report serves to develop understanding of the causes of the deficit and a understanding of how the budget has evolved to this point. It also including the major factors that impact the budget, which is critical to determining the best path forward. The third part focuses on what happens if we don’t address the structural gap, and the final part presents options for consideration – changes to be considered that could potentially allow for reinvestment of resources to better provide our students the opportunities that they deserve.
Part I: Guiding Priorities

The RCSD currently serves approximately 29,000 students from many cultures, neighborhoods and backgrounds that make our schools unique and rich with diversity.

The RCSD action plan lays the foundation for the District’s future in a vision that has shared goals, strategies, core beliefs and shared values. Our plan is structures into four pillars and associated action items to meet the District key performance indicators. The structural deficit plan is a necessary component of the Districts future and the RCSD overarching action plan.

Promote the well-being of the whole child, whole school, whole community
Ensure powerful learning for every student
Build capacity to ensure comprehensive school improvement
Cultivate understanding, collaboration, partnerships and advocacy for equity, justice and achievement for all

Part II: How did we get here?

Our goal is to provide equity in services and adequate resources in schools to improve student achievement, while maintaining fiscal responsibility. As a result, we must be even more strategic with our budgeting.

The structural deficit in the District exists because expenditure increases are outpacing revenue increases. Currently 60% of our budget expenditure is for salaries and benefits, and the collective bargaining agreements dictate those salary increases. Of the $50 million increase in the 2017-2018 expenditures, $32 million is for salary and benefit increases under collective bargaining agreements, $10 million in charter school tuition increases and $8 million in other contractual and operating increases. Compounded with loss in State Aid revenue and use of the fund balance, the preliminary gap projection for 2018-2019 was $57 million. Due to more restrained budget practices the projected gap for the 2019-2020 year is ~$40 million, still far from where we need to be.

Multiple factors contribute to a budget gap and structural deficit within a school district. It is critical to understand the composition of the deficit in order to effectively address it. Five factors have been identified as major drivers to the RCSD’s current fiscal state. They are:
After many years of cost reductions, the 2014-2015 budget reflected additional funding, totaling $31 million. In 2015-2016 additional funding totaled $30 million. However, expenditures climbed, driven by increased transportation costs due to unanticipated contract changes, an addition of required school-based programs and services, growth in teacher and employee retirement costs, health insurance increases, and charter school tuition growth. All of this created a budget gap of $40.5 million. While the budget reflected $40.5 million in proposed reductions, only $20.5 million was realized, resulting in a $20 million funding deficit in 2015-2016.

During the 2016-2017 school year, the District budget gap was compounded by the need to maintain existing positions and programs, add negotiated labor contracts that provided for unbudgeted retroactive salaries and benefits, add expenses for purchases such as buses, technology and maintenance purchased with cash capital, continued increase in charter school tuition, and added fiscal support for the District priority to provide social and emotional services, restorative approaches, and the newly adopted code of conduct.

Over the 2017-2018 school year, despite the efforts of the District to align resources, student achievement data suggested an increased need for targeted instructional services, including special education services, services related to English learners, delivery of reading instruction and supports for schools in accountability status, all of which warranting additional funding.

**Factor: Revenues/Expenditure/Legislation**

The District receives funding from multiple sources: State, Federal, City, Local Funds (all of which comprising the District’s General Fund); additional funding sources include Special Aid (Grants) and School Food Service.
The most significant portion of the State Aid Revenue is Foundation Aid, which is about 70% of the State funding allocation and about 48% of the District’s total budget. Overall, the District receives approximately two-thirds (2/3) of its revenue from the State through several forms of aids, some based on formulas and others on reimbursements.

In the last 10 years, New York State (NYS) Foundation Aid has fallen short of the formula-driven allocation. The NYS funding formula developed in 2007 was intended to drive more money into high-need districts by giving greater support to districts with high numbers of students designated as English learners (EL), students in poverty, and students with disabilities (SWD). As such, Rochester, Syracuse and Buffalo, three of the largest urban districts in New York State, had the largest shortfalls per student in the State. Rochester, which has the highest rates of child poverty in the state, has realized a shortfall of approximately $100 million annually over the years, contributing to the revenue gap we are experiencing.

Further impacting the RCSD budget is the reliance on grants for nearly 13% of the budgeted revenue. A portion of this revenue stream is derived from sources that are neither predictable, stable, nor timely. For example, while partially offset by a $20 million increase in State funding, over the past few years the District lost $31 million in American Recovery and Reinvestment Act (ARRA) funding.

The Rochester City School District is a dependent district, meaning that it depends on the City of Rochester for levying and collecting taxes on behalf of the District. The City, in turn, makes an allocation to the District for the taxes levied and collected for the District. Through legislation, the City allocates a fixed amount of $119.1 million each year to the RCSD; this amount has remained the same since the 2004-05 fiscal year. Currently, the City’s allocation accounts for about 13% of the District’s revenue, in contrast to 17.5% ten years ago.

As the District continues to invest more money and resources into needed programs, the current expenditure pattern is anticipated to increase by about 6%, while revenues are projected to increase by about 2%; substantially contributing to the District’s budget deficit. As noted in the September 2018 report, “An Analysis: Budget Development and Administration,” authored by Dr. Rick Timbs and Mr. Michael Crumb, it was noted that for several years, the District has used Fund Balance close the budget gap. That amount has grown from $9.9 million in 2014-15 to $20 million in 2018-19. The District has projected $8 million Appropriated Fund Balance usage in 2019-20.

| Appropriated General Fund Balance - Original Budget (Dollars in Millions) |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Amount          | $9.4            | $11.0           | $15.0           | $17.5           | $20.0           |

The 2017-18 Adopted Budget originally included $20 million in appropriated fund balance, this amount was amended to $17.5 million during the year.
There are other challenges the District faces that contribute to the structural budget gap, one of which is charter schools. Charter school enrollment has risen significantly over the past ten years from 1,175 in 2008-09 to 6,058 in 2018-19, and is anticipated to be 6,563 in 2019-20. For the 2019-20 school year, the District is expected to pay out $13,840 in tuition for each RCSD student attending charter school, plus an additional premium for a students with disabilities (SWD), in the range of $7,000 to $18,000, depending on student classification. The District also required to pay a supplemental tuition aid of $1,250 for each student; this amount is reimbursed to the District the following year. Overall, RCSD projected charter school tuition expenditure for 2019-20 is about $97.1 million. We project to receive $9.1 million in Supplemental basic tuition reimbursement aid due to rising tuition rates.

**Factor: District Footprint**

The ways in which the RCSD organizes its students to deliver instruction can be thought of as the district’s footprint. Below is a statistical analysis of predicted enrollment trends that align with our Facilities Modernization Plan and budget portfolio. The analysis of enrollment projections and calculations were done in collaboration with the Offices of Accountability, Facilities and Finance. Calculations were completed using a statistically-based formula, Average Grade Progression Ratio (AGPR). This formula is a common methodology across the NYS for this type of analysis. Using specialized software and BEDS data, the projection was calculated by averaging whole number student retention counts from year to year in each grade level and NYS Department of Health data, including Live Birthrates for calculating Kindergarten and 1st grade projected registrant counts.

Several factors exist based on the enrollment trends that have driven costs and are impacting the budget. They are:

**Capacity and Grade-Level Configurations** - The RCSD operates 66 different programs and schools, and eight unique grade level configurations. Student enrollment continues to decline, while charter school enrollment increases. This contributes to an increased number of small schools and under-filled classrooms within existing schools, leading to increased classroom costs (i.e. teachers/paraprofessionals) and increased fixed costs (administrators/facilities). For example, every school, regardless of size, receives a foundation
budget to fund a school leader, clerical and custodial staff, which increases administrative and operating costs per pupil comparable to other like-size districts.

**Student Enrollment**

**Enrollment** - Student enrollment within the RCSD has declined steadily over the past ten years, while the number of teaching staff has risen. While the RCSD has strategically committed to small class sizes to provide personalized instruction, and has contractually committed to this, the practice has impacted overall resources across the District.
The RCSD also has the lowest administrator-student ratio as compared to large urban districts in New York.

![Staffing Ratio for non-teacher Administration](image)

**Alternative Programs** - In order to meet the unique needs of subgroups of students, the RCSD operates nine alternative programs. The total expenditure for operating all of these programs for 2017-2018 was approximately $23.6 million, and operating costs per pupil range from approximately $8,400 per pupil, to over $80,000 per pupil.

![2017-18 Enrollment and Cost per Pupil for Alternative Programs](image)

**Facilities Modernization Program** - Lastly, the District has made it a priority, in collaboration with our community and the City of Rochester, to participate in Rochester’s Joint Schools Construction Board to actively engage in the Facilities Modernization Program (FMP). The FMP has the opportunity to modernize our schools and create 21st Century learning spaces for our students PreK through 12th grade. Over the course of the next several months the District will be engaging Phase 3 of the FMP which is aligned to the instructional priorities of the District and the enrollment trends over the next 10 years.
Overall, the District footprint, like other large urban districts has declining enrollment and as a result the distribution of resources is not optimally cost effective. Declining enrollment, operation of multiple grade-level configurations, numerous small schools and class sizes, and offering unique alternative programs have been contributing factors to the District’s current structural deficit.

**Factor: Salaries and benefits**

Salaries and benefits comprise approximately 59.3% of the RCSD’s overall budget, the majority of which being teachers and other staff proving direct services to students. In alignment with the District’s philosophy that the teacher is the greatest unit of change, the RCSD invests in competitive teacher salaries, and additional compensation for extended learning opportunities and professional development for teachers.

**Teacher Compensation** - The average hiring salary of an RCSD is low compared to “Big Five” districts and districts across Monroe County, however, the annual contractual increase is higher than those districts. While a priority is to have District salary structures to be competitive, teacher salary is the single largest expenditure category of the overall budget.

**Additional Compensation** - The District is committed to expanded learning opportunities for all students and has made this a priority. In addition to salaries, however, the RCSD pays extra compensation to staff for extended earning opportunities, including extended learning time during the school day and over the summer. The District is operating an expanded day in 17 of its schools, compensating these staff members for an additional 177 hours per school year.
In addition, the District has made a commitment to summer school opportunities for all students, including enrichment opportunities, instructional supports to minimize the well-researched “summer learning slide” for younger students, and robust credit recovery programs for secondary students to provide supports for on-time graduation.

**Professional Development** - The RCSD has one of the highest teacher retention rates of urban districts within the nation, strongly related to its implementation of a nationally-renowned mentor program - Careers in Teaching. Additionally, the RTA teachers’ contract compensates teachers annually for completion either 24 or 36 hours of professional development per year. These two initiatives combined cost the District a total of approximately $3.5 million per year.

Additional pay for expanded learning opportunities and for professional development combined has increased a total of 46% since the 2012-2013 school year, rising from $12.6 million in 2012-2013 to $18.4 million in 2017-2018.

**Substitute Costs** - For the past five years, the entire nation has been experiencing a teacher shortage. The annual nationwide listing of areas with teacher shortages, compiled by the U.S. Department of Education, includes areas such as math, the traditional sciences, foreign language, and English language arts. Of particular challenge within the RCSD is hiring of appropriately credentialed staff in the areas of special education and English language learning, leading to the use of substitute teachers at times. The substitute costs incurred by the RCSD has increased $4.1 million since the 2012-2013 school year.

![Substitute Teacher Expenditures](image1)

![Teachers Substitute Cost Trends](image2)

**Factor: Transportation**

Today, the RCSD has a resident public and non-public school enrollment of approximately 34,000 students, and transports all students living more than 1.5 miles from school, and transports all students who are mandated transportation per Individual Education Plan (IEP). In addition, the RCSD provides transportation to charter school, parochial, and private school students residing in the City of Rochester. Based on the report by the Pupil Transportation Safety Institute (PTSI), the RCSD has made significant efforts to find efficiencies in its transportation operations, however, we currently spend more per pupil than comparable districts by approximately $975 per pupil.

![Transportation Cost Per Pupil](image3)
Approximately over 85% of the students in RCSD receive transportation through the District’s school choice policy. Approximately 85% of the $73 million in transportation that the District spends is reimbursable. The cost has continued to increase over time, regardless of the decline in enrollment. These two data can be attributed to many factors, including enrollment and assignment policies, operations, increased highly-specialized transportation, contracts, and coordinated bell tiers across the schools and programs, and the fact that the RCSD is required to transport students to and from various locations.

The District owns and operates school buses and contracts with service providers to meet the required transportation needs of its students. The District owned transportation services are calculated by purchases, maintenance, staff expenses, and material costs. The contract costs are based on a competitive process, and the public transportation services are negotiated by the RCSD and the Regional Transit Service Inc. which, is more than the public adult fare. Contract costs for transportation have increased from $53.7 million in 2012 - 2013 to $70.3 million in 2017 - 2018.

In addition to policies that determine how many students are transported by distance, another contributing factor that drives costs is the level of efficiency of the system, including routing, bus capacity, bell times, time-limits and consistent participation on the bus. Based on the PTSI study, the RCSD was recognized for its efficiencies and cost effective management of the District’s pupil transportation program, which was found to be the most cost effective.

The PTSI report found that while the largest driver of the per pupil costs in the RCSD is the challenge to fill buses to near capacity, transportation costs are also impacted by the contracts the RCSD has and the increased need for special transportation services for students with IEPs.

**Factor: Student need**

With the RCSD’s decline in enrollment over the past ten years, there has been an increase in its ratio of students with disabilities (SWD) and English learners (EL). The RCSD’s ratio of students with disabilities has hovered at approximately 20% over the past five (5) years. However, the RCSD’s ELL population has steadily increased, this year surpassing 15%. Both groups of students require special- ized supports that have cost implications, contributing to the District’s structural deficit.
Special Education – Providing high quality services and meeting all compliance regulations for students with a disability is a priority for the District. Funding is provided for students with disabilities through a federal entitlement grant associated with the Individuals with Disabilities Education Act (IDEA). However, IDEA funding doesn’t fully offset the additional and growing cost. In 2012-2013, expenditures for special education services totaled $101 million. In 2017-2018, these expenditures increased to $120.8 million.

Special education costs include tuition for city students who require a non-RCSD placement. The District has experienced an increase in the number of students who are identified to receive services that the RCSD doesn’t offer, and who therefore require an alternative placement. Non-BOCES placement costs for special education have remained consistent for the past five years, but expenditures for BOCES services have steadily increased. Additionally, with the high number of students receiving special education services, the RCSD has the highest average cost per student, as compared to the Big Five.

The RCSD employs a high number of special education administrators, contributing to the overall costs associated with special education. The RCSD currently staffs 60 administrators dedicated to special education.

English learners - Approximately 15% of our students within the RCSD are English language learner, and the District serves students and families from more than 80 language backgrounds. Of particular note is the increase of Students with Interrupted Formal Education (SIFE) in recent years and the influx of students from hurricane-impacted areas in 2018. The RCSD has enhanced its provision of services to these two groups of students by establishing two programs to meet their unique linguistic and academic needs. Lower class sizes and higher staffing ratios in these programs contributes to the District’s expenses.

In 2015 the RCSD shifted its model of provision of service to ELs to become more inclusive, aligning with current research and New York State mandate. However, this service model increased staffing and resource costs. Transitioning to more inclusive settings may potentially reduced costs over time, however short term costs grow considering the increased ratio of EL students within the overall student population. The District currently employs 203 English as a New Language teachers, almost double the staff that it had in 2013-2014.
Part III: What happens if nothing changes?

The multi-year projection presented below represents a forecast of the District’s revenue and expenditures for the next ten fiscal years. The projections shown allow the District to begin the planning process to solve the structural deficit.

New York State educational funding, which accounts for 68% of revenue, is the primary factor determining revenue growth. As such, future revenue budget projections will be greatly influenced by the levels of NYS Aid. Another important factor is grant funding. This analysis assumes a stable level of grant funding and anticipates the loss of competitive grants in the future. Closing future year gaps will require a commensurate reduction in expenditures funded by those grants, or new grant revenue to sustain the activities and services. The District continuously pursues new grant opportunities to fund academic priorities.

Closing the Deficit:
Based on the multi-year projection assumptions, the District anticipates a deficit situation in future years due to rising expenses that outpace projected revenue increases. New York State law mandates that the District maintain a balanced budget. As such, the projected deficits for each year will be closed through actions taken in the budget process, and the projected budget gap for subsequent years will be reevaluated and revised each year.

Part IV: What is our Path Forward?

Moving forward, in collaboration with all stakeholders including administrators, teachers, staff members, families, students and community stakeholders, the District has and will continue to examine multiple ways in which to address the deficit. Below is a table that outlines the preliminary exploration of ideas to support addressing the structural deficit gap, in order to unlock and reinvest resources to provide students with the opportunities they need and deserve.
<table>
<thead>
<tr>
<th>Factor</th>
<th>Sub-Area</th>
<th>Strategy</th>
<th>Short Term Option (Within 2019-2020)</th>
<th>Long Term Option (Within 3-5 Years)</th>
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<tbody>
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<td>Fund Balance Policy</td>
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<td>Revisit City of Rochester allocation</td>
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<tr>
<td>Revenues/Expenditure/Legislation</td>
<td>Local</td>
<td>Pursue a more proactive and purposeful private revenue strategy</td>
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<td>Operations</td>
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<td>School Closure (Long-term)</td>
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<td>District Footprint</td>
<td>Operations</td>
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<tr>
<td>District Footprint</td>
<td>Facilities/Legal</td>
<td>Assess lease Space</td>
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<tr>
<td>Salaries and Benefits</td>
<td>Administration and Teaching and Learning</td>
<td>Assess and audit district administration at building and central office</td>
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<tr>
<td>Salaries and Benefits</td>
<td>Administration</td>
<td>Explore interest-based opportunities with bargaining units</td>
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<td>Administration</td>
<td>Limit all non-required travel</td>
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<td>Salaries and Benefits</td>
<td>HCI</td>
<td>Audit positions and vacancies</td>
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<td>Salaries and Benefits</td>
<td>Finance</td>
<td>Close CO 2 weeks Furloughs</td>
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<td>HCI/Finance</td>
<td>Assess efficiencies in office operations</td>
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<td>Maximize staffing at Co-locations</td>
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<td>Transportation</td>
<td>Operations</td>
<td>Shift school time to better align bell tiers, including Charter Schools</td>
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<td>Operations</td>
<td>Universal enrollment that maximizes bus usage</td>
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<tr>
<td>Factor</td>
<td>Sub-Area</td>
<td>Strategy</td>
<td>Short Term Option (Within 2019-2020)</td>
<td>Long Term Option (Within 3-5 Years)</td>
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<tr>
<td>Transportation</td>
<td>Operations</td>
<td>Renegotiate contract with RTS, 2020</td>
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<td></td>
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<td>Pursue 10 year bus purchasing plan</td>
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<tr>
<td>Transportation</td>
<td>Operations</td>
<td>Assess transporting all students at corner/common stops</td>
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<tr>
<td>Transportation</td>
<td>Operation</td>
<td>Assess efficacy of Extended Learning Transportation</td>
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<td>Transportation</td>
<td>All</td>
<td>Review all contracts related to transportation for SWD</td>
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<tr>
<td>Student Need</td>
<td>Extended Day</td>
<td>Realign Extended Day programs</td>
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<tr>
<td>Student Need</td>
<td>Teaching and Learning Summer Program</td>
<td>Elementary and Secondary program redesign</td>
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<td>Student Need</td>
<td>Special Education</td>
<td>Ongoing assessment of needs</td>
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<tr>
<td>Student Need</td>
<td>Special Education</td>
<td>Review of need in/out-of-district placement</td>
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<tr>
<td>Student Need</td>
<td>Teaching and Learning</td>
<td>Assess/Review all programs</td>
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<tr>
<td>Student Need</td>
<td>Teaching and Learning</td>
<td>Health and Athletics - Monitor bussing and review for efficiency</td>
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<td>X</td>
</tr>
</tbody>
</table>

This comprehensive list of possibilities was generated in order to spur productive conversation as to how the District could continue to support students while simultaneously addressing the structural deficit. Discussion centered on an evaluation of the opportunities, challenges and financial impact of each strategy.
Ideas for Consideration

Through this discussion, the group was able to drill down to categories of innovative ideas for serving students more efficiently. The changes proposed below are not intended to be prescriptive, but rather to be the start of a community conversation about choices that, if enacted, would allow the District to serve students efficiently while closing the structural deficit.

**Idea #1:**

**Maximize District Revenue**

**Strategy A: Advocate for Additional Government Funding**

**Potential Revenue Increase:** $10M - $30M

**Timeline:** 1 – 5 years

The Rochester City School District is a fiscally dependent school district and therefore cannot levy taxes. The District can impact revenue in the by lobbying state government officials to fully fund proposed Foundation Aid increases, lobbying state officials to increase other supports for education, lobbying local government officials to continue their support of the District’s needs, and continuing to search for and secure additional grant funding.
Idea #2:
Reconfiguration of the District Footprint
Strategy A: School and Program Consolidation
Potential Savings: $13M - $22M
Timeline: 1 – 5 years

While the District has experienced a steady decline in enrollment, it operates some small schools across a variety of grade level configurations, leading to the operation of underutilized schools and under filled classrooms. Additionally, multiple alternative programs offer similar instructional and social-emotional experiences for students that require further investigation of their academic return on investment.

The RCSD has an opportunity to have fewer sites by making adjustments to the District’s footprint, potentially including reducing the number of schools and programs in the system and/or the number of classrooms across schools. Additional savings could be found by transferring programs and services from leased space to RCSD-owned buildings.

While right sizing the footprint ultimately is an important strategy for addressing structural issues, short-term financial impact depends on staff needed, the number of buildings and programs that are affected and where efficiencies can be found.

Idea #3:
Examination of Salaries and Benefits
Strategy A: Staffing “True-Up” Based on Enrollment and Contract
Potential Savings: $25M - $60M
Timeline: 1 – 5 years

As noted in Part II of the report, District enrollment is declining but it retains the lowest staff-student ratio among comparable urban districts, including teacher-student and administrator-student, often staffing buildings and programs well over and above what is required by Federal, State, and Local mandates.

Potential changes could include phasing out of instructional positions that don’t provide direct services to students, redeploying these staff to positions that have an increased focus on providing direct instruction to students, saving approximately $1.5 million per year over five years. Another change could be an adjustment of the baseline number of teachers per building to match enrollment trends and contractual requirements for provision of core instruction, potentially saving approximately $15 million in year one, and $5.4 million years in years two through five. Additionally, a gradual “true-up” of building-level administrators could be explored, saving $2 million per year for the next five years.

Addressing wage growth is one of the ways to significantly slow the rate of annual expenditures. However, there are several factors to consider when exploring this option, including the partnerships that are required with affected bargaining units, and the fact that in maintaining a low staff-student ratio, the District is equipped to develop close relationships with students and their families in order to provide the powerful, personalized learning that the RCSD is committed to offering its students.
Strategy B: Maximizing Efficiencies at Central Office

Potential Savings: $5M

Timeline: 1 – 3 years

The RCSD continuously looks to protect school budgets as much as possible. Historically, in times of budget crisis, the District has focused on reductions to Central Office as much as possible, and continues to do so. With a gradual phase-out of eight to ten Central Office administrator positions per year, over the next three years, the District could be poised to have a cost avoidance of at least $5M. The RCSD needs to examine closely its Central Office systems and structures, assessing each function to determine the degree to which the function is directly supporting schools, and whether it can be performed more efficiently.

Idea #4:

Maximize Transportation Efficiencies

Strategy A: Renegotiate Service Contracts

Potential Savings: $5M - $33M

Timeline: 1 – 5 years

Contracted transportation costs have increased nearly $20 million since 2012. The current five-year transportation contract between RCSD and Regional Transit Service (RTS) compensates the RTS for the transportation of students to and from school based on the District’s projected enrollment of eligible student riders. In the 2016-2017 school year, 7,744 students used RTS buses, for a cost of $10.8M, or $7.66 per school day. This rate is significantly higher than the RTS rate for an adult, all-day unlimited Freedom pass, which is $3.00. As outlined in the PTSI Efficiency Study Interim Report from 2017, a renegotiation of the RTS contract, adjusted for declining enrollment and with a rate reduction that is closer to the average RTS cost for an adult fare, could save the District at least $1M per year over the next five years.

All transportation contracts, should continue to be reviewed for efficiencies that best meet the needs of families and provide equitable access to high-quality opportunities for all students.

Strategy B: Exploration of Enrollment and Assignment Policies

Potential Savings: $6.5M

Timeline: 1 – 5 years

Under the RCSD’s current “managed choice” policies, students and families are afforded the option to attend a school closest to their home or within their zone. The District has a high rate of transience within its student population (25%), and when a student moves, he or she has the option to remain in their current school and continue to receive transportation service, even if the school is outside of student’s new zone. Additionally, when parents choose childcare providers outside of their zone, the District’s current practice is to provide transportation to and from the child’s school and the childcare location. (PTSI Efficiency Study Interim Report, 2017).

One of the options presented for consideration within the Path Forward is a “fixed” managed choice option in which children, who move from zone to zone, would be placed into a school within their new zone. Estimated annual savings in shifting to this model of school choice could be as much as $1.3 million per year, for a five year total of $6.5 million, as noted in the PTSI Efficiency Study Interim Report, 2017.
Idea #5:
Review of Programming as Aligned to Student Need

Strategy A: Review Expanded Learning Opportunities (Expanded Day and Summer Programs)
Potential Savings: $5M – $25M
Timeline: 1 – 5 years

Per New York State mandate, schools in Priority accountability status must offer minimally 200 hours of expanded learning time to at least 50% of their students. This requirement can be met through expanding the school day or through offering students additional programming during summer months. The RCSD currently operates expanded day programming in 17 schools, three of which are schools in Good Standing, not requiring expanded time. Additionally, at least 80% students within the 17 schools in which expanded school day is offered attend summer programming. While the District acknowledges the positive impact that additional instructional time has on student achievement, there is potential to redesign these programs to be more efficient and impactful. Redesign of expanded learning programs and summer programming have a potential to unlock approximately $25 million over five years. Reinvesting this resource into improvement of effective first teaching could indirectly reduce expanded learning costs in the future.

Strategy B: Assessment of Contracted Services Costs
Potential Savings: $5M
Timeline: 1 – 5 years

The District currently relies significantly on contracts with community partners to support certain District priorities. There is an opportunity to assess the District’s contracts to determine whether the District’s reliance on contracts for services can be reduced and reinvested in District personnel to support student achievement. A $1 million reduction in contracted services per year could potentially yield the District an approximate 10% savings over five years. Additionally, in the 2015 – 2016 school year, East High School entered into an educational partnership with the University of Rochester to support school turnaround efforts as a Receivership school. In forecasting the school’s budget and aligned to actual expenditures, the District has the potential to have a cost savings of approximately $2 million for the 2019-2020 school year.
## Fiscal Summary of Potential Ideas

<table>
<thead>
<tr>
<th>Factor</th>
<th>Action Strategy</th>
<th>Fiscal Impact of Potential Ideas of 5 Years (Dollars in Millions)</th>
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<tbody>
<tr>
<td></td>
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<td>Projected Minimum</td>
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<tr>
<td>Idea 1: Maximize District Revenue</td>
<td>Advocate for Additional Governmental Funding</td>
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<td>Idea 2: Reconfigure of the District Footprint</td>
<td>School and Program Consolidation</td>
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<td>Idea 3: Examination of Salaries and Benefits</td>
<td>A. Staffing &quot;True Up&quot; Based on Enrollment and Contract</td>
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<td>B. Maximize Efficiencies at Central Office</td>
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<td>A. Renegotiate Service Contracts</td>
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<td>B. Exploration of Enrollment and Assignment Policies</td>
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<tr>
<td>Idea 5: Review of Programming as Aligned to Student Need</td>
<td>A. Review Expanded Learning Opportunities (Expanded Day and Summer Programs)</td>
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<td>B. Assessment of Contracted Service Costs</td>
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<tr>
<td></td>
<td><strong>TOTAL</strong></td>
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References:


Hawley Miles, K., Frank, S. (2008). The Strategic School, Making the Most of People, Time, and Money
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