The RCSD Budget: What Happened, What You Need to Know, and What You Can Do!

February 13, 2020

TheChildren'sAgenda

Smart Choices. Bold Voices.

The Children's Agenda

Our Role

- Produce an annual review of the RCSD budget
- Provide trainings and information about the RCSD budget to parents and the community
- Partner w/ parents and community members to advocate for policies that promote and protect the academic success, health, and social-emotional well being of every child in Rochester

Why Are Budgets Important?

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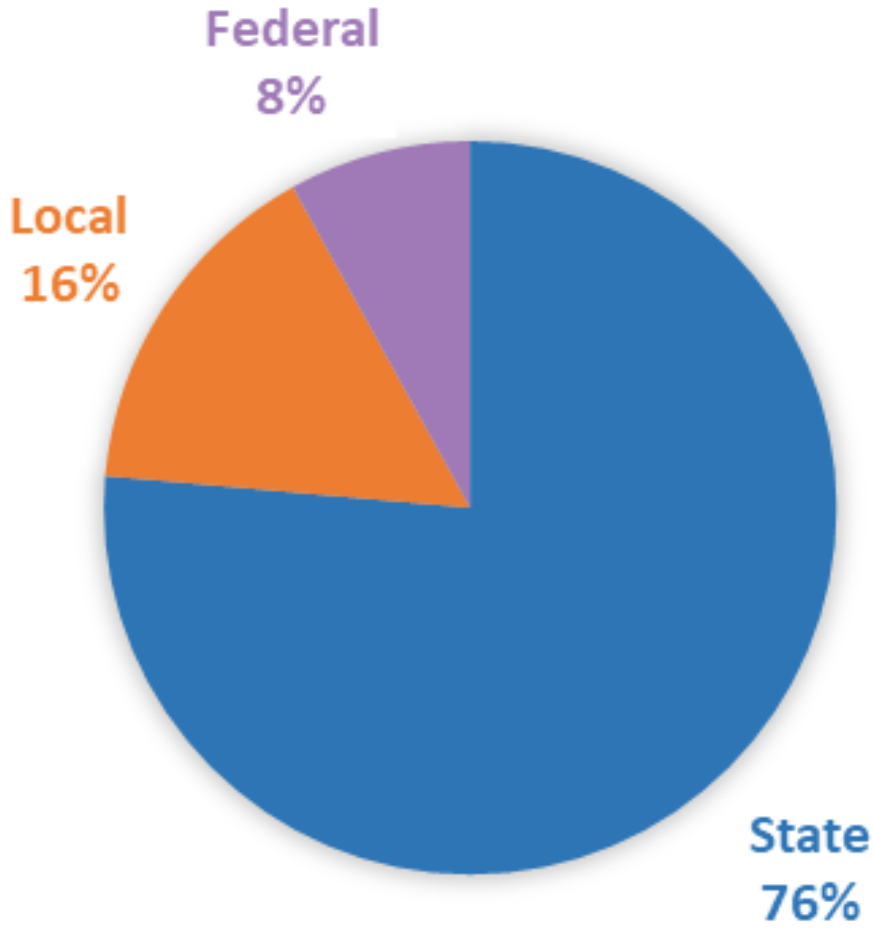
RCSD SOURCES OF REVENUE 2019-2020



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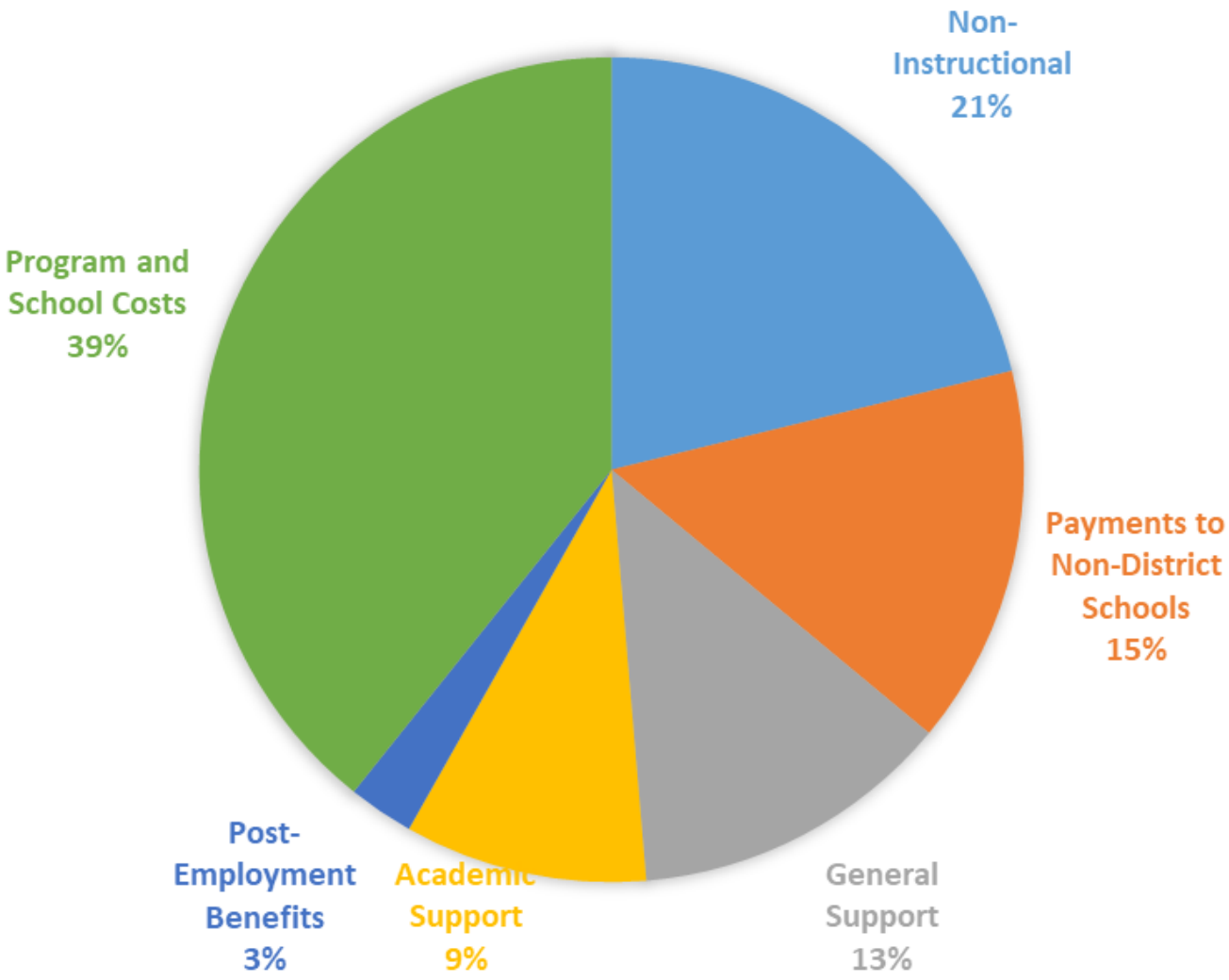
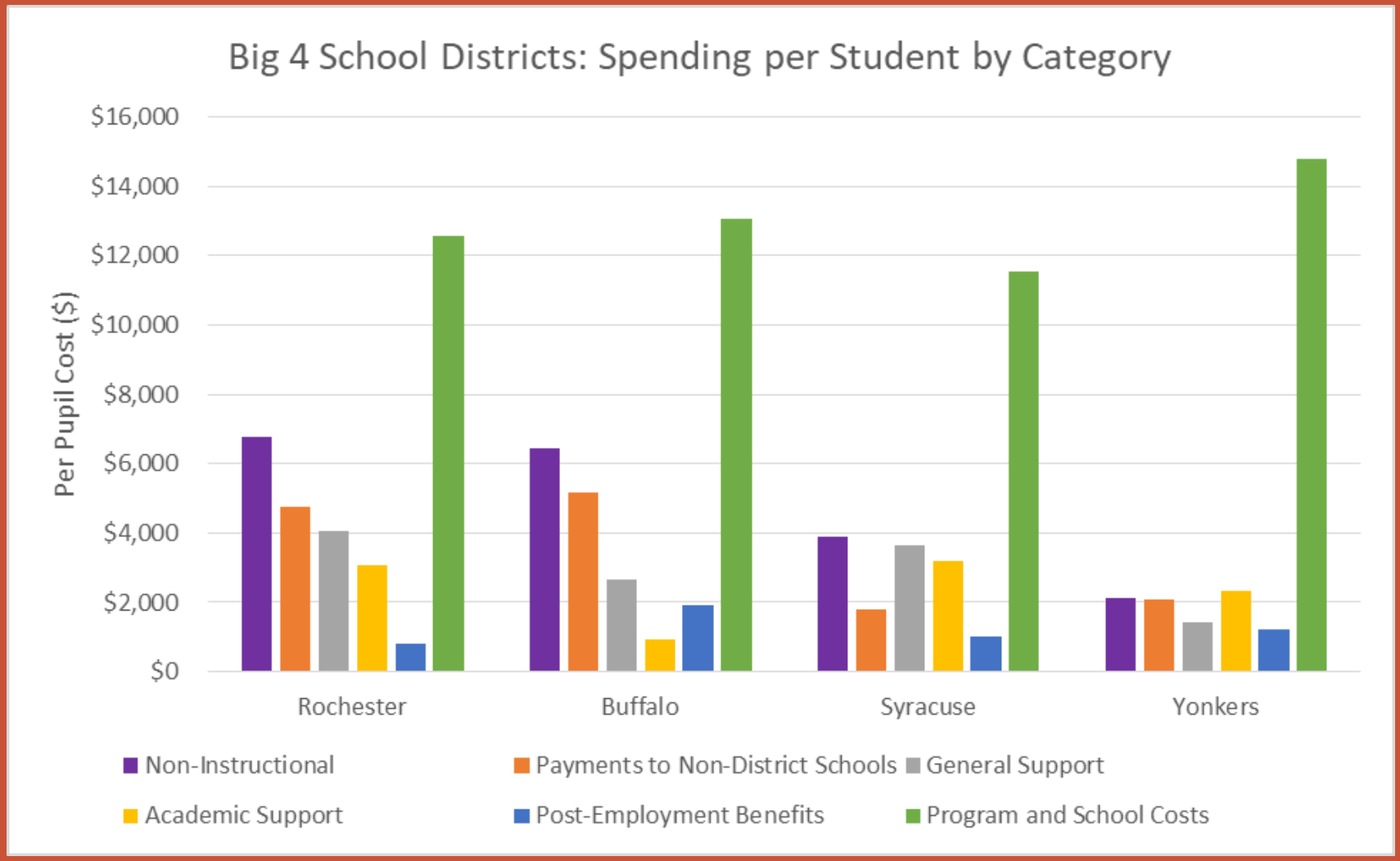
RCSD 2018-19 BUDGET BY SPENDING CATEGORY





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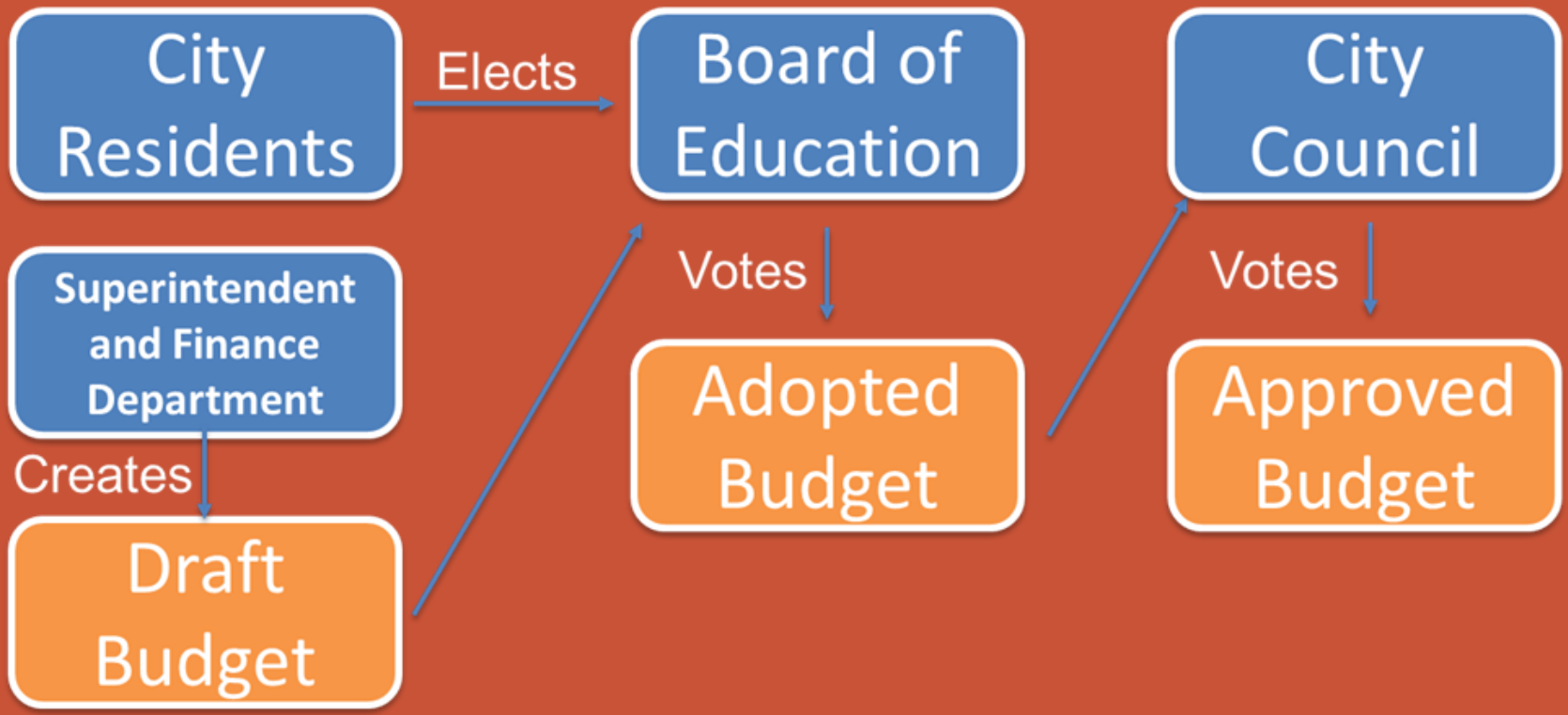
RCSD BUDGET DECISION-MAKERS



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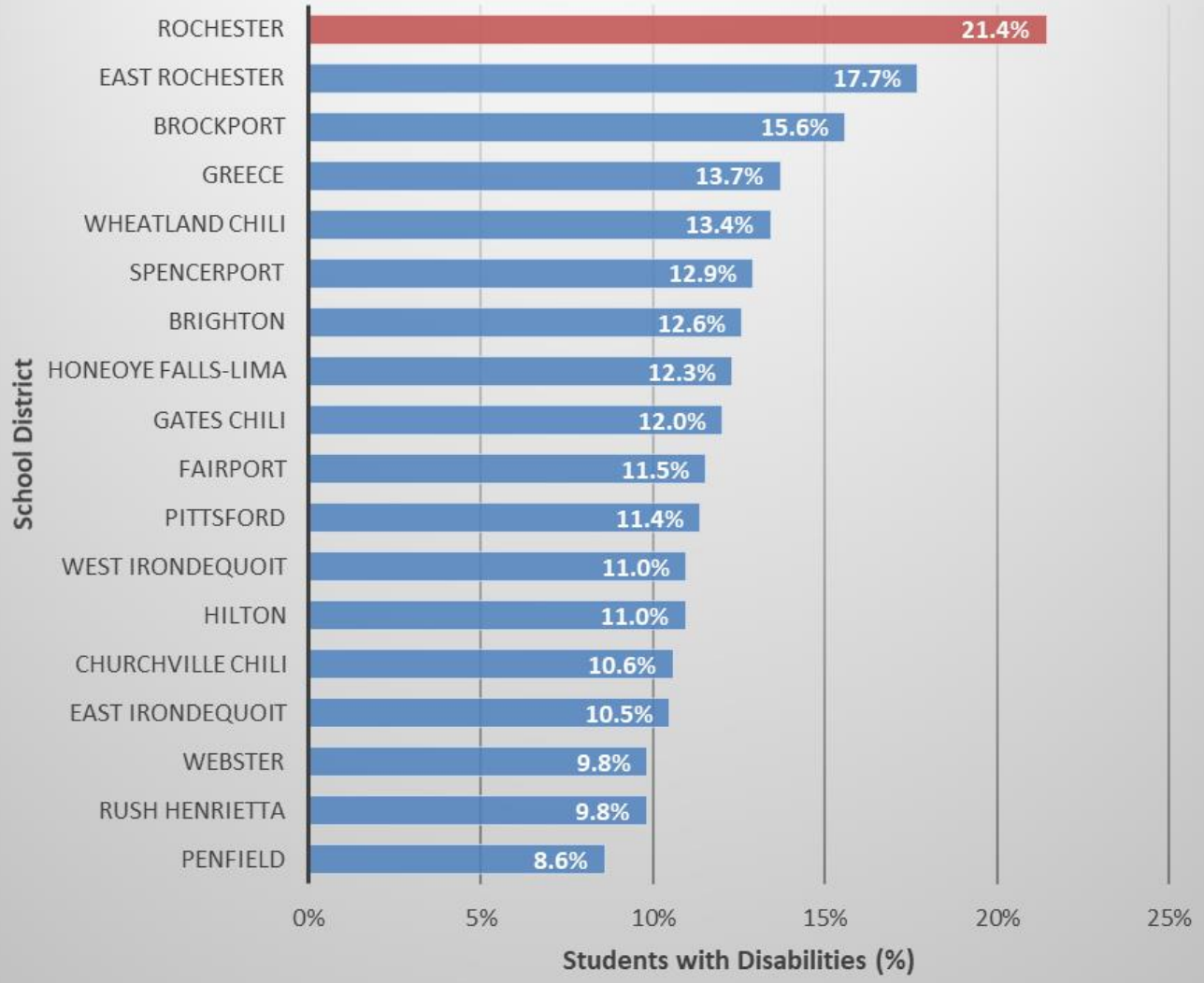
STUDENTS WITH DISABILITIES IN MONROE COUNTY BY SCHOOL DISTRICT 2018-19



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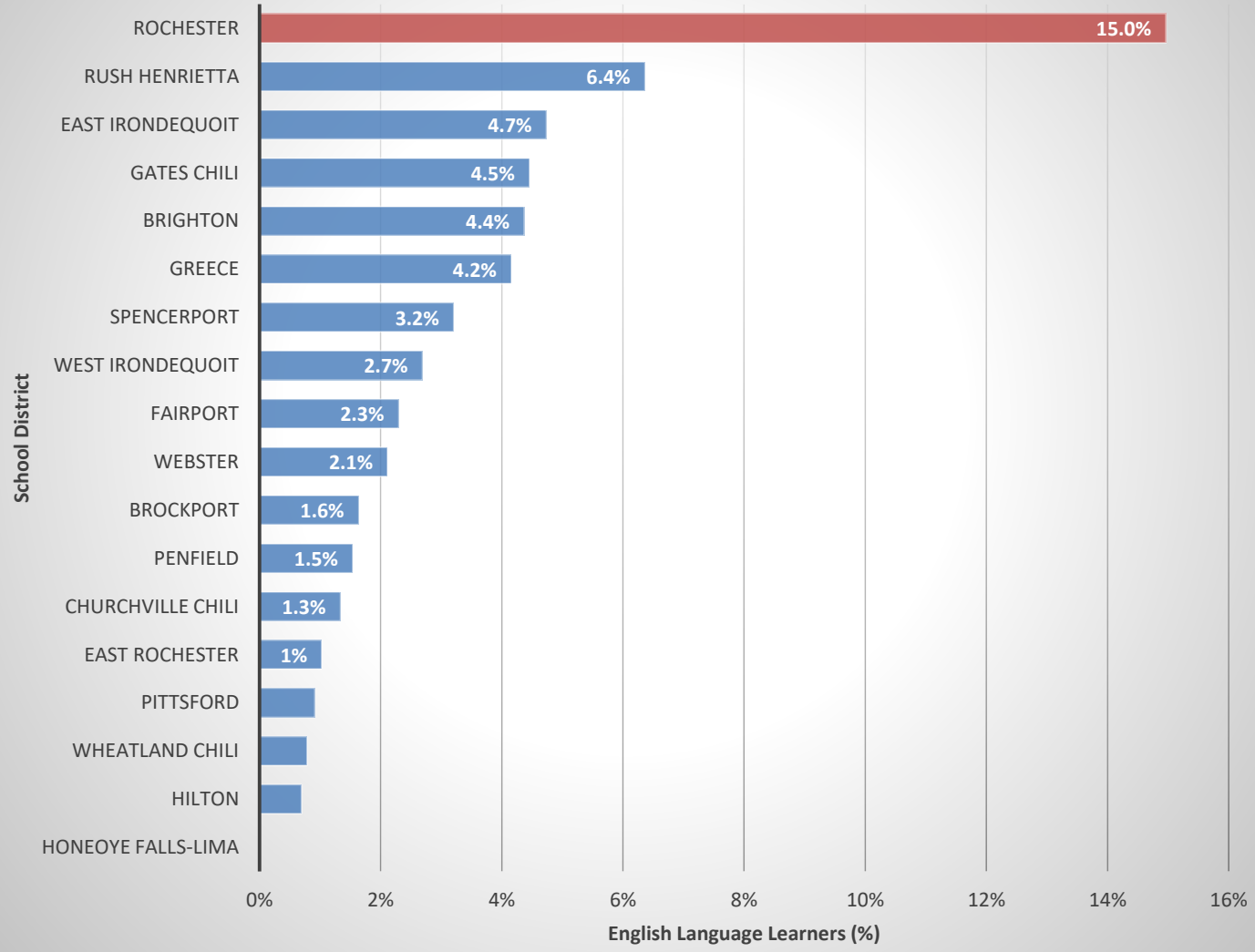
ENGLISH LANGUAGE LEARNERS IN MONROE COUNTY BY SCHOOL DISTRICT 2018-19



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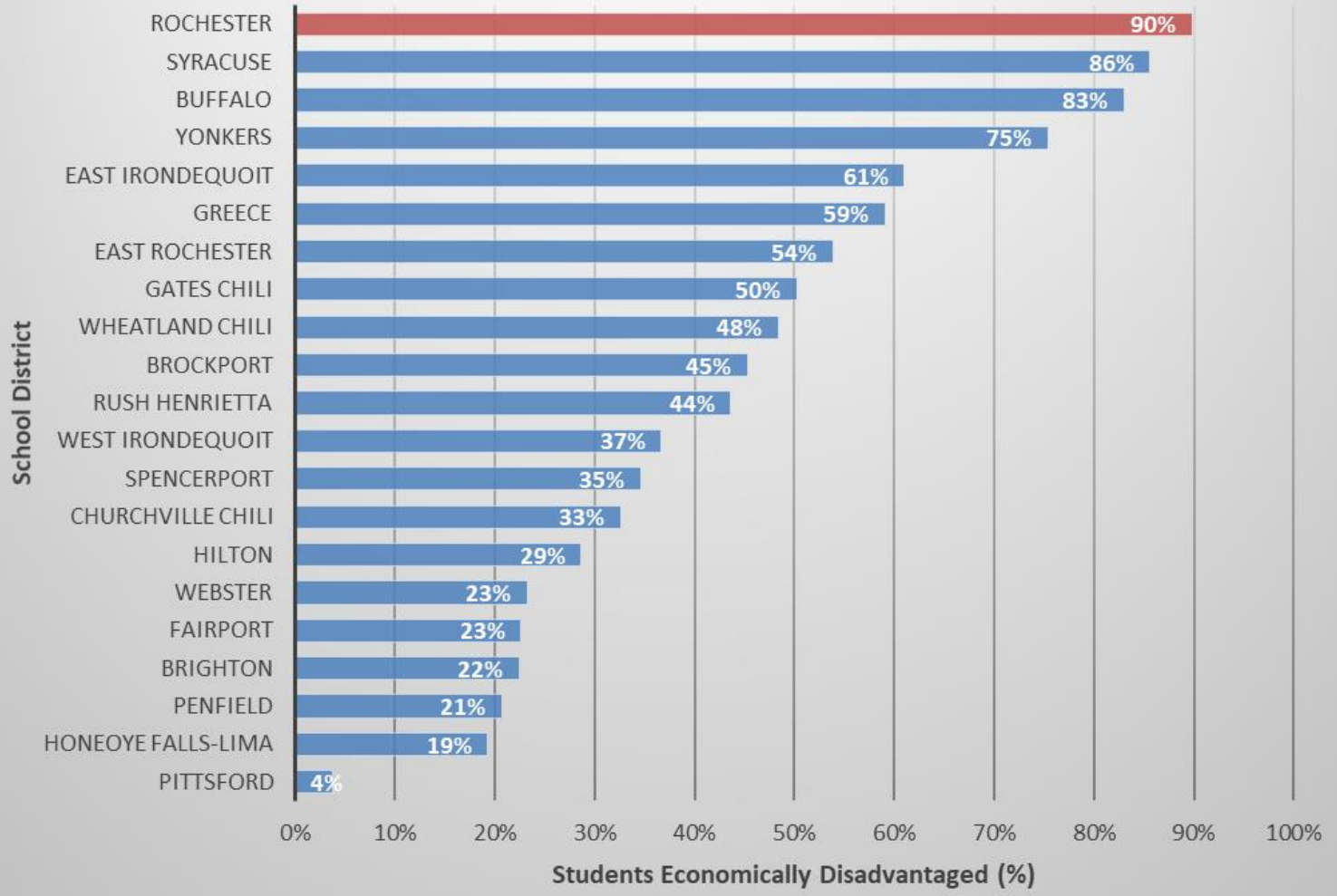
ECONOMICALLY DISADVANTAGED STUDENTS IN MONROE COUNTY AND BIG 4 BY SCHOOL DISTRICT 2018-2019



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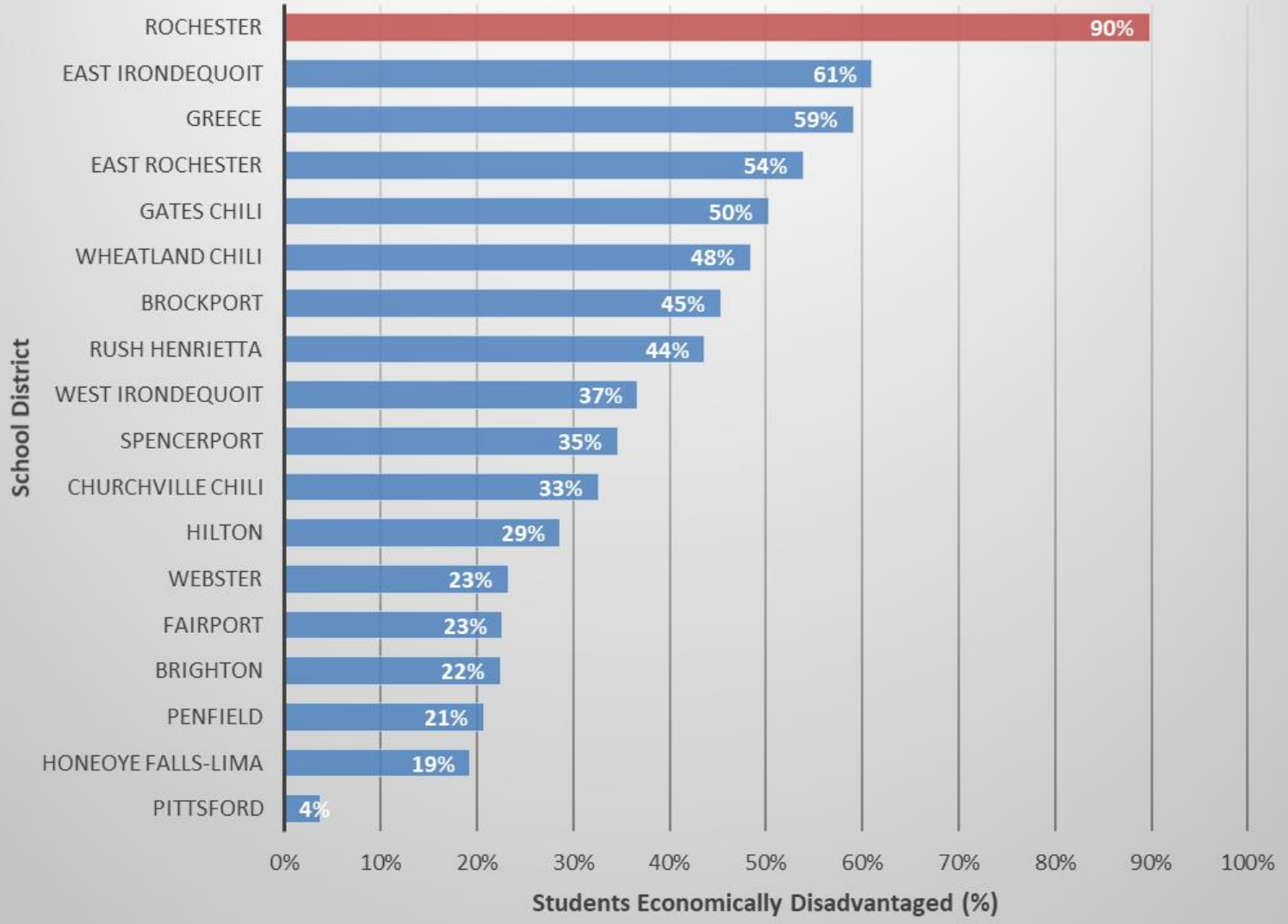
ECONOMICALLY DISADVANTAGED STUDENTS IN MONROE COUNTY BY SCHOOL DISTRICT 2018-2019



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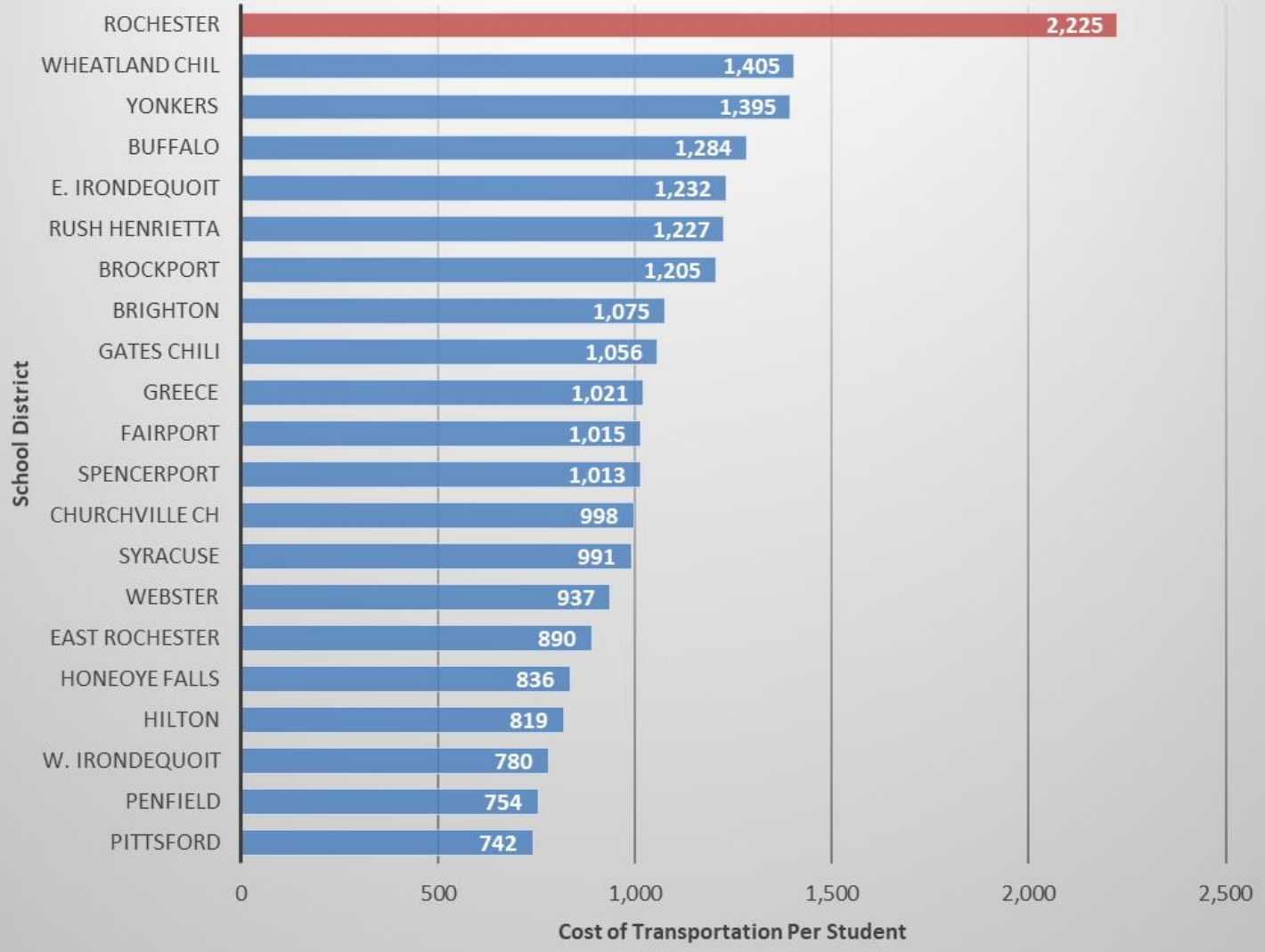
TRANSPORTATION COSTS PER PUPIL MONROE COUNTY AND BIG 4: 2017-2018



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SIMILAR DISTRICT GROUP
LOW NEED/RESOURCE CAPACITY

GENERAL EDUCATION

INSTRUCTIONAL EXPENDITURES
$5,546,093,857
PUPILS
370,408
EXPENDITURES PER PUPIL
$14,973

SPECIAL EDUCATION

INSTRUCTIONAL EXPENDITURES
$2,132,428,823
PUPILS
52,314
EXPENDITURES PER PUPIL
$40,762

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SIMILAR DISTRICT GROUP
LARGE CITY (BUFFALO, ROCHESTER, SYRACUSE, YONKERS)

GENERAL EDUCATION

INSTRUCTIONAL EXPENDITURES
$1,442,540,129
PUPILS
120,135
EXPENDITURES PER PUPIL
$12,008

SPECIAL EDUCATION

INSTRUCTIONAL EXPENDITURES
$603,078,779
PUPILS
23,562
EXPENDITURES PER PUPIL
$25,595

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PER PUPIL SPENDING COMPARISON

	District A	District B	District C
General	$ 11,407	$ 11,640	$ 11,641
SPED	$ 33,386	$ 28,478	$ 42,982
All	$ 23,878	$ 23,289	$ 22,394

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Fiscal vs Educational Insolvency

- When a district cannot pay its bills it becomes fiscally insolvent
- When a school district cannot provide a “sound basic education” to every student it becomes educationally insolvent

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Why Was The Budget Overspent?

- Crisis in the Special Education Department
- Influx of 560 ELLs from hurricane-affected areas
- Hiring of hundreds of additional teachers despite a budget deficit and declining enrollment
- Aggressive assumptions about cost savings that did not occur
- Cost projections that did not follow historical trends or use appropriate formulas

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How the Overspending Went Unnoticed

Account Category	Original	Amended Budget April 30, 2019	Amended Budget May 31, 2019	Difference (Apr to May)	Difference (Original to May)
Substitute Teacher Cost	9,401,607	13,509,747	15,011,186	1,501,439	5,609,579
Health and Dental	82,347,307	83,283,796	91,737,044	8,453,248	9,389,737
Retirement Benefits	40,252,332	41,956,369	43,880,386	1,924,017	3,628,054

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There Was Evidence of Overspending in May

Account Category	Original Budget	Budget as Appropriated May 31, 2019
Total Miscellaneous Service & Variable Expenses	$ 72,971,597	$ 74,761,995
Total Non Compensation	$ 372,206,707	$ 391,795,224
Sub Total	$ 915,595,579	$ 947,127,989
GRAND TOTAL:	$ 915,945,579	$ 933,178,972

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The Current Crisis

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No More Reserves, Only 2 Options

- The Fund Balance is gone
- RCSD ***cannot*** overspend its budget this year
- About $35 Million needed to pay bills

Options

- Spin Up Aid = Loan to pay back to NYS
- Bailout = One time payment from NYS

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What About the $86 Million Owed to RCSD?

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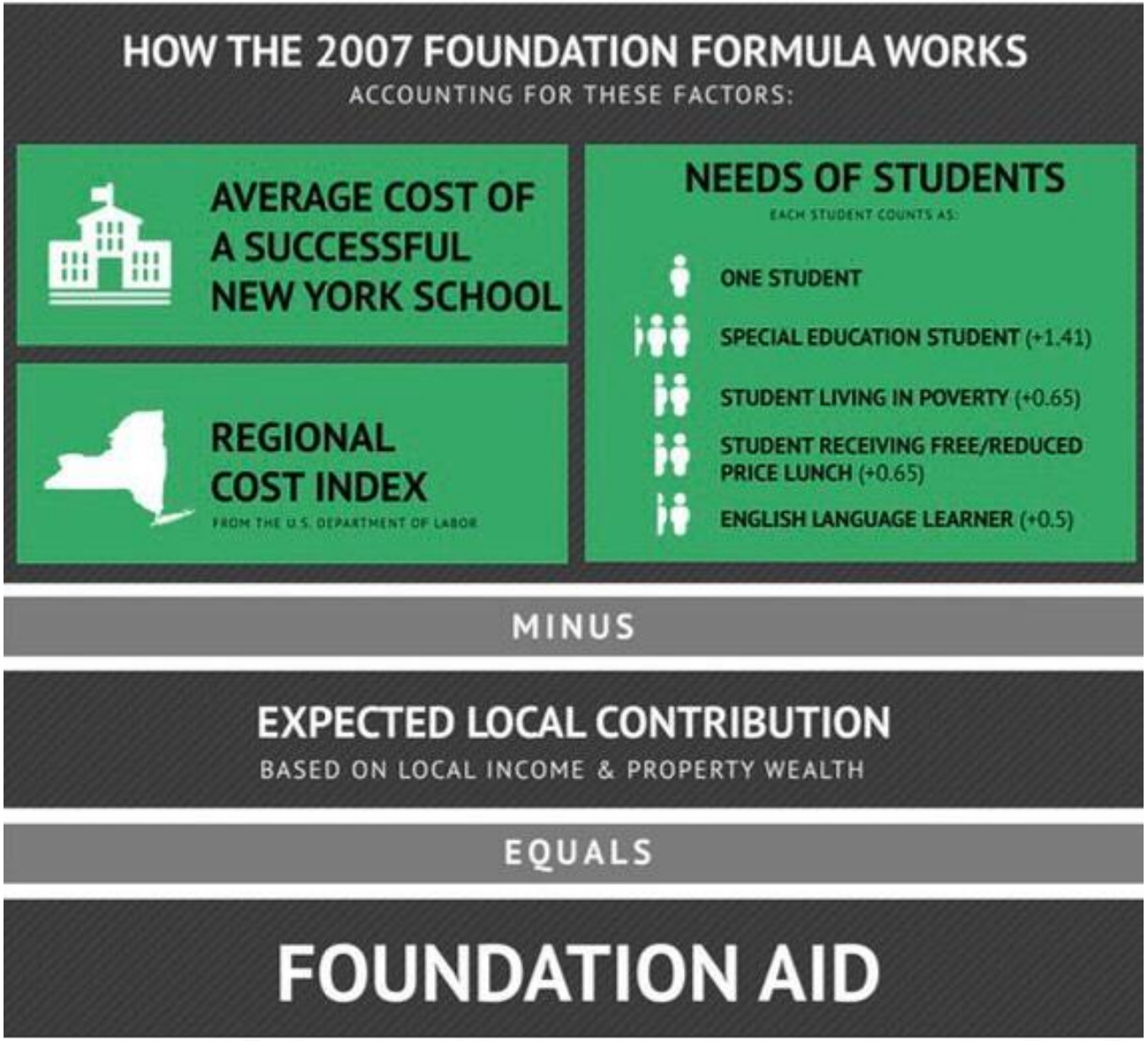

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Temporary Fixes

No Longer an Option

- Using savings (Fund Balance) to prop up spending

Shifts Money Around

- Using grants for existing positions ($5.8 M)

Not Likely to Become Permanent

- Cash Capital ($10 M)
- Union Concessions ($3.1 M)

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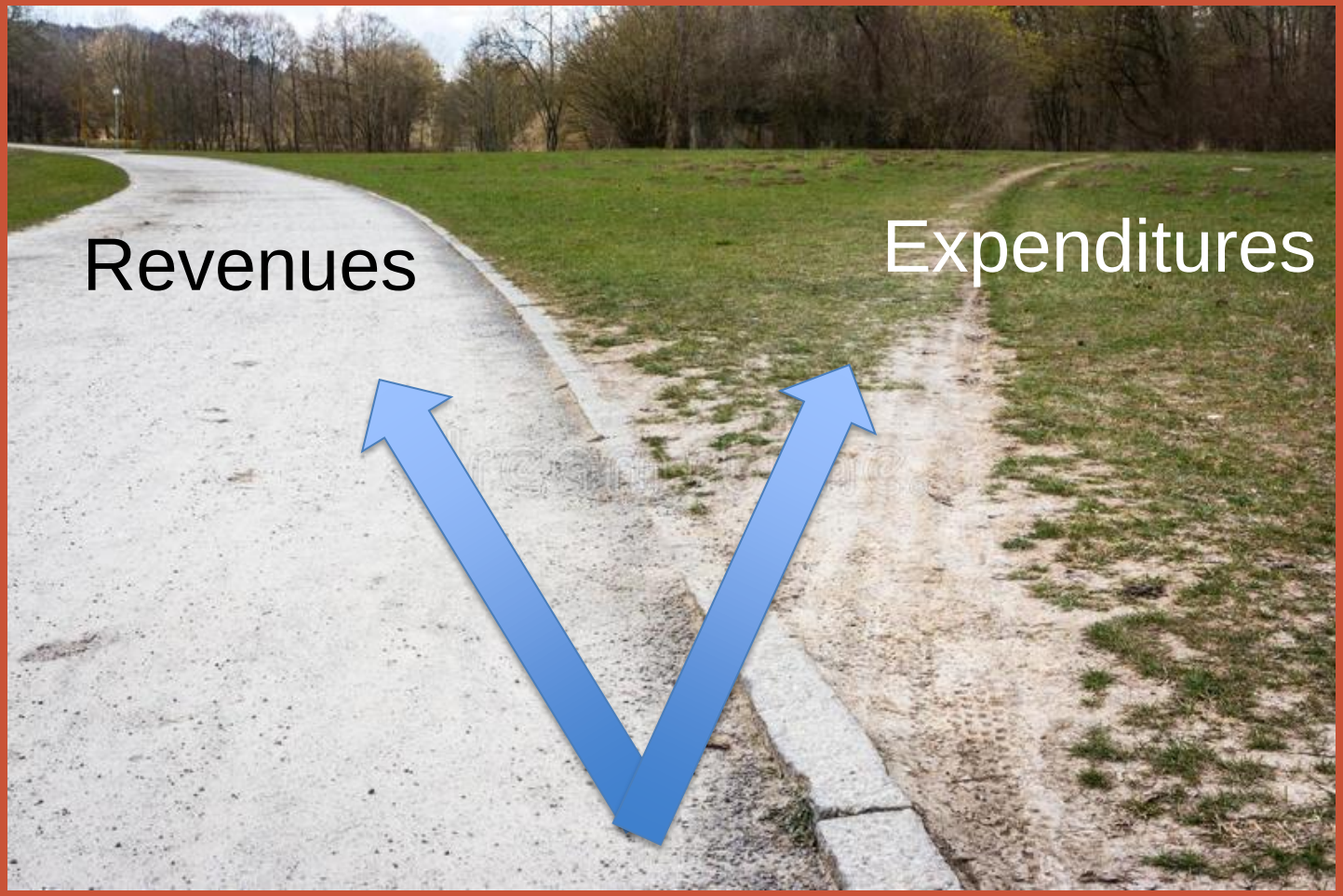
Long-Term Challenges (Structural Deficit)



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Long-Term Challenges (Structural Deficit)

1) Costs grow faster than revenue

- Health Care
- Retirement
- Guaranteed Annual Raises (Union Contracts)

2) Declining Enrollment

3) Reliance on State Aid

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Long-Term Solutions

Local and State

- NYS fully funds Foundation Aid
- Stabilize Enrollment
- Right-Size The School District
- Long-Term Planning

Big Picture

- Overhaul the U.S. Health Care System
- Dismantle Systemic Racism

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Important Takeaways (Budget)

- RCSD is dependent on state funding
- High transportation costs and charter school tuition significantly inflate the budget
- Students with disabilities and English Language Learners are more expensive to educate
- The proportion of ELLs and SWDs is much higher at RCSD

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Important Takeaways (Overspending)

- Spending projections were too low in multiple areas
- Projections were under budgeted to inflate available revenues and spend more on staffing
- RCSD used its assigned and unassigned fund balances to overspend
- The current funding gap of ~$35 Million requires increased state aid immediately

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What You Can Do!

- Talk with your local state legislators about Foundation Aid and the current fiscal crisis before April 1st
- Participate in local budget hearings on the 2020-21 RCSD Budget (February 20th)
- Vote! – Elections Matter

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For More Information:

www.thechildrensagenda.org

www.rocthefuture.org

Questions?

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Charter School Tuition

- $87.6 Million* (2019-20) - Projected
- $13,995 per student (2019-20)
- 6,260 Students* (2019-20) - Projected

- RCSD pays tuition to charter schools based on their enrollment
- RCSD also pays for transportation and coordinates special education services for charter schools

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Transportation Costs

- Nearly Twice the State Average Per Pupil
- Reimbursed by state at 90% rate
- No busing for children within ***1.5 miles*** of school (exceptions for safety or disability)
- Managed choice policy and Urban-Suburban Program produce long inefficient bus routes
- Expensive contract with RTS

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Foundation Aid

$$[Adjusted\ Foundation\ Amount - Local\ Contribution] \times Total\ Aidable\ Foundation\ Pupil\ Units$$

$$\{[FA \times CPI \times RCI \times PFP \times (1 + [(0.65 \times LC) +$$

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Foundation Aid

- Created in 2007 to settle a lawsuit (Campaign for Fiscal Equity)
- Ensure all children receive “sound basic education” through equitable funding
- Billions of additional $ for education
- Never fully funded because of Great Recession (2007-2009)

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