

State Monitor
Response to Annual Financial Report
Fall 2021

Submitted by
Dr. Shelley Jallow

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Introduction

This report is a response to the Annual Report submitted by Rochester City School District (RCSD or “the District”) to the State Monitor. The contents of this report include ratings of the progress made by the District in its efforts to adhere to the recommendations in both the Academic Plan and the Financial Plan approved by the RCSD Board of Commissioners (“the Board”) and the New York State Commissioner of Education, Dr. Betty Rosa. This report represents work completed between January 1, 2020 and June 30, 2021. This report also includes proposed modifications to the original plans and the inclusion of proposed new recommendations.

Information provided on pages 1 through 3 taken from the RCSD CRSSA/ARP plan submitted to the New York State Education Department (NYSED).

The RCSD is a high-need; urban school district that will serve approximately 23,000 students in grades K-12 in the 2021-2022 school year. Nine out of every ten RCSD students are students of color, with 21% of the student enrollment classified as a student with a disability (SWD) and 15% as English language learners (ELLs). Last year, the District served approximately 3,000 students experiencing homelessness. Eighty-nine percent of students Districtwide qualify for free and reduced-price lunch, with individual school rates ranging from 62% - 97%. The RCSD operates Title I Schoolwide Programs in all schools. For the 2021-2022 school year, 70% of RCSD’s 46 schools are in accountability status, with 18 schools identified as CSI (Comprehensive School Improvement) Schools and 14 identified as TSI (Targeted School Improvement) Schools. Twelve (12) schools are in Receivership.

As a result of the COVID-19 pandemic, all RCSD schools remained fully remote from March 2020 until February 2021, at which time students had the option to return to school for two days a week in a hybrid learning model. Approximately half of Rochester families chose the hybrid learning option for their children (45%), while the other half of students stayed fully remote (55%). Elementary students who selected the hybrid-learning model returned to school on February 8, 2021; secondary students who chose hybrid learning returned during the week of February 22. The RCSD reopened fully in September 2021, with an expectation that 100% of students return to in-person learning, except for students with medical exemptions.

Historically, data have illustrated that Rochester students face many adversities and are challenged to meet academic performance standards, with increased challenge throughout the COVID-19 pandemic. While the RCSD did collect student data in the 2020-2021 school year, some data were unreliable and/or invalid. Many observations did not correlate with those from previous years because of modifications to instructional

delivery (i.e., remote and hybrid learning) and modified administration of formative and State assessments. The observations below are a combination of both historical and current trends:

- The RCSD has moved from an August four-year graduation rate of 63.0% in the 2018-2019 school year to 68.2% in the 2019-2020 school year and a projected 2020-2021 school year rate of 71.5%. The internal projection was based on the number of students in the cohort who had accumulated 16 course credits and passing scores on three (3) of the exams required to meet New York State diploma requirements.
- English and Math Regents data from previous years report that many Rochester students do not pass these exams. When the examinations have been administered, only half of secondary students have been passing the English Regents exam and even fewer have been passing the Math Regents (30 -40%).
- Historically, fewer than half of RCSD students in grades K-8 meet NWEA growth targets in reading/ELA or math. In winter 2020, only 43.4% of K-8 students met the reading target and only 46.6% met the math target. In winter 2021 during the pandemic, those percentages dropped dramatically to only 34.7% and 37.3% respectively. In spring 2021, those percentages dropped even further to 26.9% and 22.2%, respectfully.
- In 2018-2019, the last full school year not impacted by the COVID-19 pandemic, RCSD's rates of chronic absenteeism were 37.6% for elementary students and 59.9% for secondary students. In 2020-2021 (during a full school year of remote/hybrid learning), the chronic absenteeism rate was 39.7% for elementary students and 47.2% for secondary students.
- The RCSD's unduplicated suspension rate for all students was 11.4% in the 2019-2020 school year. The suspension rates by subgroup were 15.8% for students with disabilities, 14.4% for Black students, 9.1% for Hispanic students, and 5.3% for White students. In the 2020-2021 school year, the RCSD's unduplicated suspension rate for all students was 0.04%. The suspension rates by subgroup were: 0.05% for students with disabilities, 0.06% for Black students, 0.01% for Hispanic students, and 0.09% for White students

In the 2021-2022 school year, the District anticipates serving approximately 3,800 English Language Learners (ELLs)/Multilingual Learners (MLs). Last school year, RCSD students spoke more than 60 languages, and ELLs/MLs comprised 30% of the total District enrollment. Nearly two-thirds (62%) of the RCSD families who spoke a language other than English spoke Spanish. Somali (6%) moved up and became the next most common language, followed by Arabic (4%) and Nepali (4%). In August 2020, the four-year graduation rate for Rochester's ELL students was only 51%, while the corresponding rate for non-ELL students was 71%. No ELL student in the cohort earned a Regents Diploma with Advanced Designation, and nearly one-third (30%) of ELL students had dropped out of school. As stated, Rochester schools remained 100% remote until February 2021, at which time students had the option to return to a hybrid-learning model. Approximately 29% of ELLs selected the hybrid option and returned to school part-time, but most ELLs (71%) chose a full year of remote learning.

Approximately 21% of RCSD students are classified as SWD for the 2021-2022 school year. In order to meet the unique needs of students, the RCSD offers a continuum of services for SWD, including General Education with Supplementary Aids and Services, Consultant Teacher Services, Integrated Co-Teaching Models, Special Class Services and Home Hospital Instruction. Student needs are identified through the Committee on

Special Education (CSE) process, with the goal of placing students in the least restrictive environment so that they may receive instruction alongside their typically developing peers whenever possible.

Historical data show that SWD need supports in multiple areas:

- Historically, fewer than half of SWD in grades K-8 meet NWEA growth targets in reading/ELA or math. In winter 2020, only 39.0% of K-8 students met the reading target and only 44.8% met the math target. In winter 2021 during the pandemic, those percentages dropped dramatically to only 33.2% and 39.5% respectively. In spring 2021, those percentages dropped to 28.4% and 25.8%, respectively.
- In 2018-2019, the last full school year not impacted by the COVID-19 pandemic, RCSD’s rates of chronic absenteeism were 37.6% for elementary students with disabilities and 59.9% for secondary students with disabilities. In 2020-2021 (during a full school year of remote/hybrid learning), the chronic absenteeism rate for elementary students was 39.7% and 47.2% for secondary students.

The RCSD employs approximately 3,230 teachers working across its school buildings. Approximately twenty-three percent (23%) of all teachers have been in the District for less than five years, and one out of every six RCSD teachers (15%) has an initial, transitional, or provisional teaching certificate. Nearly half (44%) of the District’s new teacher hires for the 2021-22 school year will work in subject areas where there are teacher shortages. Nine out of ten Rochester students are students of color (90%), yet three-quarters of Rochester teachers (75%) are White.

2020-2025 RCSD Strategy

2020-2025 District Strategy	2020-2025 Targets
Provide High-Quality Learning Experiences	Improve Academic Performance
Ensure inclusive, caring, and safe learning environment	Provide a foundation for safe and positive learning and enhance students' ability to succeed
Build strong Community	Engage with families & community stakeholders to assist with student support, learning and progress
Foster dynamic leadership	Foster leadership at school & district levels to achieve each school's targeted outcomes

2020-2021 ANNUAL RCSD Strategy Objectives

ID	2020-2021 Priorities to Meet Overall District Strategy	2020-2021 Targets
1	Deliver remote learning for district students	100% coverage
2	Improve Graduation Rate	% Gr 9 cohort on track to graduate by year-end: All-85% Black-68% Latino-73% SWD-55% ELL-80% % Cohort graduating in 4 years: All-75% Black-63%, Latino-63% SWD-47% ELL-43% % Cohort dropping out in 5 years: All-10% Black-22% Latino-28% SWD-30% ELL-49% % Grad cohort achieving >=1 rigorous outcome: All-45% Black-31% Latino-28% SWD-6%, ELL-20%
3	Increase ELA Proficiency	NYS 3-8 ELA % Proficient = 25%

Role of the State Monitor

Chapter 56 of the Laws of 2020 required former Interim Education Commissioner Shannon Tahoe to appoint a Monitor to the RC SD to provide oversight, guidance, and technical assistance related to the academic and fiscal policies, practices, programs, and decisions of the District, the Board, and the Superintendent. The State Monitored began on May 26, 2020. The primary responsibilities of the Monitor include the following:

- Serve as a non-voting ex-officio member of the Board.
- Assist the Board in adopting a conflict of interest policy that ensures board members and administrators act in the District's best interest.
- Work with the Board to develop a proposed academic improvement plan and proposed financial plan for the District no later than November 1, 2020, for the 2020-2021 school year and the four subsequent school years.
- Beginning with the 2021-22 school year budget, ensure that the budget is balanced and consistent with the District's long-term financial plan.

Description of Ratings

There are four colored ratings utilized to rank the level of successful completion of each recommendation included in the Financial and Academic Plans. The ratings are identified in the table below.

Color	Explanation
Blue	The recommendation was successfully completed by the District Administration or the Board
Green	The recommendation was successfully started and is ongoing by the District Administration or the Board

Yellow	The recommendation was a combination of one or more of the following: a) not started on time b) not successfully implemented or completed, c) lacks sufficient evidence, d) inconsistent execution
Red	The recommendation was not started and is a violation to be reported to the Commissioner of Education
White	The recommendation was not rated yet due to a later deadline

Fiscal Recommendations Rated by the State Monitor, Modifications, New Recommendations

Table 4: General Fiscal Practices

Table 5: Governance and Programmatic decision Making

Table 6: Legal

Table 7: Budget Development

Table 8: Organizational Structure and Internal Operational Efficiency

Table 9: Transportation

General Fiscal Practices

Implementation of the recommendations included in the Year 1 Edition of the RCSD Financial Plan, General Fiscal Practices, proved an area of marginal growth for the District. One recommendation is identified as a violation. Recommendation 5 requires the District to adopt a policy committing the District to maintain upgraded financial, student, and special education management systems. The District successfully completed 36% of the graded recommendations. There is one modification to the Year 1 edition of the RCSD Financial plan in the area of General Fiscal Practices included as an update to the plan. Eight new recommendations are included in the report to address challenges with Medicaid reimbursements, payroll, Position Management Action Form (PMAF) process, position control, and the implementation of Coronavirus Response and Relief Supplemental Appropriations Act (CRRSSA) and American Rescue Plan (ARP) funding.

Finance, Table 4, General Fiscal Practices, April – June 2021

Recommendation #	Rating	Notes
1		
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General Fiscal Practices: State Monitor Modifications to Recommendations

Recommendation	Modification
#3	The District shall conduct a comprehensive analysis of current enrollment and staffing in each school, program, and Central Office annually by February 1.

General Fiscal Practices: State Monitor Recommended Updates Fall 2021

1	Create a user-friendly system for Board and District administration to document for all contracts, and direct services to students costing over \$50,000 the following: Evidence of Impact, alignment to a District plan or State plan, minimization or elimination of duplication of effort, cost effectiveness, feasibility, equity, need and sustainability.
2	Starting January 1, 2022 develop an updated PMAF process that is responsive, timely, and efficient.
3	Effective immediately, District administration should conduct a monthly position control report for executive cabinet for review and action as needed. The report should be generated weekly at a minimum during the following months: February, March, August, and September.
4	Effective immediately, the Medicaid Compliance Officer shall make quarterly reports to the Board at Finance Committee meetings throughout the year.
5	The Medicaid Compliance Officer should submit all findings to the Deputy Superintendent for Student Services, the Chief of Finance, and the State Monitor. In addition, the Department of Special Education shall report all corrective actions implemented to address the areas of noncompliance along with evidence of progress made on bimonthly to the Compliance Officer and the State Monitor.
6	Effective immediately, District administration should submit a plan for progress monitoring program implementation for all CRSSA and ARP funded activities and programs, including evaluations of personnel.
7	District administration should submit a semiannual and annual report of all CRSSA and ARP funded activities and programs, including evaluations of personnel.
8	Effective immediately, District staff should develop and adhere to a process to ensure the Human Capital (HC) department is accountable for submitting complete and accurate documentation consistent with the yearly payroll calendar.

Governance and Programmatic Decision Making

Implementation of the recommendations included in the Year 1 Edition of the RCSD Financial Plan, Governance and Programmatic Decision Making, proved an area of moderate growth for the District. There are no violations identified in this area. The District successfully completed 50% of the graded recommendations. There are two modifications to the Year 1 edition of the RCSD Financial Plan in the area of Governance and Programmatic Decision Making included as an update to the plan. Four new recommendations are included in the report to address challenges with vacancies, position control, athletics, and the print shop.

Finance, Table 5, Governance and Programmatic Decision Making, April – June 2021

Recommendation #	Rating	Notes
12		
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Governance and Programmatic Decision Making: State Monitor Modifications

Recommendation	Modification
#15	The Board should adhere to all Board goals by regularly reviewing selected data to progress monitor attainment of each goal.
#17	Include the following in recommendation #17: RCSD Board and District leadership shall conduct a work session a minimum of twice a year to reassess each phase of the Facilities Modernization Plan using fiscal, academic, facilities, and equity lenses.

Governance and Programmatic Decision Making: State Monitor Recommended Updates Fall 2021

1	Effective immediately, District leadership should conduct a monthly analysis of the vacancy reports, generated from PeopleSoft, for the executive cabinet. The report should be generated weekly at a minimum during the following months: February, March, August, and September.
2	Effective immediately, District leadership should conduct a monthly position control report for executive cabinet. The report should be generated weekly at a minimum during the following months: February, March, August, and September.
3	Evaluate the efficiency of the print shop and provide a report to the superintendent, State Monitor, and the Finance Committee by July 2022.
4	Conduct a financial audit of the RCSD athletic department by July 1, 2022.

Legal

Implementation of the recommendations included in the Year 1 Edition of the RCSD Financial Plan, Legal, proved an area in need of significant growth for the District. There are no violations identified in this area. The District has not successfully completed any of the graded recommendations. There are no modifications. Three new recommendations are included in the report to address challenges between the Rochester Joint School Construction Board and the District, contract negotiations, and the structure of the office of legal Counsel.

Finance, Table 6, Legal, April – June 2021

Recommendation #	Rating	Notes
22		
23		
24		

Legal: State Monitor Modifications

Legal: State Monitor Recommended Updates Fall 2021

1	Outsource negotiation of collective bargaining agreements by July 1, 2022.
2	Effective immediately, increase the use of independent outside legal counsel by the RCSD Board and Administration.
3	Effective immediately, RCSD should formally request an audit of The Rochester Joint School Construction Board by NYSED and the Attorney General’s Office for Phase II of the Facilities Modernization Plan.

Budget Development

Implementation of the recommendations included in the Year 1 Edition of the RCSD Financial Plan, Budget Development, proved an area of significant growth for the District. There are no violations identified in this area. The District successfully completed 75% of the graded recommendations. There are two modifications to the Year 1 edition of the RCSD Financial Plan in the area of Budget Development included as an update to the plan. Two new recommendations are included in the report to address interests in initiating participatory budgeting practices throughout the District.

Finance, Table 7, Budget Development, April – June 2021

Recommendation #	Rating	Notes
25		
26		
27		
28		

Budget Development: State Monitor Modifications

Recommendation	Modification
#25	Replace recommendation #6 with the following: Create yearly budget development and budget management training for to all school and district leaders.
#26	Remove recommendation #26

Budget Development: State Monitor Recommended Updates Fall 2021

1	Pilot participatory budget practices beginning with the development of the 2022-23 District budget.
2	Adopt a model for budget development that ensures equitable access to resources for the 2022-23 District budget.

Organization Structure and Internal Operational Efficiency

Implementation of the recommendations included in the Year 1 Edition of the RCSD Financial Plan, Organization Structure and Internal Operational Efficiency, proved an area of marginal growth for the District. One recommendation is identified as a violation. Recommendation # 33 requires the District monitor and enforce the delivery of services to special education students and the documentation of those services by employees and providers. The District successfully completed 40% of the graded recommendations. Eight new recommendations are included in the report to address restructuring key District divisions, reducing reliance on transportation, addressing rising medical costs, rezoning schools, and a growing charter school population.

Finance, Table 8, Organizational Structure and Internal Operational Efficiency, April – June 2021

Recommendation #	Rating	Notes
29	A	
30	B	
31	C	
32	D	

Organizational Structure and Internal Operational Efficiency: State Monitor Modifications

Recommendation	Modification

Organizational Structure and Internal Operational Efficiency: State Monitor Recommended Updates Fall 2021

1	By January 31, 2022, create a user-friendly Standard Operating Procedures (SOP) manual for school and District leaders to understand the purchasing process in RCSD.
2	By January 2023, conduct an audit of the following departments: transportation, facilities, food service, and operations.
3	Restructure the Department of Facilities, Operations and Transportation to address the growing complexity of District needs.
4	Effective immediately, initiate a minimum of four strategies to reduce district reliance on transportation.
5	By February 28, 2022, evaluate the efficiency and productivity of the RCSD Print Shop and provide a report to the Superintendent, the CFO and the Finance Committee.
6	Develop a Request For Proposals (RFP) or Request For Qualifications (RFQ) to search for health and dental brokers for the 2022-23 school year.
7	Establish and fund a charter school Coordinator position to serve as a liaison between charter schools, the New York State Education Department, the State University of New York (SUNY) and the District.
8	Create an Urban Campus Renewal position to accommodate the growing District and community needs associated with the implementation of closing, reconfiguring and rezoning RCSD schools.

Transportation

Implementation of the recommendations included in the Year 1 Edition of the RCSD Financial Plan, Transportation, proved an area of significant growth for the District. There are no violations identified in this area. The District successfully completed 80% of the graded recommendations. There are four modifications to the Year 1 edition of the RCSD Financial Plan in the area of Transportation included as an update to the plan. Three new recommendations are included in the report to address declines in student enrollment and reliance on transportation.

Finance, Table 9, Transportation, April – June 2021

Recommendation #	Rating	Notes
34	Green	
35	Green	
36	Green	
37	Yellow	
38	Green	

39		
40		

Transportation: State Monitor Modifications

Recommendation	Modifications
#37	Present a comprehensive charter school report, including projections for enrollment and expenses to the RCSD Board before February 15 of every school year.
#37	Amend recommendation #37 to include charter, parochial and private schools for verification of employment.
#39	Remove recommendation #39
#40	Remove recommendation #40

Transportation, State Monitor Recommended Updates Fall 2021

1	Effective immediately, initiate a minimum of four strategies to reduce District reliance on transportation.
2	Effective immediately, establish and implement an action plan to cease providing bus transportation to all unqualified students with Individualized Education Program (IEPs) and Individuals with Disabilities Education Act (IDEA) Section 504 accommodation plans.
3	Effective immediately, initiate at least four strategies to increase the number of students returning to RCSD schools.

Fiscal Improvement Plan, Goals, Strategies and Board Considerations

Implementation of the recommended actions included in the Year 1 Edition of the RCSD Financial Plan, Fiscal Improvement Plan, Goals, Strategies and Board Considerations, have been delayed for implementation until year 2 of the plan. No specific actions in this area have been initiated since the start of the 2021-22 school year.

Financial Forecast

General (A) Fund | 4 Year Fund Balance Projection Summary

Long Range Forecast

	BUDGET	REVENUE / EXPENDITURE PROJECTIONS					
	2022	2023	%Δ	2024	%Δ	2025	%Δ
REVENUE							
Local	\$129,390,096	\$136,102,596	5.19%	\$136,115,096	0.01%	\$131,125,096	-3.67%
State	650,740,335	703,439,769	8.10%	714,854,482	1.62%	722,881,919	1.12%
Federal	27,044,261	3,820,477	-85.87%	3,974,477	4.03%	4,143,877	4.26%
Transfers / Other	0	0		0		0	
TOTAL REVENUE	807,174,692	843,362,842	4.48%	854,944,055	1.37%	858,150,892	0.38%
EXPENDITURES							
Salary and Benefit Costs	463,423,089	483,505,794	4.33%	497,707,104	2.94%	512,572,060	2.99%
Other	376,851,603	381,481,189	1.23%	387,439,606	1.56%	390,118,492	0.69%
TOTAL EXPENDITURES	840,274,692	864,986,983	2.94%	885,146,710	2.33%	902,690,552	1.98%
SURPLUS / DEFICIT ***	(33,100,000)	(21,624,142)		(30,202,655)		(44,539,660)	
BEGINNING FUND BALANCE **	142,795,505	109,695,505		88,071,363		57,868,708	
PROJECTED YEAR END BALANCE *	\$109,695,505	\$88,071,363		\$57,868,708		\$13,329,049	
FUND BALANCE AS % OF EXPENDITURES	13.05%	10.18%		6.54%		1.48%	
FUND BALANCE AS # OF MONTHS OF EXPEND.	1.57	1.22		0.78		0.18	

*** - Amount represents appropriated fund balance needed to balance the budget each year

** - Beginning fund balance was increased \$60M from 2019-2020 CAFR for estimated results from 2020-2021 fiscal year.

* - Amount represents the results of Fund Balance under the assumptions in this forecast.

General (A) Fund | Revenue Forecast

Long Range Forecast

	BUDGET		REVENUE PROJECTIONS				
	2022	2023	%Δ	2024	%Δ	2025	%Δ
LOCAL							
Property Taxes	\$119,100,000	\$119,100,000	0.00%	\$119,100,000	0.00%	\$119,100,000	0.00%
Other Local Revenue	10,290,096	17,002,596	65.23%	17,015,096	0.07%	12,025,096	-29.33%
TOTAL LOCAL REVENUE	129,390,096	136,102,596	5.19%	136,115,096	0.01%	131,125,096	-3.67%
STATE							
Basic Aid	559,787,270	526,452,243	-5.95%	466,362,632	-11.41%	411,604,841	-11.74%
Other State Revenue	90,953,065	176,987,525	94.59%	248,491,850	40.40%	311,277,078	25.27%
TOTAL STATE REVENUE	650,740,335	703,439,769	8.10%	714,854,482	1.62%	722,881,919	1.12%
TOTAL FEDERAL REVENUE	27,044,261	3,820,477	-85.87%	3,974,477	4.03%	4,143,877	4.26%
OTHER FINANCING SOURCES	0	0		0		0	
TOTAL REVENUE	\$807,174,692	\$843,362,842	4.48%	\$854,944,055	1.37%	\$858,150,892	0.38%

General (A) Fund | Expenditure Forecast

Long Range Forecast

	BUDGET	EXPENDITURE PROJECTIONS					
	2022	2023	%Δ	2024	%Δ	2025	%Δ
Salaries	\$312,017,867	\$321,745,254	3.12%	\$330,535,274	2.73%	\$339,797,605	2.80%
Benefits	151,405,223	161,760,540	6.84%	167,171,829	3.35%	172,774,455	3.35%
TOTAL SALARIES & BENEFITS	463,423,089	483,505,794	4.33%	497,707,104	2.94%	512,572,060	2.99%
Equipment and Capital Outlay	586,228	586,228	0.00%	586,228	0.00%	586,228	0.00%
Contractual, Supplies and Other	255,265,586	261,219,434	2.33%	266,786,955	2.13%	271,899,149	1.92%
Supplies	20,063,088	20,263,750	1.00%	20,466,420	1.00%	20,671,119	1.00%
Debt Service Principal	6,813,000	5,100,000	-25.14%	1,200,000	-76.47%	2,400,000	100.00%
Debt Service Interest	1,074,484	1,932,355	79.84%	895,375	-53.66%	1,395,625	55.87%
Interfund Transfers	93,049,217	92,379,422	-0.72%	97,504,628	5.55%	93,166,371	-4.45%
TOTAL ALL OTHER	376,851,603	381,481,189	1.23%	387,439,606	1.56%	390,118,492	0.69%
TOTAL EXPENDITURES	\$840,274,692	\$864,986,983	2.94%	\$885,146,710	2.33%	\$902,690,552	1.98%