

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Meeting Minutes**  
**November 14, 2013**

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The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (the “BFSA”) held on Thursday, November 14, 2013, in the Buffalo Market Arcade Complex. The meeting was called to order at 10:05 AM.

**Board Members Present**

Arthur, Brown (proxy), Doherty, Jurasek, Mesiah, Olsen, and Poloncarz (proxy)

**Board Members Excused**

Floss

**Board Members Absent**

Giardino

**Staff Present**

Collin, Link, N. Miller, R. Miller, and Mongold-Robe

**Additionally Present**

James L. Magavern, Esq., Magavern, Magavern, & Grimm, LLP  
Dr. Pamela Brown, Superintendent, Buffalo City School District  
Ms. Barbara Smith, CFO/COO, Buffalo City School District  
Dr. Judy Elliott, Buffalo City School District Distinguished Educator

**Opening Remarks**

The meeting was called to meet with representatives of the Buffalo City School District (the “District”) to discuss events that have occurred since the finalization of the 2014-2017 Financial Plan which have a financial impact on the plan. Dr. Brown & Ms. Smith are present to discuss:

- The District’s 2013-2018 Strategic Plan & the impact on the District’s four-year financial plan;
- The Public School Choice plan: the status of the student transfer issue and the related financial impact;
- The closure of the Pinnacle Charter School closure and the related projected financial impact;
- The New York State Education Department’s mandated Board of Cooperative Educational Services (“BOCES”) Career & Technical Education (“CTE”) Training Requirement and the related financial impact.

In addition, the Distinguished Educator, Dr. Judy Elliott, was asked to meet with the BFSA Board of Directors to discuss her role as Distinguished Educator to the District.

Chair Olsen noted that the Privilege of the Floor will be available at the conclusion of the meeting; guests should use the podium to address the Board.

### **Roll Call of Directors**

Chair Olsen asked Secretary Arthur to call a roll of the members. Finding a quorum present, the meeting commenced.

City of Buffalo Commissioner of Administration, Finance, Policy and Urban Affairs, Ms. Donna Estrich, represented Mayor Byron W. Brown, in accordance with Subdivision 1 of §3853 of the BFSAs Act.

Erie County Constituent Services Assistant, Mr. Leonard Williams, represented County Executive Mark C. Poloncarz, in accordance with Subdivision 1 of §3853 of the BFSAs Act.

Subdivision 1 of §3853 of the BFSAs Act reads: “...*The Mayor and the County Executive shall serve as ex officio members. Every director, who is otherwise an elected official of the City or County, shall be entitled to designate a single representative to attend, in his or her place, meetings of the Authority and to vote or otherwise act in his or her behalf. Such designees shall be residents of the City of Buffalo. Written notice of such designation shall be furnished prior to any participation by the signal designee....*”

### **Buffalo City School District**

Chair Olsen advanced the agenda to the first item for discussion: a brief overview of the District’s 2014-2017 Financial Plan, certified with certain reservations by the BFSAs Directors at the June 2013, meeting. He asked Executive Director Jeanette Mongold-Robe to review the School District 2014-2017 Financial Plan.

Mrs. Mongold-Robe summarized the District’s financial plan. There are projected revenue increases of 2% annually; projected expenditures anticipated are 2.3% to 3%, with the gap widening each year. The excess of expenditures over revenues totals \$70 million; the gap is to be covered by Assigned and Unassigned fund balance with the remaining deficit to be covered by Programs to Eliminate the Gap (“PEG”) actions.

Over \$12 million in Unassigned fund balance dollars is appropriated for the current fiscal year (“CFY”), leaving no Unassigned fund balance to draw on for future years. The Board of Education’s policy to retain 4% of fund balance for emergencies is maintained. The Assigned fund balance is drawn upon consistently over the next four years to assist in balancing the plan.

Mrs. Mongold-Robe reviewed the \$62.7 million fund balance available for labor negotiations for the next four years. Mrs. Mongold-Robe reviewed the OPEB fund balance (the amount set aside for retiree future benefits). \$32 million fund balance was set aside in 2013; it is being drawn upon and is projected to be virtually depleted by July 1, 2017, unless other sources of funding or cost savings are identified. The amount needed for health insurance for retirees is projected to increase as more people enter the retirement system.

The PEG actions are a snapshot, a loose plan that identifies \$97 million in savings over the four years of the financial plan. The cost savings are realized through staff reductions through the consolidation of low-enrolled classes, special education services and staffing reductions, and the reduction of 50 bus aides annually, administrative site closures including ending the WNED

lease and closure of two swing schools, and other reductions including the reduction of non-mandated supplemental programs, increases to state and federal revenues, further appropriation of fund balance, and consolidations and cooperation with the City of Buffalo Administration (the “City”) to enhance revenues and/or reduce costs. The PEG actions for cost savings are scheduled to begin in FY 2014-15.

Director Jurasek clarified the PEG plan are tools that may be deployed. He inquired if an audit for each item is required and, if so, how long the audits take. District Superintendent Pamela Brown replied a formal audit is planned for special education services. The District is in discussions with the Council of Great City Schools to cut costs yet still provide necessary services. The Special Education audit is an external audit; all other audits will be done internally.

Vice-Chair Doherty inquired how the amount of \$5 million in cost savings to close or consolidate low enrollment classes was to be reached. District Chief Financial Officer/Chief Operating Officer Barbara Smith replied that the savings were identified through an external audit and briefly explained the process. During back and forth discussion between the Directors and the Board of Education representatives the following was discovered:

- the savings would be realized through a reduction in approximately eighty teachers through attrition; the average teacher salary is \$55,000 + 40% for benefits; approximately 80 teacher positions would be affected to obtain the \$5 million;
- elimination of non-mandated Bus Aides came from the three-year old MGT of America study;
- other cost savings/audit measures come from internal evaluation and discussions with union representatives.

The District believes the \$25.6 million in projected savings for 2014-2015 is obtainable with effort and some external assistance and recognizes the benefits of smaller class sizes; the threshold is 15 students or less per class; they look at the impact on students of closing certain classes and review the situation on a class by class basis. The two charter schools impacted by closings are Pinnacle and Community Charter Schools; Pinnacle Charter School has closed, and the Community Charter closing is currently in a similar legal battle that Pinnacle Charter School was in to prevent its closure.

Dialogue continued between the Directors and the District representatives. Chair Olsen inquired if the New York State Education Department (“NYSED”) meets with Ms. Smith and staff before imposing budget impacting guidelines. Dr. Brown replied NYSED teams did meet with the District regarding the BOCES partnership. The District does anticipate some financial assistance in 2014-15 but not for 2013-14; even with the assistance there are unanticipated costs. Costs are still being reviewed and will include the opening of two new schools. The \$5 million in budgetary savings will be obtained through more strategic hiring, leaving vacancies unfilled, and some lay-offs. Each year approximately 100 teachers retire; the District will try to absorb some of the savings through attrition as well.

Mrs. Mongold-Robe's overview continued:

- Seventy-five non-mandated staff reductions are built into FY 2015-16 of the PEG action plan;
- 50 non-mandated staff reductions are built into FY 2016-17 of the financial plan.
- The General Fund staffing is held constant over the next three years and remains equal before PEG actions are implemented.
- The District clarified that staffing funded through the General Fund remains consistent when grants are factored in; the reductions are shown in the PEG action plan. Many grants the District receives can be multiple years in length but not necessarily renewed.

As of September 30, 2013, there is a staffing imbalance in that more teachers are employed than planned and budgeted for. Salary increases from settled collective bargaining agreements are not budgeted for in the financial plan. Most union contracts are expired.

The challenges in negotiating contracts were discussed. Dr. Brown indicated that the District had been in conversations with both the Buffalo Teachers Federation (the "BTF") and the Buffalo Council of Supervisors and Administrators (the "BCSA"). Negotiations will resume with these collective bargaining groups shortly.

Mrs. Mongold-Robe reviewed some of the actions that have taken place since July 1, 2013, which impact the financial plan. They include:

- NYSED's BOCES mandate for East & Lafayette High Schools;
- the closure of the Pinnacle Charter School and reopening as PS #115;
- the 124 full-time equivalent ("FTE") funded through the General Fund greater than FY 2013-14 Adopted Budget;
- and the adoption of FY 2013-2018 Strategic Plan which will have a budgetary impact in upcoming years.

Significant concerns regarding the Districts fiscal stability with respect to the out-years of the financial plan include: no Unassigned fund balance available after FY 2013-14, Assigned fund balance significantly drawn down, yet to be implemented PEG action plans in the amount of \$96.5 million as well as the fact that the financial plan does not include prospective costs for future compensation increases for settled labor contracts.

Mrs. Mongold-Robe concluded her presentation.

**Buffalo City School District Representatives**  
*Presentation by Superintendent Pamela Brown*

Chair Olsen requested that Dr. Brown commence her presentation on the Districts Strategic Plan. Dr. Brown provided a presentation on the District's FY 2013-18 Strategic Plan.

Dr. Brown expressed her pleasure at providing a summary of the five-year strategic plan with the Directors; it articulates the mission, vision, goals, objectives and priorities of the District going forward. It is a blueprint for improvement over the next five years and was developed by approximately 100 stakeholders from across the City including teachers, parents, business leaders, principals, foundations and faith-based organizations. The vision is to provide a world class education for every child. The focus is making sure every child graduates from high school on time and career ready.

Dr. Brown reviewed the District's mission as follows:

- to ensure that every student will have the knowledge, confidence, analytical thinking skills, character and hope to assume responsibility for her/his life and contribute to the lives of others;
- will champion excellence and innovative learning experiences in partnership with family and community;
- accountability for educating the students and for working to motivate all members of the community to actively participate in the accomplishment of the BPS mission.

Goals of the Strategic Plan include:

- student achievement;
- health and wellness;
- family & community engagement;
- talent management;
- operations;
- finance.

Operations and finance are to be focused on the needs for student success.

Dr. Brown reviewed some of the District's key objectives. Some are quantitative, some are qualitative. The objectives highlighted include:

- ensuring 80% of 3<sup>rd</sup> & 8<sup>th</sup> graders meet or exceed NYS English Language Arts and Math standards by FY 2017-18. This will be measured by test scores and graduation rates. The goal is aggressive, but attainable.
- implement effective family engagement strategies in schools;
- narrow the language barrier gap (presently about 80 languages are represented in the District);
- create and implement a professional development plan and processes that foster professional growth;
- adopt a balanced budget annually with all departments;
- right-size classes and right-size direct reports per manager toward 8.0 standard;
- automate processes in Talent Management.

Dr. Brown went on to review some of the District's key strategies. They include:

- various curriculum and classroom enhancements to boost student achievement;
- extended learning time, credit recovery and credit accrual to boost graduation rate;
- data-driven instruction, professional development and student support;
- external evaluation of specialized programs to determine efficacy and impact;
- a bell time and transportation study to drive transportation savings.

Director Mesiah inquired if there has been any discussion or connection with local private businesses regarding internship programs. Business tax relief programs should be directly connected to relationships with local schools and internship programs. Dr. Brown replied there are business and industry partnerships aimed at increasing vocational opportunities; plans are in place to reach out to the Buffalo Medical Campus to build a partnership for students interested in various medical fields.

Chair Olsen discussed the graduation rates from 2009 cohort and his concerns about the City's two-tier education system: underperforming neighborhood schools versus some of the better performing schools which have mandated admissions testing. The system needs restructuring to help students, regardless of the school they are enrolled, perform on the same level. To transfer underperforming students to high-performing schools will create other challenges.

Dr. Brown replied that District is trying to familiarize parents with school choice options. For example, a month ago a high school showcase was held. New York State standards are forcing the District to increase their level of rigor, school-based funding is being introduced and the District is also reviewing school entrance criteria.

Director Jurasek noted that the PEG action plan is a revenue recovery plan, the final foundation piece being managing resources. He asked why there were not cumulative budgetary savings in each fiscal year of the financial plan. Ms. Smith replied that closing and consolidating classrooms was a two-step process; the current year's actions are not completed. Some annual cost savings have yet to be identified and projected, others considered are reviewed annually based on mandates and the situation in that present time. Student population continues to increase; this has a budgetary effect as well.

Director Mesiah asked how the District deals with parents who want neighborhood schools. Neighborhood schools do not typically enjoy a scale of economics that would allow for the level of services offered in community schools to be offered at the neighborhood level. Dr. Brown agreed, not all programs can be available in all schools. She appreciates parents want students near their homes but also want choices, this is an ongoing topic with the District Board of Education.

At the conclusion of Dr. Brown's presentation/discussion, Chair Olsen deferred to Ms. Barbara Smith to discuss the remaining topics: Public School Choice Program, Pinnacle Charter School Closure, and the mandated BOCES Career & Technical Education Training requirement.

***Presentation by Chief Financial Officer/Chief Operating Officer Barbara Smith***

Ms. Smith thanked the Directors for their time and stated she would address these topics as related to the financial impact and this year, the public school choice plans financial impact for FY 2014-15 still unknown at this time.

For the FY 2013-14, the biggest thing driving the District over budget so far is the class closures and consolidations not realized; an approximately total of \$5.5 million. Mandated expenditures after the budget was adopted include the Public School Choice plan and the East & Lafayette high schools participation in ERIE 1 BOCES (effecting 83 students) for a total of \$2.4 million. Some of these costs will be recouped in FY 2014-15 when they become eligible for aid. Additional unanticipated expenditures include the addition of 30 special education teachers and the extension of the Middle Early College lease, both totaling \$2.6 million. Budgetary savings of \$3.5 million are expected from the closure of Pinnacle Charter School. It's too early in the fiscal year to determine the projected variances for several other major budgetary items.

Chair Olsen noted that the District traditionally budgets conservatively. Ms. Smith replied that the unfavorable budgetary variance currently projected at the end of the fiscal year is \$7.1 million. If the \$7 million and/or any additional deficit cannot be recouped during the year, the budget will be amended to come from a mix of Unassigned and Assigned fund balances. Dr. Brown mentioned the Board of Education is quite successful with grant writing and uses those funds to offset costs. Ms. Smith mentioned the importance of the student-to-teacher ratio. In FY 2010-11, the General Fund had a classroom student-to-teacher ratio of 11.24; it is currently 10.72; resulting in additional resources to students.

Ms. Smith continued her presentation. The District had projected enrollment to stay flat, however it is up by over 1,200 students, 500 of which are from Pinnacle while the others are English as a second language learners and from private school closures.

Ms. Smith concluded her presentation.

***Presentation by Distinguished Educator Judy Elliott***

Chair Olsen introduced Dr. Judy Elliott, Buffalo City Public School Distinguished Educator. Dr. Elliott was asked to meet with the Directors to describe her role and discuss her action plan for the District as related to budgetary issues. Dr. Elliott gave a brief overview of her background. She was raised in Buffalo and is a SUNY College at Buffalo and SUNY Buffalo graduate; she taught in the District. She was an administrator in Minnesota, California and Oregon. Her focus is on the return on investment ("ROI"), budget cuts and right-sizing.

Dr. Elliott was appointed by the NYSED Commissioner John King to work with the Buffalo Board of Education for two years; she has been working for them for approximately 18 months at this time. A nine area action plan required by the State was created in September 2012; the present focus is implementation of the plan as well as facilitates and collaborates to align systems. Dr. Elliott supports the school-based budgeting plan the District is working on and believes there are ways for the District to tighten systems and reduce spending.

Secretary Arthur commented he has reviewed a copy of the report Dr. Elliott previously provided to the District's Board and is unable to understand it. He repeatedly asked what recommendations Dr. Elliott made to the District Board in her first year, she did not clearly outline the goals from her report instead she referred to them being in the report.

Dr. Elliott replied that she had not been formally invited to meet with and has not formally presented to the Board of Education members. The action plan was submitted to the Superintendent; the Superintendent presented it to the Board of Education members. Dr. Elliott's salary is funded through School Improvement Grants; she is a consultant and has duties to other districts as well. Dr. Elliott works under two premises: is the classroom somewhere you would put your own family member and are we happy with our data; every system is aligned for the results they get. Right now, Buffalo is perfectly aligned for the results they are getting; the purpose is to change the systems to change the results. Dr. Elliott is a systems, data driven person focused on return on investment.

Chair Olsen clarified that his understanding of Dr. Elliott's role to one which brings fresh eyes and provides support to the District.

Vice-Chair Doherty asked for Dr. Elliott's opinion about the PEG actions for next year. Dr. Elliott had not seen them prior to the meeting; she is not familiar with them and has not had discussions with Ms. Smith about them. At first glance, she feels Title I, II, & III dollars needs should be reviewed to be sure services are supported properly. There is a misalignment with the large amount of money available to the District and the continuing failing programs or lack of return on investment that needs to be studied. Dr. Elliott spoke to the widening expenditures over revenues gap and the need for system alignment, things that do not affect kids, lives and families may need to be cut. Communication needs to be improved upon and the replication of services is common.

Director Mesiah asked if Dr. Elliott takes the classroom environment into consideration (e.g. language barriers, fear, family issues, poverty, gangs, etc...). Dr. Elliott said she is familiar with these issues and has worked in South Central and Watts in the City of Los Angeles. It is not about what she can fix but rather the dialogue that needs to take place and to ensure teachers are of high quality and supported to be able to handle these situations. Research shows that students who cannot read by 3<sup>rd</sup> grade are more likely to drop out than other students.

Dr. Brown entered the conversation to mention she grew up in South Central LA and is familiar that kids can grow up and be successful.

Director Jurasek commended Dr. Elliott's focus on return on investment and sees value in her experiences.

Secretary Arthur suggested that the Board of Education Board should meet with Dr. Elliott at some point and discuss her strategies. She attends board meetings but has never formally participated.

### **Privilege of the Floor**

Chair Olsen extended the Privilege of the Floor to any attending member of the audience who wished to comment on the public record regarding any actions taken during the meeting.

Board of Education member, Mr. Carl Paladino addressed the Board. He briefly discussed his background and spoke to the cycle of poverty in the City and the lack of leadership in the City. The District is the result of people who want to maintain the status quo and continue the cycle of poverty and is in a state of total dysfunction. Dr. Brown is not the appropriate person to lead the District. The BFSA should reassert its role as a hard control board as soon as possible.

Chair Olsen noted the high level of professionalism and cooperation from Dr. Brown and her staff. He reiterated the extension of any aid and assistance requested by the District of the BFSA and thanked the District representatives for coming and being forthcoming and open with their comments and questions.

### **Adjournment**

Chair Olsen requested a motion to adjourn.

Secretary Arthur offered a motion to adjourn.

Director Mesiah seconded the motion.

The Board voted 6-0 to adjourn.

The Board adjourned at 12:20 PM.