

BUFFALO FISCAL STABILITY AUTHORITY
Meeting Minutes
February 13, 2018

The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (the “BFSA” or the “Authority”) held on Tuesday, February 13, 2018, in the fourth-floor conference room of Veraview LLC, located at 610 Main St, Buffalo, NY. The meeting was called to order at 1:05 PM.

Board Members Present

Chair R. Nils Olsen (via video)
Secretary George K. Arthur
Mayor Byron W. Brown (proxy Estrich)
Director Frederick G. Floss
Director Dottie Gallagher-Cohen
County Executive Mark C. Poloncarz (proxy Cornell)

Board Member(s) Excused

Interim Vice-Chair Jeanette Jurasek
Director Frank Mesiah

Staff Present

Executive Director Jeanette M. Robe
Principal Analyst/Media Liaison Bryce E. Link
Senior Financial Analyst II/Manager of Technology Nathan D. Miller
Administrative Assistant Nikita M. Fortune

Additionally Present

Mr. James L. Magavern, Esq., Magavern Magavern & Grimm LLP
Mr. Geoffrey Pritchard, Chief Financial Officer, Buffalo City School District
Mr. Nathaniel J. Kuzma, General Counsel, Buffalo City School District

Opening Remarks

Secretary Arthur served as Chair Pro Tempore for the Special Meeting of the Board. He welcomed and thanked all that were in attendance, reviewed the logistics of the meeting and the agenda. The agenda included the review of the proposed collective bargaining agreement (“CBA”) between the Buffalo City School District (“BCSD”) and the Substitutes United/Buffalo – NYSUT (“SU/B”).

Roll Call of the Directors

Director Floss called the roll. A quorum being present, the meeting commenced.

City of Buffalo Commissioner of Finance, Ms. Donna Estrich, represented Mayor Byron W. Brown in accordance with Subdivision 1 of §3853 of the BFSA Act.

Erie County Budget Analyst, Mr. Mark Cornell represented County Executive Mark C. Poloncarz, in accordance with Subdivision 1 of §3853 of the BFSA 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 [of Buffalo] or County [of Erie], 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...."

Proposed Memorandum of Agreement

Secretary Arthur stated that the District submitted a tentative CBA between the BCSD and SU/B for BFSAs review. BFSAs Executive Director Jeanette M. Robe and Senior Analyst II Nathan D. Miller were asked to present the staff's analysis to the Board.

Mr. Miller began the presentation by stating that the previous CBA expired on June 30, 2012. The tentative contract was agreed upon by the appropriate parties on January 29, 2018. The Buffalo Board of Education is expected to consider the item on February 14, 2018, taking the BFSAs's comments under advisement.

Mr. Miller provided the following summary:

Summary of key contract changes:

- Salary Increase
 - Substitute teachers to receive \$12 a day increase for a full day's work (i.e., 4 hours and 30 minutes)
- Stipend
 - All current substitute teachers will receive a one-time stipend of \$10 per day for each day worked from September 5, 2017, through the date of the CBA's ratification

The amount of pay per day is based on days of service and educational increments and will range in pay from \$112 to \$137 after ratification.

- Incentive Bonus
 - Expired CBA: substitute teachers who substitute teach for 70 days within a semester receive an additional \$750.
 - Proposed CBA: substitute teachers who substitute teach for 65 days within a semester receive an additional \$850

There are two semesters within a school year: September through January and February through June.

- Work Day
 - Full-day assignment made consistent with a regular teacher's full-day assignment of up to 7 hours and 15 minutes (an increase of 25 minutes per day)
- Minimum Work Day Required
 - Substitute teachers must work a minimum of 20 days in a school year to maintain their status as a substitute teacher for the District

- Health Insurance
 - Employees who worked at least 30 days in the preceding year are eligible to participate in the District’s group health insurance plan at 100% of the cost of the premium
 - An employee’s eligibility for health insurance remains the same
 - The healthcare plans available are now defined as the Blue Cross/Blue Shield Enhanced Traditional plan or the Community Blue POS 204 Plus plan
- Auto Allowance
 - Employees are reimbursed at the Internal Revenue Service rate for use of a personal vehicle to travel between schools for morning and afternoon assignments
- Emergency & Special Closings
 - If an employee is called for work and reports to and signs in at the assigned building by the required reporting hour, but school is canceled because of weather or other emergency, the employee shall be paid for the full day, unless:
 - The District reached the employee at home and instructed the employee not to report
 - The announcement of school closing was made over local radio stations at least one hour prior to the employee’s reporting time

The net cost of approving the CBA for the current fiscal year is \$912,978. There are no gross savings. The projected total net cost for the FY 2018-2021 financial plan is \$4.1M.

Mr. Miller stated the funding source in the current fiscal year will be from \$1.6M in budgetary variances within teacher expenditures due to vacancies. Reducing the vacancy contingency has been listed a gap-closing measure and is carried each year over the life of the financial plan. This gap-closing measure will be adjusted accordingly to fully fund the out-year costs of the CBA. The forthcoming financial plan will reflect the reduction of this gap-closing measure.

Ms. Robe stated the contract is immaterial at 0.1% of the District’s General Fund expenditures and explained the changes to the General Fund gap-closing measures since the BFSA discussed the plan at the August Board meeting.

Four-year total estimated revenue is \$3.6B while total appropriations are projected to be \$3.7B, resulting in a deficit of \$100M. The four-year plan accounted for the use of \$46M in fund balance. An additional \$13.3M of fund balance has been made available since the close of the 2016-17 fiscal year. The District can use the additional funds to balance the budget and still be within their fund balance policy limits. The District plans to be operationally balanced by FY 2020-2021, no longer relying on fund balance to close operating deficits.

The FY 2018-2021 Financial Plan included a gap-closing plan consisting of 23 actions which cumulatively provided a savings of \$118.4M, which provides the District various options to address the budget gaps. BFSA analysis of the gap-closing measures eliminated speculative actions producing budgetary savings or additional revenues of \$56.8M. The remaining cost-savings and potential additional revenues provide sufficient resources to balance the Financial Plan. Ms. Robe emphasized the BCSD financial plan includes reductions of staffing of \$8.5M in each out-year of the financial plan.

Director Gallagher-Cohen asked what District contracts will be up for renegotiation as the expenses of impending negotiations have been accounted for.

Ms. Robe stated the following contracts to be negotiated are as follows:

1. BTF expires 6/30/19
2. BCSA expires 9/1/20
3. White Collar 6/30/13
4. Blue Collar 6/30/13

Mr. Geoffrey Pritchard, Chief Financial Officer, BCSD, addressed the Board and stated that salary increases of 1.5% have been included in the four-year financial plan for all upcoming contracts.

Director Gallagher-Cohen asked how rising healthcare costs would be accounted for going forward.

Mr. Pritchard said there are many initiatives to reduce costs such as eliminating the cosmetic surgery rider for retirees and the impact of charter school growth. Charter school growth would mean fewer pupils enrolled in the BCSD which would allow the BCSD to reduce the number of budgeted teachers.

Ms. Estrich asked how many teaching positions are expected to be eliminated with the BCSD's built-in yearly reduction of \$8.5M. Mr. Pritchard stated the cuts would first focus on non-instructional positions.

Conclusion

Ms. Robe stated the following conclusions and advised a copy of the BFSA report will be forwarded to the Buffalo Board of Education for review before action is taken at their meeting scheduled for February 14, 2018:

- The proposed CBA expires June 30, 2019, at the end of the first out-year of the Financial Plan. Beginning with FY 2019-20, the District will need to set aside funds for future bargaining.
- The incremental costs associated with the CBA are minor and the District has provided general guidelines for the costs will be funded. BFSA has deemed this reasonable based on the difficulty of estimating such costs and the conservative approach taken in calculating such costs.

Director Floss asked if the salary schedules would be compliant with the City of Buffalo's Living Wage Ordinance. Ms. Robe stated the BFSA will verify that the CBA is in line with the City's Living Wage Ordinance.

Chair Olsen asked if there were permanent substitutes due to the absence of a teacher over a long period of time. Mr. Nathaniel J. Kuzma, General Counsel, BCSD answered by stating a temporary teacher would fill a full-time teacher's absence that extends beyond 30 days. Substitutes fill in for teachers for less than 30 days.

Hearing no further questions, Chair Pro Tem Arthur asked for a motion to receive the report and forward it to the Buffalo Board of Education.

Director Floss made the motion.

Director Gallagher-Cohen seconded the motion.

The Directors voted 6 to 0 to approve.

Privilege of the Floor

Chair Pro Tem Arthur opened the floor for questions or comments.

Mr. Kuzma thanked the BFSA Board for holding the special meeting to review the CBA so the Board of Education and Dr. Cash can settle the contract as soon as possible.

Adjournment

Chair Pro Tem Arthur asked if there were additional comments to be considered by the Board. Hearing none, he asked for a motion to adjourn.

Director Floss offered a motion to adjourn.

Director Gallagher-Cohen seconded the motion.

The Board voted 6-0 to adjourn the meeting.

Meeting adjourned at 1:32 PM.