

# City schools predict \$66M budget shortfall

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A loss in federal aid and an increased investment at East High School, combined with the Rochester School District's structural financial problems, have created a projected \$65.9 million budget shortfall in 2015-16, Superintendent Bolgen Vargas said Thursday in his first comments on next year's spending plan.

The budget gap, driven by declining enrollment and increasing insurance costs, is \$40.5 million, slightly less than it was in 2013-14. But the agreement with the University of Rochester for East High School, approved by the school board Thursday, calls for an extra \$10.4 million to be spent there, and there is also an additional \$15 million earmarked for Vargas' academic priorities: reading by third grade, expanding learning time and offering more enrichment courses. "You all know there will be some expense," UR President Joel Seligman said before the vote. "I'm here to tell you it's worth it." The school board members described it as a necessary investment, not just for East High but for the district as a whole.

"If we're ever going to move the trajectory of the graduation rate in the district, we have to move the graduation rate at East," board member Malik Evans said.

The Rochester Teachers Association still needs to sign off on the UR deal, but a preliminary deal has been struck, Seligman said. Another harsh budget blow is the loss of \$10 million in federal Race to the Top funding, eliminated this month in an omnibus federal spending bill. Vargas' presentation Thursday indicated the district will spend an extra 19 percent on charter school tuition in 2015-16, up to \$66.2 million. Enrollment in charters is 4,148 this year, up precipitously from 3,227 in 2013-14 and 2,668 in 2012-13. Benefits will go up by \$12.1 million and employee salaries will go up by \$6.5 million. The district also needs to restore the \$5 million or so it ran through earlier this year due to a poorly managed transition in special education structure.

The combined revenue problems set off a cascade of budgetary consequences. Vargas indicated he'll request \$15 million in cuts at central office, \$8 million through a hiring freeze on non-essential positions and \$7.5 million in "alignment" savings in special education, among other things.

He said declining enrollment means there are thousands of empty seats in district schools, about 22 percent of total space. He proposed beginning to phase out schools 22, 25, 36 and 44 next year and implementing his plan to eventually close Charlotte High School for a combined savings of \$8.5 million. Those four elementary schools have been approved for closure. School 25 stood out in math test scores in 2013-14, showing by far the best year-over-year improvement in the district. Other ideas for saving money include working with unions to cut health insurance spending by \$5 million, reducing costs for absent teachers and administrators and expanding "online credit recovery" for high school students who have fallen behind. The plan also counts on an extra \$15 million in state and grant funding. "One thing I've learned in the past three years is that we can do this if we work together, if we focus on our priorities and if I have your support," Vargas said. He will submit his official budget proposal in the late winter for debate and passage in the spring.

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