Specifics and amounts haven’t been revealed it may have significantly overspent its 2018-19 budget on selfinsured health care and special education.

Justin Murphy

Rochester Democrat and Chronicle USA TODAY NETWORK

The Rochester City School District this week said Its brief letter to State Board of Regents Chancellor Betty Rosa and Mayor Lovely Warren leaves more questions than answers. It said an internal spending reconciliation had led to “concerns (that) may be related to overspending in some areas.”

“This certainly is not a final assessment,” School Board President Van White wrote. “However, in order to be transparent, we wanted to inform community stakeholders of the situation immediately.”

The district thus far has not said how much money is at issue or how, exactly, the shortfall developed. The person doing the audit raised the point in an email Wednesday night, White said. It expects to have more detail at its Oct. 8 audit committee meeting.

The situation is especially concerning because the city of Rochester recently issued a revenue anticipation note, a form of borrowing that, like any other, relies upon an accurate accounting of the city and district’s intertwined finances.

White said the revenue anticipation note was the reason he and the district quickly notified Warren and made the issue public, even without more detail.

“That’s why we couldn’t not say anything to her,” White said.

Too much money out the door

The special education issue appears to be related to overstaffing. In 2017-18, the district bungled a structural change and ended up with no administrators available for a significant bit of work.

Then-Superintendent Barbara Deane-Williams tried to rectify that in 2018-19, in part by hiring many more special education teachers and cutting instructional coach positions that had been unfilled.

Somehow — the district has not clarified it yet — too much money went out the door.

At the same time, White said, the district’s costs for self-insuring on health insurance were “higher than anticipated, in the millions.”

White has said before that serving children should come before strictly financial considerations. Regarding the apparently busted budget in special education, he said: “Quite frankly, there may be some people who were rightly concerned and upset about overspending our budget, but there are an equal number of people equally upset about under-serving our families with special education needs.”

Compounding the confusion is the fact that RCSD Chief Financial Officer Everton Sewell is out of town due to a death in the family and unavailable as the district scrambles for answers. The most recent monthly financial report, from May,
shows no obvious problems.

The 2018-19 RCSD budget process was highlighted by board member Beatriz LeBron essentially asking City Council to reject the budget, saying the district was headed toward bankruptcy due to irresponsible use of fund balance, among other things.

The council did not take her up on the challenge but expressed concern and pledged to pay closer attention in the future.

City spokesman Justin Roj said Friday afternoon that Warren has the same question as everyone else: is the district in the red? And if so, by how much?

“You put that letter out without any numbers — that’s the key number,” he said.

White said it would be irresponsible to venture guesses at final figures until more research has been done.

“There’s no doubt about it, whatever it is, it will be revealed,” White said.

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