

Red Clay Community Financial Review Committee
Monday, October 13, 2008

Our Meeting Minutes:

The Community Financial Review Committee met on Monday, October 13, 2008 at 6:30 PM in the Baltz Elementary School library.

Members in Attendance:

Paul Lloyd – Committee Chair
Michael Bank – Teachers Union Representative
Jack Buckley – Red Clay School Board Member
Jill Floore – Red Clay Chief Financial Officer
Larry Miller – Community Member
Jane Rattenni – Community Member

Others in Attendance

Eric Loftus – Red Clay Financial Analyst

Presenters:

Dr. Merv Daugherty – Assistant Superintendent, Red Clay School District.

I. Introduction and Opening Comments:

Mr. Lloyd opened the meeting welcoming everyone and remarked on our one year together as a Committee. He noted that Mr. Woods, Mr. Suiter and Ms. Davis would not be able to attend this meeting as they were in Dover for a school finance workshop. Ms. Floore introduced Eric Loftus as the new Financial Analyst for the Red Clay Business Office.

II. Old business

The minutes were reviewed. Mr. Bank moved to accept as amended and Mr. Buckley seconded. Minutes were accepted as amended.

Mr. Buckley informed the Committee that he had written an article for the Red Clay Record. Mr. Buckley also asked if anyone had an interest in volunteering for the Red Clay television program. There is no one at this time.

Ms. Floore discussed the Audit Committee. She stated that November will be a good time to begin meeting as we have 4 regularly scheduled annual audits in October to discuss.

Mr. Lloyd stated that Doug Suiter has been in touch with several PTAs to be placed on their meeting agendas. Mr. Suiter will present at Meadowood School on 11/12 at 6:30 PM and at AI Dupont High School at 7:30 PM. He is also scheduled to present on 11/20 at Highlands Elementary.

III. New Business:

Dr. Daugherty gave a Power Point presentation on the Consolidated Grant process and the monitoring of allocations, as well as the evaluations necessary to sustain the grant. Due to the complexity of inputting the grant application online, Red Clay has devised a procedure working with Excel worksheets prior to submitting the actual application. The State has asked Red Clay to share this process with other districts as well as assist with 92 procedural problems the state was experiencing.

Working with teachers and staff, the District began the process 6 months in advance and submitted the grant on time. However, none of the school districts in the state have received their money that was to be available August 1st. Mr. Bank asked if any reason given why it was not available. Dr. Daugherty stated there was no answer from the state at this time. Mr. Lloyd asked if anyone has suffered due to the lateness of the delivery. Ms. Floore explained that it will if the funds are not available before the present Grant funding expires on 12/31/08. There is overlap in the funding periods and the district is currently still spending against the FY08 until funds are exhausted. Smaller grants are especially affected because they may not have funds from the prior year. Dr. Daugherty feels it will create a hardship for Red Clay if funding is not released by the end of October. Mr. Buckley asked when we will need the FY09 funding for salaries. Ms. Floore explained Red Clay funds to FY08 until the money has been expended, and then the FY09 funds are used. The FY08 funds expire December 31, and many of the programs have enough funding available to last until the receipt of next year's grant funds.

Dr. Daugherty detailed the application process and how data was gathered. His group met with the parent advisory committee to obtain their input and explain the state's stringent guidelines. Subcommittees were sent copies of the grant to submit suggestions. DSTP results are used as well. Part of the process involves evaluating the former year's grant and usage. The District develops strategies and activities aligned with the grant. Data and student achievement goals and strategies are also reviewed. Prior to submission, the superintendent's council is also given a copy for review.

The Grant is put online in May. It is a painstaking process. The District aligns every budget dollar from goal, to objective, and to strategy. The grant requires about a half hour to put one strategy of the grant into the online application. Red Clay had over 80 strategies this year. Only one person can work on the grant at a time and access was limited, to keep our goals in line.

In January, the District will start the process again for FY2010. Mr. Lloyd asked if it was a fixed amount offered by the state or did it depend on the needs of a district. Dr. Daugherty will explain in a future slide.

Ms. Rattenni asked if July was the normal time frame in order to receive the funding in August. Dr. Daugherty reiterated that Red Clay had submitted on time, and the state

ensured we would receive the money by August 1st. Mr. Bank asked what we were doing to follow up with State. Dr. Daugherty stated that the superintendents of the districts were collectively discussing with the Department of Education. This funding every district directly. Dr. Daugherty stated that although the effort in obtaining the grant is substantial, the dollar value received by the district students is worth it.

In the evaluation process, Dr. Daugherty explained that he meets with the program managers bi-weekly to monitor the grant money used. There are 23.5 full-time teachers for Title 1 alone. He meets monthly with the RC business office. Mr. Buckley wanted clarification that these teachers are above our unit count? Dr. Daugherty stated that they have to be above our count if they are paid through the grant. Federal programs and funding are based on the premise that districts will use the funds to supplement services rather than fund programs or teachers that would otherwise be paid by state and local funds.

Mr. Buckley asked how a Title I school was determined. Dr. Daugherty stated that it is determined by poverty level. Most of the schools in the program are elementary. Every student in the building can receive assistance if the school has a rating of 80% or better in needing assistance. There are 2 schools in the 80th percentile and 4 schools in the 70th percentile.

Dr. Daugherty stated that if the money is allocated soon, they will have a grant committee meeting in October. His staff will meet October 17th regarding last year's grant.

Dr. Daugherty detailed the allocations of the grant for FY09 that included: Title I, Title II, Title III, Title IV, IDEA, and Perkins. The Grant application process also includes state programs. As was previously reported, funding was reduced this year by \$1 million in state programs through reductions in Extra Time and Discipline funding. When making the cuts, the state gave the districts more flexibility in how to spend the money.

Ms. Rattenni asked if when applying, are we aware what funds are state and what are federal? Dr. Daugherty stated yes, we know what state money the district will receive. We report that information in the grant as well as explain how it will be used in conjunction with additional funding being requested. They then tell us how much they will give us, and we have to tailor our program to fit those allocations.

Mr. Lloyd asked have we seen actual improvement with the students. Dr. Daugherty noted growth in upper level reading and math scores but not in 2nd & 3rd grade. He's working to see that changed. Full day kindergarten is another year of intervention that we are providing district-wide. With full day KN, Dr. Daugherty said our reading series will make a difference. The impact is we are now providing a better foundation and training the children for 3 years prior to testing determination. Dr. Daugherty said staff are working hard to meet the challenges- through our walk throughs, we are giving teachers and administrators more data as to how to improve. Everyone is accountable this year. Staff was reorganized- new instructional cadre members were hired and the

curriculum department was restructured. Dr. Daugherty stated we have things to improve upon, and we are addressing it.

In reviewing the documents, Mr. Bank noted the lack of strategy numbers. Dr. Daugherty asked the state if we could put numbers with strategies but was refused. These numbers are maintained on a separate spreadsheet which Dr. Daugherty would provide.

Mr. Miller stated the grant brings in great revenue and provides resources to our districts students. The monitoring of the program is critical to obtaining the funding. It is important to recognize the significant cost and effort this requires by the district's staff. Mr. Lloyd stated that while the grants produce income, the costs to process them cannot become a drag on the system.

Ms. Floore also discussed staffing and the requirement of the grant. The funds that are designated (i.e. Title I and Title II) are for specific programs and cannot be used to fund a classroom teacher. In the case of Title II, funds must go to provide professional development. There is criticism of those who work outside the classroom, but she clarified that the funding source dictates how and what people can be hired to do.

Dr. Daugherty explained that we now have fewer people monitoring more schools, but we had to develop a stronger focus for teachers to follow. IDEA was able to assist in more schools with special education.

Mr. Buckley asked what are we doing above and beyond to help the students in our struggling schools? Dr. Daugherty listed the data regarding 5 additional teachers at Warner alone. This is above the unit count. Mr. Buckley asked that the Board be kept aware of this.

Ms. Rattenni asked what the parameters are for the funds. Dr. Daugherty explained that if state money was being used for a program, federal cannot be used whether its staffing or materials. It is to address schools that are underachieving in reading in math; especially schools with a high poverty level. We requested the maximum amounts allowed. Ms. Floore explained the companion budget breakdown provided lists the detailed expenditures for Title 1. As noted in the review, a majority of them are payroll.

IV. Other Issues

Ms. Floore gave a report detailing IBU 97 expenditures for the current year and prior year for comparison. She stated that the District's has received the September tax receipts, but is awaiting the larger collection at the end of October. She stated the District has received approximately 75% of the state funding. In order to manage their cash flow, the state front loads only a portion of our funding. The District cannot borrow against it or earn interest on it either. Next month the October tax receipts will be received. In light of the current home foreclosure information, Ms. Floore said she would be looking very closely at a possible decline in receipts.

Mr. Buckley asked why indirect costs were high. Ms. Floore stated that they reflect the money that was carried into this year and is now being expended. Income from fees is the same and will steadily grow. Mr. Bank recommended providing a footnote on the report which Ms. Floore agreed to do.

In reviewing the expenditures, it was noted that some were above the 25% mark. They include utilities and special services. Ms. Floore stated the increased percentages represent encumbrances for significant contracts with vendors and energy providers.

Mr. Bank asked about Board expenditures. Mr. Buckley explained it was membership costs for the Delaware School Boards. Mr. Bank asked about Summer School since there is no board approved budget. Ms. Floore explained that summer school, similar to state mini-grants, plans expenditures based solely what has been raised in payments or grants. Mr. Bank requested the report be notated as such.

The tracking of dollars from referendum initiatives was discussed. Ms. Floore stated full day kindergarten has its own IBU for ease of tracking. Mr. Buckley asked why it was only 50%. Ms. Floore explained that this report is only through September and there have been additional expenditures.

Mr. Buckley asked to see Referendum spending from the schools in December even though it will only go through the end of November. The public will then have the information. Ms. Floore noted that she has asked that departments only spend what they need to through October until the tax receipts come in. Instruction, for example, has a list of text books to be obtained but they are holding back until the funding is available. Mr. Buckley feels that the report should be seen every 3 months. Mr. Bank asked about Ms. Dunman's budget IBU03. Ms. Floore explained that is mostly legal fees. Ms. Rattenni asked about Library spending, which Ms. Floore explained now also has its own IBU for tracking.

Mr. Buckley asked if we are coding things differently in schools or are schools really spending their funds differently. Ms. Floore explained the schools submit a budget plan in the start of the year. However, they are able to move the money among expenditures (as long as it not predefined monies). Ms. Floore plans to redefine the process in the coming year to provide more specific information at the beginning of the year. She state that MBUs have not traditionally been consistent. Some schools use MBU 98 General while others use more specific ones making them look inconsistent.

Mr. Lloyd questioned why some schools have not spent any of their allocations? Ms. Floore explained that there were some monies encumbered but not spent for FY08 they are still using.

Mr. Bank questioned the IBU Alternative Education. Ms. Floore stated this was the previous IBU for the Community School. It was redesigned this year as alternative education for grades K-8. An RFP was released and a bid awarded to A Friend of The Family. Mr. Bank questioned the termination of a Friend of the Family Contract. Ms.

Floore reported that last year the Community School contract was cut because we ran out of money in March 2008. We had no issues with A Friend of the Family or their performance, only with the lack of bid for the Community School. The problem in the audit finding related to the Contract at the Central School because the district erroneously extended the Community School contract to Central. The process was completely revised and bids were evaluated. Friend of the Family was the lowest bid and highest score on the bid evaluations. There were 3 bids entered.

Mr. Lloyd inquired about Choice Transportation. Ms. Floore stated \$211,000 is the local cost for choice transportation. That includes Conrad School of Sciences. Mr. Lloyd asked Mr. Buckley what is driving the issue of closing down the choice transportation. Mr. Buckley stated it was his opinion it was cost and fairness. Red Clay no longer provides choice transportation for elementary and that is seen as unfair. If elementary was added, it would be even more costly. Even Cab Calloway's busing is not guaranteed. Cab Calloway gets state money as their program is a magnate. Conrad does not get state money. That cost is about \$70,000 and could go higher depending on where the new students live when all grade levels are filled. The Board will be voting on this issue at their next meeting.

Ms. Floore will send Mr. Lloyd information on other local funding and how it is broken down for the Year to Date Expenditures report.

Mr. Lloyd asked for any new business. There was none at this time.

Mr. Lloyd states that the Committee has been receiving a number of emails from the public. Many of the questions require detail Mr. Lloyd does not have at hand and is not the Committee's role because they are policy issues that have to be addressed by the Board. In the past, Ms. Floore has asked community members with very specific questions to attend the public meeting in order to answer and allow for discussion and complexity that email cannot convey. Mr. Miller agreed this was the best approach. To clarify, he stated if someone is going to ask for information, they need to submit the question in advance so we can be prepared with the information at the meeting they will be attending. Ms. Rattenni agreed.

Mr. Bank suggested drafting a formal email stating all questions placed in writing with ample time to respond will be addressed at the following committee meeting. The email should also state that policy and procedure questions should be directed to the Board. Ms. Rattenni asked if Mr. Lloyd would like help in crafting a response. Mr. Lloyd will create the response and send it to the committee for their input.

Our next meeting is scheduled on November 10th at Baltz. Mr. Lloyd asked for issues to be brought to the Board for his monthly report. Mr. Lloyd tried to send out the report to the Committee in advance, but this month there is timing issues because the Board meeting falls in two days rather than the next week.

Red Clay Community Financial Review Committee

October 13, 2008

Page 7 of 7

Mr. Bank asked if our committee meeting dates should be posted at the schools like a Board meeting. Mr. Buckley stated that the dates are on the website and will be discussed at the upcoming PTA/PTO meetings Mr. Suiter will be attending. Ms. Rattenni requested the dates be placed on the eNews put out by Pati Nash.

There were no other issues.

X. ADJOURNMENT

The meeting adjourned at 8:45 PM.

Respectfully Submitted,
Laura Palombo
Recording Secretary