

Red Clay Community Financial Review Committee
Monday, January 11, 2010

Meeting Minutes:

The Community Financial Review Committee met on Monday, January 11, 2010 at 6:30 PM in the Brandywine Springs School Teachers Lounge.

Members in Attendance:

Paul Lloyd – Committee Chair
Jill Floore– Red Clay Chief Financial Officer
Kelly Krapf – Teachers Union Representative
Eric Randolph – Board of Ed Representative
Jane Rattenni – Community Representative
Kim Williams – Board of Education

Others in Attendance

Ted Ammann – Chief Technology Officer
Mr. Doolittle – Parent/Community Member
Eric Loftus – Red Clay Financial Analyst

I. Introduction and Opening Comments:

Mr. Lloyd welcomed everyone to the meeting and the members introduced themselves.

II. Old business

The minutes of the December meeting were reviewed. Mr. Lloyd asked for Pages 3 & 8 to be updated. Ms. Williams moved to accept minutes as amended and Mr. Randolph seconded.

Mr. Lloyd reported that the email policy voted on by the CFRC was still not posted on the website. He has spoken with Ms. Crawford, but asked if Ms. Floore would follow-up with Ms. Crawford to place the new policy on the website.

Mr. Lloyd asked Ms. Floore if there was any news on the search for a new CFRC member. Ms. Floore stated that she has been in touch with INGDirect. They have distributed an email to all of their Delaware employees with the specifics but she has not heard back yet. Mr. Lloyd informed Mr. Doolittle that he has passed his interest in the position to the Board of Education for consideration. His only concern for Mr. Doolittle is the conflict with Mr. Doolittle's run for BOE office. The position that is open is a community member position rather than a BOE member position. Mr. Lloyd announced that his 3 year term is up in August and at this point he is expecting to step off of the Committee at that time. Therefore, obtaining a new community member is a priority.

Ms. Floore asked that the February Agenda be changed to include Barbacane, Thornton and Company as they have provided a draft of the audit they were contracted to complete.

She would like to postpone the presenter currently scheduled for February to a later month. Ms. Floore will also invite Mr. Becnel as a member of the audit committee to attend the February meeting. Mr. Lloyd informed the committee that School Improvement was to be the February presentation but it was discussed to postpone that presentation until next year keeping everyone else on schedule. Mr. Randolph asked Ms. Floore to distribute the draft audit to the CFRC prior to the next meeting. Mr. Lloyd confirmed the committee would like to invite Mr. Frank Defroda from Barbacane, Thornton and Company to attend the next CFRC meeting.

III. New Business

Mr. Lloyd introduced Mr. Ted Ammann, The Chief Technology Officer of Red Clay.

In reviewing the IBU detailed expenditures, IBU 09 technology was distributed. IBU 58 was inadvertently omitted. It will be forwarded to the Committee.

Mr. Ammann explained the duties of the Technology Department include technology support and hardware/software acquisition. In addition to computers per se, technology also includes:

- Student Data – which includes student emergency cards, emergency and inclement weather calling. We outsource a lot of our student data management to the Data Service Center and we work with them. A presentation will be given to the Board in the spring reviewing the DSC and their cost effectiveness within our district.
- Document Management – Scanning of the student information cards that enters the data electronically rather than hand typing into a data base. Complying with the state archive laws; making sure all of the transcripts are sent to Dover. Because more and more information is being placed online, the duty falls on the Technology Department.
- Copiers – We have more than 80 copiers in the district as well as faxes, phones, cell phones and voice mail

There are never enough revenue sources. Most of what is funded in technology comes from local funds. \$1.6 million comes straight from the local operating budget. Other sources are eRate, which started in the Clinton Administration to take some of the profits from the telecommunications companies and funnel it back to schools so schools could pay for the connectivity they needed. Through some loopholes it has essentially become a tax. You can look on your land line telephone bill and see “universal service fee” which is what is now eRate. It is given to the schools as a percentage based on our poverty rates. One part is a formula and the second is a process requesting funds and stating what it will be used for. This has provided us with \$162,000 annually.

Another source of revenue is the state stabilization funds. For the last 20 years, we have received a Block Grant put out by the State of DE to school districts for technology. The original intent was to make sure there was one technician in the district. Obviously, there are huge disparities between the needs of different districts. Last year that block grant

was replaced with the state stabilization funds. At this time there is no money coming from the state directly to the district for technology. Ms. Floore explained that the state stabilization funds are federal funding from the stimulus that is with us for 2 years.

Mr. Randolph asked how many techs we now have. Mr. Ammann stated we have 15 employees currently. There are advertisements in the paper now for 2 positions; one replacing an employee leaving the district and one for a federally funded position for Title I. Mr. Randolph asked if this was a solid number of employees for handling the jobs appropriately. Mr. Ammann stated that the department had quite a few more employees in the past and they have added more responsibilities to the department. Therefore, it is not a great spot to be in but the state does not offer any units for technology. He stated the ideal number of employees would be about 20. It's not uncommon in September of each year to have 400 open work order tickets that have to be handled by his department. More employees would make the job easier but it does get done. Ms. Floore stated that the difficulty in staffing comes in on the unit side because there is no dedicated unit in the state system anywhere for technology. Red Clay has taken a rule that there is no 100% locally funded positions which we are currently doing. We have very limited pots of custodial or secretarial units. We are stealing from ourselves to fund the department which is how it is handled in every district. Ms. Rattenni asked if it wasn't a requirement to have a technology credit going into high school now. Mr. Ammann stated that is outside of his department as an instructional unit that is funded and there is also vocational funding that handles the training, but not the district's staffing. Ms. Floore stated that it is covered more closely on the instructional/teacher side rather than the support side. Mr. Ammann stated the challenge is that the state is moving to online testing that requires technicians from technology. Red Clay is in a better position than most as we have been doing online testing for several years and have processes in place and are familiar with the basis, but he does see it as an issue for all districts. Mr. Lloyd asked if there were 400 tickets open and he placed a request, how long would it be before his request was handled. Mr. Ammann stated that they triage the requests. He did not have the response time information with him at this time. There are 3 stages or priority based on the number of people impacted by the issue, i.e., a school server goes down. That would be Priority 1. The Priority 2 has a response turnaround of about 2 weeks. Unfortunately, the Priority 3 is not ideal and can take a number of weeks to be completed. One of the things to keep in mind is the size of the district being served. The number of computers/employees served is important to keep those numbers in perspective.

Continuing on revenue, the eMINTS Grant is an instructional program out of Missouri that looks at the use of technology to improve instruction. It is not a technology grant. It uses technology to encourage teachers to take part in professional development. About 2 years ago Red Clay participated in a competitive grant award that resulted in \$350,000. There was a very limited matching amount on Red Clay's part to use the grant. For every \$1 we put out for this grant, we received \$2.40 in matching dollars back. It is currently in place at A.I. duPont Middle School and we are looking forward to expanding it to other schools with future additional eMINTS grants. eMINTS is part of Title II funding.

IBU 09 is the main IBU used by Technology. 72% of the funding is divided among 9 line items:

- Salary - about \$450,000 toward salaries.
- Projectors and Smart Boards - Over the last couple of years more and more teachers/principals want to replace the older televisions with projectors. At the time the TVs were fine, used as monitors. The size is not ideal for the size of classrooms at this time. The Smart Board looks like a white board but it interacts with the computers. There has been a great deal of interest for these in the classrooms. If a school has the funding to cover the actual hardware, the Technology Department has been covering the installation which includes labor, project management, and wiring, everything from the delivery of equipment to the contractors installing the board. Teachers cannot receive a Smart Board, regardless of the funding, unless they take part in training. Dr. Daugherty has made this a directive from his office. Training is done in-house. It contains an online portion, a seminar portion as well as teachers submitting lesson plans showing how they will use the technology in their classroom.
- Telephones – \$217,000 covers Verizon’s long distance and local charges as well as hand sets and cell phones. \$162,000 of that money comes from eRate. When we lower our usage and costs, we are only saving \$.40 of every dollar we save. Mr. Randolph asked how many cell phones are in use in the district and what the criteria for having one is. Mr. Ammann explained that the principals have one, as well as teachers who are out and about a lot and their supervisors need to get a hold of them, as well as chief building custodians so they can be reached at any time. We have cut our cell phone bill significantly in the last couple of years. We don’t see it in the budget activity because each dollar you save cuts your eRate level. For simplicity, we prefer to have fewer to manage. He will provide the committee with an exact figure of phones. We use the state contract for service. This contract is a lower rate than a private citizen would get.
- SchoolNet is an instructional management system. Red Clay has been piloting the program. This is its last year of the contract and most of the program will not likely be renewed. There is a piece of SchoolNet that handles the school website which works through a template making it easier for the teachers to get their message out to students/parents without knowing how to set up their own website. That portion will remain so its not likely to be eliminated entirely.
- Contractors – Due to the difficulty of funding full time employees, we do supplement with contractors for certain jobs. We have 1 full time contractor at this time and part timers who assist here and there. These contractors have been selected off of the state contract.
- Server Leases - \$96,000 has shrunk over the past few years. Each school has 2 servers, with the others in the main offices. Hardware is always becoming lower in cost. The new wave is “Virtualization”. This means you can now have one box and run several systems from it rather than each system having their own. This makes the Facilities Department happy as it uses much less electricity to run.

- Phone Support - \$55,000 which we have worked very hard to bring this cost down. In 2006 the cost was \$52,000 with a contract vendor doing support. We have since had secretaries help in minor voice mail resets, and created tips for employees to handle issues themselves. They have also trained some in-house technicians to handle some of the work formerly done by contractors. It is cheaper for us to do it, but then we take time away from other tech support to the classrooms.
- Copier Leases – The schools and departments pay for most of the cost of their copiers including lease and click or per page charges.

Other items include software maintenance. More and more companies don't charge a great deal for the software but we are locked into buying the upgrades from year to year. We use a piece of software called "Track-it". This program is used by most of Delaware to track tickets (requests) for technology service. Teachers can do it online or call directly to our hotline. The hotline is unique to Red Clay. The maintenance for this software is \$5,000-\$6,000.

We spend \$55,000 a year on parts, i.e., hard drives, keyboard, mice, etc. Most of this is due to wear and tear as well as the number of students using the equipment daily. This also covers hardware replacement. Not from an instruction perspective but departmental perspective. Mr. Ammann believes that when a department needs a new tool, that department should budget for the tool. Years ago we had switched away from that as we needed to have some control over what the departments are buying. As much as it should come out of their budget, we also do not want schools/departments buying substandard or incompatible equipment. We fixed the problem by supplying centrally what the departments needed. We are shifting away from that- Technology still needs to approve all purchases, but the school/department budget will be charged for the purchase.

Replacement batteries cost about \$10,000 a year for laptops. Many of our testing is done on the laptops, and without the batteries, cords with extensions are required causing a hazardous situation in a classroom.

Delaware is one of the few states that does not charge for disposal of surplus technology. We transport the item(s) to Delaware Solid Waste Authority and they accept it. Many states are starting to place a fee on the purchase of the product to cover the disposal costs. We do remove the hard drives from the computers prior to disposal to protect student/personnel data.

Mr. Ammann discussed the process for handling donations of technology to Red Clay. Mr. Ammann's secretary, Debbie Swiatek, talks to the donors and refers them to call Partners in Technology (Par-Tech). Par-Tech came from the Clinton Administration Job Corp program but is now handled by Delaware DOE. Par-Tech takes recycled computers from anywhere and puts them into schools. Large corporations may have no use for a computer that can be used in the schools. Par-Tech takes the computers, cleans them and upgrades the memory to get them back into use. They also are willing to take the computers from private citizens regardless of the age of the technology. Sometimes it is

only used for spare parts or they dispose of it. Last year we received some large donations. The federal government is also a great source for computers. We received 300-400 computers from the Dept. of Archives in DC. Once Par-Tech has gone through them, switched out parts, etc., we will receive about 300 computers for our schools. This year we also received a commitment from Astra Zeneca for laptops. Mr. Randolph asked if we hold some of this equipment back until a teacher or employee has a need. Mr. Ammann stated that we do hold some back but we do not have the capacity to store many computers. Ms. Rattenni asked if we have a replacement schedule that we follow. Mr. Ammann explained that yes and we also use the refreshment schedule where referendum monies are used which he would be discussing. Mr. Randolph asked that when you buy new, are they always purchased from the vendor system or the state contract. Mr. Ammann stated that purchasing process for technology is complex- purchasing from vendors is sometimes less expensive than the state contract. We cannot, however, be sure that the price Dell is giving us is the State Contract price. Periodically, we compare with other districts to see what prices they are receiving. Both districts benefit and the vendors do know we are checking. We don't buy the cheapest equipment on the market, because we use it longer. We also buy every machine with a complete 3 year warrantee. That also adds to the price. It is expensive, but well worth it. We also do a lot of our own warrantee work for Dell. They will come and either fix the equipment or we call them for the part we need and our technician will install it. This is done more for timeliness. Ms. Williams asked if we use Dell exclusively. Mr. Ammann explained that the state contract has Dell and HP. We have used Dell for the past 5-6 years. We have had very good experience with Dell service. However, if HP had a better server price/service, we would consider it. When North Star opened, they requested that they be a MAC-based school. Now that they are up and running, we're not sure they would make that same decision. The problem is that Delaware is a very PC-based state. Our new financial system, PeopleSoft, will not run on a MAC. Even if the schools are filled with MACs, the office needs PCs and support. There are pockets in every school, however, where MACs are necessary, i.e., vocational education training.

IBU 58 is the Referendum "Refresh" money. Mr. Ammann explained that when he started with the district, there was \$10 million in technology money from a previous capital referendum. When that money was used up, there was nothing. At the last operating referendum, they looked at a smaller number but one that was consistent. This does make it easier for schools and departments to budget and plan. This year the referendum money was \$500,000. This is our second year. The refresh funds go to 3 things: 1. Instructional (classroom) computers that need to be replaced on a regular basis. To be fair to all schools, it is based on the school's unit count. Mr. Ammann stated that this computer per unit count does put fewer computers in each classroom than teachers were used to from the prior referendum. 2. There are quite a few things required for technology that are not computer related. Printers, Smart Boards, projectors, software, and on-line subscriptions.

We split the money in order to budget and plan. We try to buy the computers at the end of the quarter. Unfortunately, the state contract price is often less than it was last month. We are happy it's going down, but it does make it harder to plan. The second portion of

money was also divided up by unit count and was given to the school. If the leadership team of that school decided to use the money for more computers, they could. They would also use it for toner, printers, software or anything else technology related. However, we didn't want schools to purchase items they could not use or know how to use; the technology department would review the purchase and make sure it was in line with the School's Improvement Plan. No administrative items were purchased with the funding. Only administrative items used in a teachers' conference room (often used for special education meetings with parents) were allowed.

Number 3 is the Technology Expansion Program. We haven't been able to get to that yet. If a school has a grant, or if a PTA gives a school some funding, often there is a small portion of the cost not covered by that grant or gift. The purpose of the expansion program would be to have a set amount each year that the principals' can request. Mr. Ammann would take the request to the Superintendent's Council with his recommendation. The Council would make the decision if the request meets the school's purpose and goals. There is a form that principals can download to outline their request and explain how it falls within their school plan. Because we are still growing into our referendum funding, we do not have anything in this portion as yet. Ms. Williams asked if the principals can use their own school money to expand their computers/systems. Mr. Ammann stated yes, there are expenditures that don't fall within his IBUs, but technology purchases are still run through his office for approval. Ms. Floore stated that Voc Ed and federal funds are also used for technology labs and upgrades. Mr. Ammann reviews these purchases and can deny purchases for something we cannot support, but it is the principal's discretion what they use their money for.

Mr. Ammann spoke on the lease/purchase of technology. He feels that leasing computers is not advantageous for Red Clay. The life cycle of a computer does not make leasing a good option as Red Clay uses them far longer. It is very difficult to use a 4 year lease with any value at the end. It does, however, make sense to lease servers. The life of server is much shorter and the software the state asks us to run on the servers is upgraded on a regular basis. The other type of lease that does work for Red Clay is called a Municipal Lease. Schools don't pay taxes so we don't depreciate assets, therefore we don't receive any benefits from depreciating hardware. A municipal lease allows a bank to lease equipment to a state agency and then we sign over the depreciation value to the bank. They benefit from the depreciation, so we benefit by them giving us a better interest rate on the lease. We have a Dell Financial Services lease for servers which gave us an under 1.5% interest rate.

Delaware is one of the few states that do not have a fee for disposing of computers in the landfills. This is unfortunate as there are quite a few hazardous things, i.e., mercury, in computers. If and when Delaware does require a fee for disposing technology, leasing may be more economical. We do not have any "typical" leases at this time. We do have some municipal leasing. One is with our 80 servers. We keep servers 4-5 years. The second lease was used to front load computers as our referendum dollars were coming in. Ms. Floore stated that she was concerned with leases as we were then locked into a future financial commitment. Mr. Ammann did a 5 year projection- the district leased 600

computers and ordered 99 outright. As the years go on and we have paid off the lease, we can purchase more computers in full. Over the life of these computers, comparing to the interest we are paying, we gave up the price of about 145 computers. To have the 600 computers now was deemed worth the price of the interest. Mr. Lloyd wanted to clarify that we are borrowing the money now as the referendum money has not been realized as yet. The technology is needed now and will be paid for as the funding comes in. Mr. Ammann stated yes but this was just to jump start the refresh.. We have also used Commerce Leasing in the past. Dell Financial Services is what we are currently using.

Ms. Williams asked about copiers. Mr. Ammann stated that we lease the copiers. A number of years ago we had over 80 copiers all on different leasing plans/dates. That made it very difficult for our district. We are a large district with a great deal of buying power. We were in the situation that we couldn't lease or buy all 80 at the same time as the old plans did not expire simultaneously. At that time it was being run out of the business office. Ms. Floore stated that it makes more sense to have these run out of Technology. The copiers are much more advanced. With classrooms no longer having printers of their own, the classroom prints directly to the copiers. Mr. Ammann went on to say that we renewed with our current vendor, Ricoh, to put all of the copiers on the same schedule. We also made a 4 year lease to own. There is no trade-in value on the copiers. Ms. Williams asked if this included maintenance. Yes, with our current lease there are two components. There is a lease charge and a per copy charge of .0053 cents a copy. That covers anything that happens to the machine – toner, repair but not staples. There is a state contract for copiers with Cannon. Their payment structure is different, where you pay one fee that covers the lease and the per copy charge. Ms. Williams asked that when we own our copiers in 4 years, will we have to take out a maintenance contract on them. Mr. Ammann stated that we could do that or the intent is to put out a bid at that time to see who can give us the best pricing or go with the state contract. At the time of our new lease, we did keep some of the older copiers and Ricoh would maintain them. Over time, however, those copiers were not usable so we have purchased copiers using the state contract.

Mr. Randolph asked how the technology for a special needs child determined. Mr. Ammann stated that our Special Services department knows the needs of the student and determines what is required to service them. Mr. Ammann does review the purchases to make sure that what is being purchased works with current equipment and can be supported. We recently purchased classroom amplification systems. They are extremely promising with all students although they were originally purchased to service hearing impaired students. The teacher wears a microphone and the voice is amplified through the classroom. Most have been used in the elementary schools. Dr. Daugherty stated that the goal is to add these to the middle schools as well and then to the secondary special education classes and then all classes. Title 1 has also provided funding for these systems. Teachers are also able to put the amplification on projector/video systems for the students.

Mr. Lloyd thanked Mr. Ammann for his presentation on behalf of the Committee. Mr. Ammann asked for any questions to be sent to him if they come up in the future. Ms.

Floore asked Mr. Ammann to come back to the Committee next year for a presentation on the DSC and the print shop.

Ms. Floore then gave a review of the monthly financials. The revenue page was updated, but inadvertently left behind. Ms. Floore will send the updated page to the Committee via email tomorrow.

We are at 88% of revenue overall. Local revenue is at 99%. We are further ahead than we were last year. Last year we were at 82% total. The state front loads funding at different times. Ms. Floore explained that the Board approved the final budget in January. Technically, these numbers reflect December 31st and therefore fall prior to the final approval. Mr. Loftus has loaded in the new approved final budget so there is a discrepancy of a few weeks. She wanted to clarify that these pages reflect the final board approved budget.

On Expenditures there is nothing new to report in variances either over or under budget. Mr. Lloyd stated that the number for this month is 50%. Mr. Lloyd pointed out that IBU 05 was in question. Ms. Floore stated that IBU 05 is the NWEA contract. It is an annual contract; therefore a majority of that contract has been spent. This includes the NWEA and MAP tests. Ms. Williams asked if the contract was done yearly and what happens when DCAS comes in. Ms. Floore stated that yes it is a yearly contract but Dr. Daugherty will have to inform the Board how DCAS will be handled. Mr. Ammann has done a lot of work in preparation of the new testing. This year we will be paying a portion of the bill directly to the state. That figure is in the budget and is just over \$628,000. We have a significant bill coming from the state, but we don't know what that will be each year, if anything. In the past there was discussion of a technology infusion for the machines needed for the test. Ms. Floore is not aware of any state funding for that at this time. Mr. Lloyd asked if this is a once a year cost. Ms. Floore stated, yes.

School Improvement is at .5% due to the fact that we are working through FY09 funding. The FY10 funding is just now being loaded. Ms. Williams stated that if a school is "under improvement", they still don't have their funding until after the initiatives have begun. Ms. Floore agreed. The federal allocation for Title I School Improvement is \$100,000 due to the demographics of the population. The School Improvement plan funding is \$36,000 per school. Ms. Williams asked about IBU 38 utilities at 98% being normal for this time. Ms. Floore explained that funding is encumbered for the year. We anticipate for the remainder of the year. Our expenditure of 16.3% is low as it takes a while for the billing to catch up. It is one of the more complicated invoices in the business office. It all comes in on one invoice, but needs to be distributed and approved by building. As a general rule, for a fiscal year, we look at our non-negotiable commitments, i.e., utilities, leases, salaries and encumber to budget. Then we can look to what is left and how to cover other expenses.

Mr. Lloyd asked for a clarification on Summer School. In the past summer school was over 100%. In the final budget, we matched revenues to expenditures so it matched.

You take in revenues over June and you make expenditures through the end of the year. We will not incur any more costs at this time.

Director of School Operations is 9.3% is due to a large portion of those funds is secondary education graduation. Those will come at the end of the school year. Assessment is another one that pertains to DSTP where the larger share of expenditures comes later in the school year.

IBU 99 Contingency which is our emergency reserve has not been touched.

Federal funding end dates are December 31, 2009. We have 3 months to pay the bills from FY09 expenditures. No further obligations can be made on FY09 funds. Ms. Debbie Roberts will come in April and give the Committee a review of Federal Funds. Payroll on these funds also ended on December 31st. Ms. Rattenni asked if the federal funds run on the calendar year. Ms. Floore explained that they run on the federal fiscal year but some cover more than one year. Ms. Williams asked about IBU 34 is \$147,000 but it lists 0%; does that mean we cannot spend that money? Ms. Floore stated that IBU 34, 35 & 36 are the private schools that we are the fiscal agent for. They have access to those funds. If they do not use the funds, we may use them for Title 1 commitments we have made. That is why another IBU has over 100%. We use the balance that wasn't used from non-publics to compensate for the overage in the other IBU. Ms. Rattenni asked at what point we know when the non-publics will not be using the funding. Ms. Floore explained that if the money is not expended by December 31st, it rolls over to us. We have encumbered FY10 funding with Title I commitments prior to January 1st. We can use those commitments to use up the FY09 funding leaving FY10 for new expenses giving us more flexibility. March 31st is the end date for cleaning up all expenditures encumbered by December 31, 2009. Ms. Rattenni asked if we would be changing the end date on the ARRA funding line. Ms. Floore explained that they are 3 year funds and the ending date would be December 15, 2012 although it will always be written in FY09 funding when it was given. This also means that anyone who is paid from these federal funds cannot work through 2012. Without a full-year contract, a layoff notice would have to be given in May 2012. Ms. Williams stated that she had people questioning why we approved contracts 6 months in advance. Ms. Floore explained that is state law. Administrator contracts are done in December, therefore their contracts covered with these funds would be considered a year in advance. For teachers, the date is May.

Ms. Floore explained FY10 funding has been loaded since September. We have been spending against it once the FY09 funding ran out. Managers are meeting with Non-Public schools now. Funding is based on poverty and attendance. Some of the private schools choose not to fill out the application forms and therefore are not eligible for the funds. Those who do have to send out a survey to their parents assessing poverty levels. Some are reluctant to give that information.

Tuition revenues are 99.9% on the local portion. We will likely tip over 100% this year which is good news. This is due to the 2.5% delinquency payments. For total revenue, we're at 96.38%. The largest factor of that is the tuition billing which Mr. Loftus is

currently finalizing the bills to the other districts. Ms. Floore must send the bills to DOE first prior to sending them to the other districts. Payment is due to us by June in this fiscal year. We received a transportation payment from the consortium just prior to making the final budget. In part, we are reimbursed for that, so it may go down but it may go up as well. The consortium is the number of seats we have at Kingswood and Parkway. Because of the transportation payment, that is showing as exceeding budget. We will use contingency to cover the overage. Mr. Lloyd asked how many students we had placed in those schools. Ms. Floore estimates 100 students but will get the actual number for the committee. These are students expelled from our regular schools. This is not an alternative education placement.

Minor Capital being 0% may seem odd. This funding is 3 year funding. There are a number of projects and the bids take a while to obtain. There is a number of projects that they are working on. We may even end the year at 10% as all of the money carries over to following year.

Meadowood Utilities was over encumbered and is on our list of review.

IBU 97 is listed in detail. Prior year payables: MBU 98, prior to the final budget showed at over 100%. We changed it by \$5,000. The estimate was \$50,000. The final budget is \$55,000 so now it shows at 92.2%. We will have rare if any expenditures on that.

Mr. Lloyd asked about MBU 07 as the Assessment is DSTP. Ms. Floore stated that no, that is for DCAS as our payment to the state. We owe a one time payment that we believe will go away next year. Mr. Randolph asked what they use it for. Ms. Floore stated it is the initial payment to the vendor. Mr. Randolph asked if each district made a similar payment. Ms. Floore stated that yes; the cost is approximately \$5 million total. Last year, the district superintendents agreed the districts would share in the payments to give back to the state for the testing program. Mr. Lloyd asked about Race to The Top and national standards and national testing, would this testing then go away? No, DCAS will not go away. Will there be more to do with Race to The Top, which is a question for the future. Ms. Williams asked if there are national standards to DCAS. Ms. Floore stated yes. What was promised through the Memorandum of Understanding for Race to The Top is that Delaware is in position for this testing. We already have a model growth assessment. Some states do not.

Mr. Lloyd had one other new business item. Mr. Buckley had emailed him about the school board financial policies. This Committee has not been made aware of changes to the policies. This information will be coming to us so the committee has had a chance to review. Ms. Floore explained the committee would be asked to comment.

IV. Public Comments

Mr. Doolittle stated that he felt the year to year budgeting was well under control and in good shape. He would like a more proactive macro look at some of the issues particularly stretching out time, budgeting ahead. Some of the sourcing issues that come

with the funding; there are some major macro things that involve the districts that New Castle County has for quite a while. The state budget and other issues can and have made an impact on a well planned budget. This group needs to get ahead of and not behind. Ms. Floore agrees. She and Dr. Daugherty speak frequently and one of the things he has asked for is how we can construct a 3 year budget or plan. It is very difficult when 70% of your budget is in question. The state has told us that next year we will have half of the stabilization funds. Where it will be cut from, we don't know. It could be resource teachers or it could be tax relief. If they cut our tax relief, that is \$3 million of local funds. She would go through all departments looking where we can cut. So, can we promise the referendum expenditures next year? Yes, we will have them as they were voted for, but how we use them depends on the other end of the budget.

Mr. Lloyd has passed on any emails he has received. He does not pass on any fund raising emails he receives.

V. Announcements

The Committee's next meeting will be Monday, February 8th in the Brandywine Springs School Teacher's Lounge at 6:30 PM.

VI. ADJOURNMENT

The meeting adjourned at 9:30 PM.

Respectfully Submitted,
Laura Palombo
Recording Secretary

To Do

- J. Floore will discuss with Nancy Crawford placing the email policy on the website
- J. Floore to inform the School Improvement presenter for February to postpone the presentation until next year.
- J. Floore will invite Mr. Defroda from Barbacane to the next CFRC meeting.
- J. Floore to put the Barbacane drafts out to the CFRC prior to the next meeting.
- L. Palombo to send the IBU 58 to the CFRC members
- T. Ammann will report the actual number of cell phones in the district and get back to the CFRC.
- J. Floore to send the updated revenue page to the Committee
- J. Floore to obtain the actual number of students at Kingswood and Parkways schools from Red Clay.