



Committee minutes

Community Financial Review Committee			
1.12.2016		6:30 – 9:00 PM	Brandywine Springs Teachers' Lounge
Meeting called by	Jane Rattenni, Chair		
Type of meeting	Monthly Financial Review		
Facilitator	Jane Rattenni, Community Member		
Minutes	Laura Palombo, Red Clay		
Timekeeper	Jane Rattenni, Community Member		
Attendees	Bill Doolittle, Lynne McIntosh, Larry Miller, Tom Pappenhagen, Jane Rattenni, and Fairlight Zimmerman, Community Members; Mike Piccio, Cathy Thompson, BOE Members; Jill Floore, Red Clay CFO; Henry Klampett, Community Attendee		
Minutes			
	Jane Rattenni, CFRC Community Member		
Discussion:	A review of the December 2015 meeting minutes. Mr. Pappenhagen moved to accept the minutes and Mr. Miller seconded. The motion carried.		
Action Items	Person Responsible	Deadline	
Monthly Reports			
	Jill Floore, Red Clay CFO		
Discussion:	Ms. Floore presented the expenditure reports for the end of December 2015. See Section I Attached. Mr. Miller moved to accept the reports and Ms. McIntosh seconded. The motion carried.		
Action Items	Person Responsible	Deadline	
2016 Final Budget			
	Jill Floore, Red Clay CFO		
Discussion:	Ms. Floore presented the Red Clay 2016 Final Budget. See Section II attached. Mr. Miller moved to accept the budget and Mr. Doolittle seconded. The motion carried.		
Action Items	Person Responsible	Deadline	
WEIC			
	Jill Floore, Red Clay CFO		
Discussion:	Ms. Floore gave an update on the WEIC findings. See Section III attached.		
Action Items	Person Responsible	Deadline	
Presentation			
	Jill Floore, Red Clay CFO		
Discussion:	Ms. Rattenni asked for topics for presentations at future CFRC meetings. See Section IV attached.		
Action Items	Person Responsible	Deadline	
Announcements			
	Jill Floore, Red Clay CFO		
Discussion:	The next meeting will be held February 9, 2016 in the Brandywine Springs Teachers' Lounge		
Action Items	Person Responsible	Deadline	



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Red Clay Community Financial Review Committee Tuesday, January 12, 2016

I. Monthly Reports

Ms. Floore distributed the expenditure reports for December 2015. At this point halfway in the school year, we expect to be at 50%. Last month we discussed that the charter net payment had not been deducted from our revenue at that time. Now that those funds have been transferred, our revenue is at 92.41%. Slightly under last year. There were later payments last year with a \$2 million tax revenue in January 2015. The senior property tax will be transferred to us in the spring. That is the State paying for the discounts the seniors get on their property taxes.

Other line items fall where we expect them to be. Division II is under and Division III is over which is tied to our 30th count. We still need to see some true-up in Division II with academic excellence. Part of that is the transfer of units and students and teachers from Central and RPLC into our regular budget. When the budget was made we knew Central would close and most of RPLC would be transferred to feeder schools. However, RPLC grew in the number of students in the grades still there as well as preschool.

The Board will vote in January on the Final Budget. While not officially voted the numbers in the report reflect the final recommendations rather than the preliminary budget. She noted that they are pending by the Board. We will not update the budget after the Board approves. If a department comes in over or under, it will be reported as such, but the final budget estimate is not updated.

This report has been changed as per the Committee's request. The revenue listing is the same, however, the expenditures are not alphabetized in Division 32. If the Committee would like the other Divisions alphabetized, we can make that change for next month.

Our revenue are 82.66% received, which is lower than last year as a percentage. While estimated revenues grew as a result of inclusion, the state formula has not caught up with that change. The State funded us as units counted from last year, therefore, we are 2% lower on their funding. It will be completed by the end of the year but can reflect variances at this point. FY17 may have some changes with the reduction in force at DuPont as well as the Chestnut Run facility. We have not run models at this time, however, the commercial taxes will be a concern. Residential homes may be sold, but taxes won't change for them.

In looking at expenditures, Ms. Thompson asked why the Board of Ed was at 77%. Ms. Floore explained that they pay a large payment to the School Board Association. The BOE budget is very small, and the payment is a major expense.



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State programs with a budget of \$36,000 are at 100%. The entire amount is for an adolescent psychologist at First State School. First State School is our hospital program. Summer school is at 76% which is the carryover from last year. We will have expenses that incur in June of this coming summer school.

Special Education is over encumbered. We have a new director in that department. That is 108% expended and encumbered but only 49% expended. They spent half their money for the year which is right on track, but they have no funds to spend that have not been encumbered. We will free up some of the larger encumbrances.

Ms. Thompson asked about student services. Ms. Floore explained that is Burtie Watson's budget. A large part of that is Communities in Schools and Jobs for Delaware Graduates, outside organizations. He also coordinates the dropout prevention conference. This budget was increased due to the increase in staff from Communities in Schools that we contracted. Being 88% expended is not an issue as the payments to those organizations have been made up front for the year. Ms. Thompson mentioned Legal isn't as bad as expected.

A question was asked about insurance. Parents are offered student accident insurance at the start of the year. The child can be covered for school time or any time depending on the plan they choose. Dental insurance is also offered. It covers as regular health insurance and works with a current insurance if the family has one. We carry no accident insurance for students. We have liability insurance and there are claims that come to our office. Unless there is some negligence found on the part of the school and/or district, it is not covered under liability insurance. The district does have insurance for accidents and injuries in our athletics programs. Claims for Facilities go through Dr. Ammann, Special Services would be Dr. Broomall or Sarah Celestin, and Human Resources through Christine Smith. We coordinate with one another and are actually contacting the attorneys less than before. We have a number of active cases. Our insurance coverage is paying the attorney fees on the referendum case. We have seen a drop in the monthly legal bills.

For total expenditures, we are 46.9% expended and 50.7% expended and encumbered. We are right on track with the target.

This is the time our staff look at the departments that are under expended and encumbered. School ends in June, but purchases should be made much earlier. In some cases, it is a large purchase the school/department is waiting to make. We inform them that they cannot spend too much prior to October when our taxes are received. In January and February, we see the lower percentages come up.

Looking at our Federal funding, FY 2014 is finished and FY 2015 is closing. The new funds for FY 2016 have begun. Ms. Floore commented on our Consolidated Grant's delay in 2015. There was some pressure put on the government by the Board of Education for holding back funding. This year the grant went through easily except for Title II. Title II is for the professional development of teachers. Private schools are



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eligible for this based on their calculation of students in poverty. Part of our Title 1 funds go to parochial or private schools. There was a late issue with the calculations for private schools... We worked over the fall months to complete the new calculations to be fully compliant. If you look at Title II 2015, you'll see negative \$201,000 for the federal grant. We had to go negative until we received the funding. These are supervisors for the district for science, social studies, and they are funded from Title II professional development and high teacher quality. By the end of January, the funding will be caught up.

In tuition we are 89.54% received at this time. This is also the time of year we work on the tuition billing for those students who attend our schools from other districts. We are receiving bills for our students that attend other districts' special needs schools, i.e. Christina's Autism Program.

Tuition programs, ELL, First State School are all running slightly under budget. However, expended and encumbered is closer to the 50%. You can see this reflects the adjustments made in the final budget with respect to the transfer of funds between Division 32 and Division 58.

Minor capital is underfunded as the State won't fund the minor capital until the local funds are available. We don't receive the taxes until the end of October. At that time, we send a request to the State to load their funding. They are now loaded, however, the majority of those projects are performed during the summer months when the schools are empty of students.

Debt Service is the repayment of our major capital improvement projects. We are right on schedule.

In substitutes we have \$772,000 left, but we've spent \$781,000. Right where we expected to be.

Mr. Doolittle asked that in the office of ELL, what percentage of that is wages and what percentage is other expenses. Ms. Floore stated that the majority of wages are not in ELL, they are in Division 32 local salaries and benefits. If we have a teacher who is an ELL teacher, there are no state units for them. We deploy a unit for an ELL teacher, the local portion of their salary is paid by the tuition tax. That doesn't go through the office of ELL. The office of ELL has had a problem hiring enough tutors. They recently did an RFP for contracted services. We feel its best if we hire them ourselves. However, we're having a hard time hiring these 29 hour employees. Back to Basics was awarded the contract. This is similar to how therapy services are handled. Therefore, the majority of the office of ELL budget is contracted services and supplies, not full time teachers. This would be a good topic for a CFRC presentation.

Mr. Miller made the motion to accept the monthly reports and Ms. McIntosh seconded. The motion carried.



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II. 2016 Final Budget

Ms. Floore distributed a copy of the Dept. of Education budget request which the Committee requested at last month's meeting. The piece entitled "Door Openers" is the piece that goes into developing the Governor's Budget. Ms. Thompson stated that the Dept. of Education put nothing in regarding WEIC. Ms. Floore stated that the Dept. of Education was excluded from all conversations regarding WEIC. Ms. Floore explained that the request that came from the school districts was bandwidth at \$3 million. Ed Sustainment for \$5.5 million is the flexible funding given to the districts. The request was split between band width, Ed Sustainment and Technology. The State collects the priority recommendations from every department and places them into the Governor's Budget based on projections and funding.

Ms. Floore distributed copies of the Red Clay 2016 Final Budget. Ms. Floore explained the reason for a final budget is the September 30th unit count. The school population changes from our projected Preliminary Budget in June to after the verification of our student body in October. We did have some significant changes.

Our September 30th count reported that we are .37 units from last year, however, we are down 445 students. The reason we retained the units is because the students who are attending our schools are rated at a higher unit due to needs based funding. The only students who currently have a higher weighted value are special education. We are trying to change that. It is not us just reclassifying students. We have more special education students coming into our schools at the 3-4 year old and kindergarten levels.

Many of the students who left us went to charter schools. We had a significant growth in the number of charter schools available to students. In K-3 regular students, we went down 65 students; in regular 4-12, we went down 136 students; and 74 fewer basic students as well as 5 fewer intense students. Complex students, however, grew by 51 students. Therefore, we were able to keep the number of staff members, however, by moving them to the school with the need was. In the spring, we estimate what our staff will be, and we are guaranteed 98% of that from the State. In a district as large as ours, however, that could translate to 50 units. Every year we've had growth, but now we are losing students. We guarantee teacher contracts by the end of May by the teacher contract.

Charter school numbers increased. In FY16 Preliminary Budget we estimated \$9.6 million for payments. The actual was \$10.3 million, a difference of \$646,000. Charter schools must have 80% enrollment by April 1st. There are some who know their enrollment due to lotteries. But some are registering through the summer months giving more growth from June through August. The projections we've used were under. Some schools fell below the 80% but were allowed to continue as the procedures to close are so lengthy.

Choice numbers were relatively even. Red Clay students choosing to other districts increased by 17. Out of district students choosing to Red Clay increased by 39. We've



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been consistent for 5-6 years. We expect the numbers to change for FY 2017. The students we're importing are mostly from Christina, and they didn't pass their referendum making \$9 million in cuts. This year their expenses are down. The calculations for any receiver will be less as it's based on their cost per pupil of this year. The biggest change of one single charter school was Odyssey Charter, and that is due to Odyssey expanding grades. There were also 2 brand new charter schools. There is a moratorium on new charter schools. The STEM school that is opening next year in New Castle was approved prior but on a delay so it is allowed to open. In total there are \$2,783 students who live in Red Clay and attend charter schools, and increase of 224.

The needs based tuition has also been adjusted. The tuition tax charged to Red Clay residents is the funding. We estimate more is needed at RPLC due to the growth in students. Therefore, funding was moved back to their line.

Local funds changed by -\$945,000. Similarly, there is an offset on the needs based. Division 1 State funds reduced as teachers stayed at RPLC. We budgeted the inclusion transition change for the whole year. The reality was, we still had July, August and through September 12th payroll (teachers are on 26 pay) to charge to Central and RPLC.

Transportation is a formula adjustment.

The Revenue adjustment is \$1.98 million. There is a lot of discussion for the priority schools. We were told the funding was coming on the federal side. However, it was funded through State Funds. It is \$333,000 per school per year. We adjusted the line it is reported on.

The current available revenue went down almost \$3 million to \$193 million. Some of that is less revenue into our budget. With more students to charters, we pay more in a charter payment, but we also do not have the expenses of educating the student. The majority however is moving revenue from Division 32 to Division 58 for RPLC.

On the expenditure side, there were no policy changes. We passed the referendum and we have a strategic plan. Final budget is not the vehicle to start a new program. Schools may have an increase if their enrollment increased. However, if a school goes down, they do not get penalized as we are halfway through the year. It is trued up in the next year. We had attendance zone changes. Many schools have new configurations. In June, we did our best guess as to where students would be attending. Linden Hill has more than we projected. Part of that is students exercising choice and grandfathering in even though there was a new school and feeder pattern.

Transportation was an adjustment. Transportation assumed more students coming from RPLC would be served in regular busing. But the RPLC numbers increased, so the busing stayed with it.

The final projection decreased \$2 million. We are still projected to end school year \$7.4 million balance. Our goal is to end the year with \$8.5 million. Hopefully, we won't need



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to rely on the contingency for overtime, snow removal and frozen pipes due to weather. We've already had a frozen sprinkler system that burst in the parking garage at Lewis. There was damage to the teachers' cars. We have insurance that covers this.

Tuition was adjusted for RPLC \$1 million increase came from Meadowood and needs based funding. It's not new funding nor is it a cut, but it is a move of funding to where the students are now attending. Meadowood salaries came in slightly under projection. We use both State and local funds. Any requirements through a student's I.E.P. must be met. If a student requires a small class setting yet our unit count doesn't fund that, the teacher must be 100% local funds through the tuition tax. That's why there isn't the 60/40 split in salaries, it's more like 90/10.

Looking forward to FY 2017, a lot depends on the State side. Some depends on WEIC even though students wouldn't be transitioning yet. The WEIC plan includes a recommendation for funding for next year for high poverty and ELL. That funding would be incorporated into the ELL and RPLC and Division 32 salaries following the student.

Ms. Floore explained that the budget presents exactly where we said we would be when we went for Referendum.

Mr. Miller made the motion to accept the FY 2016 final budget as presented. Mr. Doolittle seconded. The motion carried.

III. WEIC

Ms. Floore stated that last Monday was a State Board workshop. Mr. Doolittle attended the workshop. The workshop involved a discussion of changes and whether clarification on issues was needed, which would take time. Ms. Floore explained they could ask for changes, but a vote must be taken at the end of March. Mr. Doolittle felt there was one issue of terminations that may have been a deal breaker

Ms. Floore explained that the resolution, or WEIC plan, was structured in a format of yearly milestones. The first year was poverty funding; year two was property assessment, year three was the transitioning of students. Year one of planning also came with funding. There are also checkpoints along the way within each year. If checkpoints aren't met, everything stops. Ms. Thompson relayed her disbelief that the plan is feasible. Ms. Floore also explained that if all things aren't met by year three, it's over. It is up to WEIC to determine in consultation with the district with the School Board permission. The Board had a 5-1 vote to go forward. Mr. Doolittle stated once the State Board approves, it then goes to the legislature. Changes can be made at that time.

Mr. Pappenhagen asked when the public comments due date. Mr. Doolittle explained it was January 14, 2016. Ms. Thompson asked if the public comments have made any impact. Ms. Floore stated that the comments are online and in reading them she was interested to hear there were advocates for a county-wide tax, not necessarily with



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redistricting but as a solution to the local revenue match for any new funding. Ms. Floore explained that the WEIC report does not reflect the recommendations of the WEIC funding committee in terms of weighted student funding. In reading the comments, Red Clay residents are very opposed to it. Not all comments are from Red Clay. Mr. Thompson stated that our Board of Ed's vote did not reflect our constituency. Ms. Floore received an email from the Comptroller General's office and they are working on the fiscal note for WEIC.

Ms. Floore spoke with the Red Clay Parent Advisory Committee last night at Warner. There are representatives from all of the schools that meet each month. From the parent level, they are concerned. The issues that have begun at our other schools due to new feeder patterns has brought concerns home. More students will be in the high schools. The competition for our magnet schools will be increased as well with "in district" preference. Mr. Miller stated we have infrastructure issues that have not been addressed.

Ms. Floore spoke about weighted unit funding that is often confused with weighted student funding. There is a funding task force and Ms. Floore serves as a member on behalf of the Delaware school administrators. Mr. Carson, the executive director of DASA is also a member of the task force. Ms. Floore attended the meeting and found it very concerning. This task force has an agenda to change the funding formula without establishing any systemic review of what is working or not working with the funding formula. One of the main tenets is moving away from units towards weighted cash values and school allocations.

The WEIC funding committee recommended weighted units funding proposal to target students' needs. Weighted student funding, however monetizes staff and proposes that every principal would be a manager with a salary cap. Every school would have a different salary level based on the configuration of students in their buildings based on a redistribution of funding. The principal would have to look through their seniority roster and say who they could afford to keep. Even if they put a perfect roster, the next year they might exceed their cap as salaries would increase. Mr. Doolittle stated that parents, teachers and districts do not like this plan, yet DOE, WESTT and others do support it. Ms. Floore stated it is very problematic and does not address the real shortcoming of the current funding system.

Ms. Floore explained that the WEIC finance group, which is made up of a diverse group of people believe the current unit system is clear and easy to understand. It is very outdated and needs to be adjusted as it doesn't reflect the needs of students in ELL, poverty or K-3 basic. Ms. Thompson stated that under this formula, the more senior teachers would be priced out of a job. Ms. Floore stated yes or the class sizes would go up at schools that no longer earned the funding to support the current teachers.

Ms. Floore explained that with priority schools there were staff forced to transfer into the schools. Forced verses having buy-in and desire have different outcomes. Having a teacher moved to a school they did not want to be in, can be more detrimental to the students. Mr. Doolittle also stated that a special education teacher has a significantly



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higher salary than a regular teacher of the same years based on level of training. If we go to weighted student funding, Mr. Doolittle believes the funding provided for special education would decrease significantly.

IV. Presentation Schedule

Ms. Rattenni asked for suggestions to our presentation schedule. Already noted were: Inclusion, ELL, transportation, priority schools, technology, and WEIC and referendum ongoing as needed. Mr. Doolittle asked if priority schools could be done the same month we look at federal programs.

Mr. Klampett asked if we had any oversight for the charter schools that are chartered through Red Clay. Ms. Floore stated that this Committee does not as the charter schools are required to have their own budget oversight committees. However, there are accountability committees with Red Clay representatives that monitor their finances along with DOE. Delaware College Prep for example has been on probation. Ms. Thompson added that it does take a great deal of our administrators' time and it is not accounted for, especially when the charter school is doing badly.

Our Board has voted to not renew Delaware College Prep's charter. Over the course of this spring, we will be going through the closer procedures. Mr. Pappenhagen would like a projection on charter schools and how they will affect our student population over the next few years. Ms. Floore stated it is easier to do now that there is a moratorium on new charters. It was near impossible when 7 opened in one year. Some schools are struggling but are able to stay open. Ms. Floore stated it will be reviewed when she presents the preliminary budget to the Committee. Over 80% of our funding is spent on salaries and benefits. The rest is operating expenses that will depend in some part on the population. Therefore, it's more about making sure we don't get out of balance with teachers vs. student numbers. Ms. Floore stated it is always an educated estimate.

Ms. Floore distributed the Committee bylaws and Citizens Budget Oversight Committee information. These are DE administrative code, which are the regulations that come from the Dept. of Ed. At the time, 2010, we sent our bylaws and were approved as grandfathered. Based on current regulations, there is a membership selection section that needs to be updated. She needs to speak with Dr. Broomall to make sure we update board policy which speaks to board committees. She will then bring proposed changes to the Committee.

V. Public Comments

Mr. Klampett suggested the committee review the By-laws and board policy regarding the CFRC membership.

VI. Announcements



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The next meeting will be held Tuesday, February 9th in the Brandywine Springs School Teachers' Lounge at 6:30 PM.