



Committee minutes

Community Financial Review Committee			
9.14.2015		6:30 PM to 8:30 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, Monica Henry, Tom Pappenhagen, Jane Rattenni, and Fairlight Zimmerman, Community Members; Steven Fackenthall, RCEA Member; Mike Piccio, BOE Member; Jill Floore, Red Clay CFO		
Minutes			
	Jane Rattenni, CFRC Community Member		
Discussion:	A review of the July 2015 meeting minutes. Mr. Piccio moved to accept the minutes and Mr. Fackenthall seconded. The motion carried. Catherine Thompson, BOE, has expressed the interest in rejoining the CFRC as of October. Mr. Fackenthall has taken another position with the RCEA. A new RCEA representative will attend future CFRC Meetings.		
Action Items	Person Responsible	Deadline	
Monthly Reports & Financial Position Report			
	Jill Floore, Red Clay CFO		
Discussion:	Ms. Floore presented the reports for the end of August 2015. See Section I attached. Mr. Pappenhagen made a motion to approve the Financial Position Report and Mr. Fackenthall seconded. The motion carried.		
Action Items	Person Responsible	Deadline	
Priority Schools			
	Jill Floore, Red Clay CFO		
Discussion:	Ms. Floore gave a presentation on Priority Schools. See Section II attached.		
Action Items	Person Responsible	Deadline	
Referendum & WEIC Update			
	Jill Floore, Red Clay CFO		
Discussion:	Ms. Floore gave an update on the Referendum lawsuit and upcoming WEAC developments. See Section III attached.		
Action Items	Person Responsible	Deadline	
Presentation Topics			
	Jill Floore, Red Clay CFO		
Discussion:	Due to WEIC meetings, the budget reserve topic has been tabled. See Section IV attached.		
Action Items	Person Responsible	Deadline	
Announcements			
	Jill Floore, Red Clay CFO		
Discussion:	The next meeting will be held October 13, 2015 in the Brandywine Springs Teachers' Lounge.		
Action Items	Person Responsible	Deadline	



Committee minutes

Red Clay Community Financial Review Committee Monday, September 14, 2015

I. Monthly Reports & Financial Position Report

Ms. Floore presented the monthly reports for August 2015. The fiscal year began on July 1, therefore, there is little to report. Teachers are paid on 26 pay scale and summer school crosses fiscal years. Ms. Floore explained the Financial Position Report for the new members. The report is done several times a year. Depending on the time of year, the report speaks to how much money will be on hand at the end of the year or until our taxes come in October. The reality is that we don't have a lot projected to go into October which is evidence why the referendum was needed. We do have enough to cover our obligations. We will replenish that balance as the taxes are collected. This report is voted on by the Board of Education this month. Ms. Floore would like a vote by the CFRC to present it to the BOE.

There is a February 1 report that looks toward June 30th. This takes into account those funds that could be used for salaries. This is not a full budget including federal funds, debt service or other tax areas. Due to the limited reserve going into October, we have departments on spending plans to purchase only those things needed through November and the full receipt of taxes.

Mr. Pappenhagen made the motion to approve the Financial Position Report. Mr. Fackenthall seconded. The motion carried.

The monthly reports reflect two fiscal months. We have asked that the departments not to encumber their funds for the year at this time. At this point last year, we had negative revenue. We would be the same this year except for the early tax payments that were received. Those tax payments are also higher due to the referendum. The revenues are \$1 million. The possibility of it going negative lies with the payment to our Charter schools which is drawn directly from our revenues in the first few months of the fiscal year. It is 35% of their total bill. We then pay them in full after 30th count.

At this point last year we were at 50% of budget and this year at 49%. That is because our budget went up significantly due to inclusion. The total budget balance did not go up, we just had to move the budgets to the feeder schools from the tuition schools. The pre-load is still reflecting last years' funding.

Very little to report on the expenditure side. Summer school, however, is where we'd like to see it. We considered changing the legal services budget as it is over budget every year. We did a significant encumbrance as we know the legal fees come due each month.

Personnel, Human Resources, is higher than expected. There is a requirement for Lewis Elementary that the teachers teach half the day in Spanish. Finding qualified teachers who can teach in Spanish has proved to be very difficult. We have a good relationship



Committee minutes

with the program from Spain. The visa process however, has been difficult. A piece of that is working with the attorney for those visas. The good news is that a majority of those teachers we had are returning to us. China, for example, enforces their procedure of the teacher returning to China for so many days before returning. That is why HR had to be involved and pay for this process.

Maintenance will increase as they do their preventative maintenance and security contracts early in the year.

We are at 12.7% expended and 15% expended and encumbered. We are slightly lower than we were last year.

Federal funds are on a different cycle so they are closing out. We are on the third revision of our consolidated grant. The federal fiscal year begins in October. We are hoping to get the funds in as the FY 15 federal funds are closing out. The dates can often vary. Title 1 ends 9/1/16, but it is clear there isn't enough funds to make through another year.

This list of grants continues to grow. 21st Century Ready by Age 3, and Smart Academy are two new grants. Smart Academy is an after school program some of our highest need schools; Richardson Park, Highlands and Warner.

Page 6 is the Tuition Budget. We haven't gotten in any revenue so those are the carried forward balances. We are tracking to where we were last year.

State revenue on our unique alternatives, the state does not fund 75% up front. We do many of those renewals over the summer. The student place through unique alternatives is funded 70% by the state and that funding renews as well. Therefore, we are already at \$1.1 million in state funding for unique alternatives.

Debt Service, these are repayments for our capital construction, runs on a different schedule. Ms. Floore has a schedule of due dates. 8/1 is a payment, therefore, we are 30% expended. Mr. Doolittle asked since we don't do a cash flow analysis, if it is a separate fund for these payments. Ms. Floore explained this is a complete cash flow analysis. It is necessary to have this information when she sets the tax rate in July. It is based on what is available and what months the payments are due. It is set on a 15 months' worth of expenditures to make sure we get through October.

We are struggling but working through tracking all of the changes happening with our inclusion program. For example, the student from Central school, which no longer exists, is now at McKean. The aide that went with the student follows to McKean. The funding that child contributed toward a unit for the teacher also goes to McKean. However, if that teacher resigned to another district, a different teacher took their place. It's difficult to track and we are going through a painstaking process to reconcile with all departments at the table including payroll, HR and funding. We'll spend September and October making sure all of the funding follows the students and the teachers and the



Committee minutes

coding is correct. The hardest are para professionals as they tend to come and go more frequently. Ms. Rattenni asked if after this year all of the tracking will go away and all of the expenditures will be in the schools. Ms. Floore explained that the tracking will always be needed as the tuition funding must be tracked, but it will evolve into a new process. ELL is another program we've tracked separately. The goal is make sure the spending this year is the same level as last year in addition to the supplemental funding. We don't want our local funds used in place of the tuition funds. Ms. Rattenni stated that Brandywine School District has already had inclusion in place. Where does Red Clay fall in the progression? Are we cutting edge, or are we behind? Ms. Floore explained that some districts are ahead and behind. There are states much further ahead than Delaware. We believe we're middle of the pack. Mr. Fackenthall explained that we were behind other states. However, we still have a lot of things to work out. Dual role teachers and resources are stretched very thin. Mr. Doolittle stated that theoretically we are ahead. Ms. Floore stated that she is very impressed with the inclusion committees and the ongoing dialogue and progress made.

Mr. Doolittle questioned the transportation budget. Meadowood is less than last year at this time. Ms. Floore stated that Meadowood has 11 month students, yet parents can choose not to participate in the summer program. Therefore, transportation fluctuates as to student participation. We also had extended year at North Star Elementary for those students. Mr. Doolittle also questioned the RPLC/Central budget. Ms. Floore explained that the budget amount is less without Central school, that the percentage is higher for the summer use against that budget. The transportation is out to the feeder schools with inclusion. The budget for transportation was \$1 million and now it is \$500,000. George Middleton, our Transportation Manager, is retiring. Over the summer, we were able to work with him for this transition. Also, we have been sending fewer students to the Delaware Autism Program (DAP) which is run by Christina. We have the DAP at RPLC and the middle school program at Skyline Middle School. Ms. Rattenni asked if it they had their own area or was it inclusive. Mr. Doolittle explained that it was their own classrooms with push outs to other classes whenever possible.

II. Priority Schools

The original grants were \$1 million a year. Those were cut by the State. We rewrote the grants at the new rate of \$366,000 per year which has been approved. Yet the funds have not been transferred to our accounts to date. Mr. Pappenhagen asked if the current budget issues the State is having would affect us receiving the funding. Ms. Floore said she didn't believe it would.

Supplemental funding through the 1003G grants for Priority schools are being worked on at this time. Two schools are eligible, but Warner is not.

Mr. Doolittle asked if the priority schools of Christina were funded even though Christina School District did not solidify any plans. Ms. Floore does not believe they have been funded. Without their referendum, Christina also had to let teachers go which increased class size. Ms. Rattenni asked if the sports programs suffered. Ms. Floore is not sure as



Committee minutes

they spoke of eliminating middle school and freshman sports programs. Ms. Floore is meeting with the CFO of Christina this coming week to discuss possible WEIC plans.

III. Referendum Lawsuit and WEIC Update

There has been no update on the referendum lawsuit. The attorneys were in court on July 8th for a motion for dismissal. There still is no report on the ruling. To date, the cost to the local taxpayers is over \$120,000 in attorney's fees.

Ms. Floore was asked to be the co-chair of the Finance Committee on WEIC. Ms. Floore asked the Board if it would be seen as an endorsement of WEIC or would it be an opportunity to truly express the issues and concerns we have. Much of the policy of WEIC draws directly from the issues related to the Red Clay and Christina tax payers and state funds. She was encouraged by the Board to participate.

The Deputy Comptroller General, Mike Jackson, is the other Finance Committee co-chair. Ms. Floore has distributed copies of the Finance Committee agenda for the meeting taking place this week.

The first meeting is to speak to what WEIC recommendations are. It is a very diverse group consisting of state representatives, business managers, and a parent. Mike Piccio is on the committee as Board Member, parent and tax payer. Because the commission is being held at William Penn, the Finance Committee will also meet there this time. All other FC meetings will be held at Baltz.

September 22nd, one of the agenda items will be enhancing the current funding structure. What additional funds on the state and local sides could be utilized? Ed Ratledge from UD will be there and he is a member of the State Equalization Committee. He is from the Center of Applied Demographics. We also have Kevin Carson, Executive Director of DASA. The purpose of the meeting is to lay out our plan. The Commission and 5 committees are working simultaneously.

Our Board has stated that there will be no disproportionate impact to our taxpayers. One of the recommendations of WEIC was to provide funding for a low income unit. There is nothing in the state funding structure that recognizes poverty or any at risk students other than special education. There was a bill sponsored last year to have an extra unit for every 250 students in poverty. For 2500 students that is only 10 teachers. Additionally, the state only funds 60% of a unit, and the local taxes fund 40%. If we have high poverty students transfer over, the state will fund their portion of the unit, and it would fall to Red Clay taxpayers to pay the 40% for these students not formerly in Red Clay.

We do not know Christina's assessment base and taxes versus the needs of the students. There are approximately 4,000 students in the City of Wilmington who would transfer to our district of residence. 2,500 attend Christina, 1,500 attend charter schools. We would inherit a bill for 1,500 charter students who we would never see or serve. Does the tax base that we would receive from Christina include similar funding to what the balance is



Committee minutes

in Red Clay? Do the students come with full funding? There are also match taxes associated with that. Red Clay has stated that if the students don't come with the funds, we will not support making the changes. Mr. Doolittle stated that the law could be manipulated to make the change and no funding would come. Mr. Piccio explained that our Board has the opportunity to give our opinion, but we will not have the opportunity to approve or disapprove the plan before it is submitted to the state due to timing. It will not come to the Red Clay Board for a vote. Mr. Fackenthall asked if the Board would get it after the State and make a vote. There is no provision the board must make a vote. There is also the question of governance. The law took away the need for a citizen vote for redistricting. If there's no vote from our Board, then there is no vote from any citizen in Red Clay to make this change. Is it taxation without representation? The General Assembly would have to pass a concurrent resolution so there are elected officials involved but not at the board level.

There are 5 committees: Funding Student Success, Serving Students in Poverty (looking at needs), Charter Collaboration, Parent Engagement and Redistricting. Anyone from our Committee is invited to attend the meetings. Until we know who the students are, we don't know the units and needs based units. These are all students K-12. The redistricting will also need to decide if students already in Christina high schools would be allowed to continue. The "in district" pool for students at Cab Calloway and Charter School of Wilmington would increase as well. Mr. Doolittle stated that the opinion that there is only transitional money needed is a fallacy. There is also a big question of what happens with past and future Referenda. Ms. Floore stated the referendum process is broken and reassessment state-wide is needed. Mr. Doolittle agreed along with specific funding for poverty students as well. Ms. Floore invited the committee to email her with concerns and comments to be brought to the WEIC meetings.

Ms. Henry asked what the new size of the district would be. Ms. Floore explained we would go from about 16,000 to 20,000 but if you discount the charter students it would bring us to 18,500 making us the largest district in Delaware. Ms. Henry stated it feels like we're going back to the original Wilmington School District. What the committees have to look at is where are the students going to school? Now, city middle school students attend HB Middle and Skyline and Stanton. There aren't spots at HBMS and Skyline. Dickinson High School now has a middle school taking spots and they are almost full so there are tremendous questions about school configurations and feeder patterns.

Ms. Henry asked if we gave them a dollar figure, would we be held to that. Ms. Floore stated that is why she doesn't feel comfortable giving them a solid figure especially because there are so many moving parts.

IV. Presentation Topics

We will give an update on WEIC every month. Ms. Floore asked the committee if there were additional topics they would like to see presented. Ms. Rattenni stated we would



Committee minutes

have those presentations after the WEIC plan has been submitted. At this time, the budget reserve topic was tabled.

Ms. Rattenni asked about our membership and our bylaws. We need to look at the issues of district residency and US citizenship. We will look at other districts and see what they have in place. Our current bylaws do not prohibit a non-citizen even though the person could not vote in a referendum. Ms. Floore stated that the non-citizen person interested in the committee is no longer interested. Ms. Rattenni stated we would table consideration of a bylaw change.

V. Public Comments

There were no public comments to the CFRC directly at this time.

VI. Announcements

CFRC Meetings will be changed to the second Tuesday of the month. Therefore, the next meeting will be held at the Brandywine Springs Teachers' Lounge on Tuesday, October 13, 2015 at 6:30 PM.