

**Red Clay Community Financial Review Committee**  
**Monday, November 10, 2008**

**Our Meeting Minutes:**

The Community Financial Review Committee met on Monday, November 10, 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  
Doug Suiter – Vice Chair, Secretary Protem  
Ken Woods – Red Clay School Board Member

**Others in Attendance**

Eric Loftus, Red Clay Financial Analyst, and Leah Davis, Red Clay School Board Member.

**I. Introduction and Opening Comments:**

Mr. Lloyd opened the meeting welcoming everyone. He noted that Mr. Miller and Ms. Rattenni were unable to attend this evening. He thanked Ms. Floore for sending out the preliminary budget information requested at the last meeting.

**II. Old business**

The minutes of the October meeting were reviewed. Mr. Bank moved to accept as presented and Mr. Buckley seconded. The motion was carried.

Mr. Lloyd asked if the Consolidated Grant funds that were discussed at the last meeting had been released. Ms. Floore stated that they had been released just days after the meeting.

Mr. Lloyd reported he had not gotten any feedback from the articles in the Red Clay News or Red Clay email. If any are received, he will pass them along. Mr. Suiter is going to meet with 2 school PTAs on 11/17, Meadowood and AI Dupont High School, and on 11/20 he will be at Highlands Elementary. He will share the information that has been published regarding the Committee and reiterate that the Committee does not change policy, but reviews the finances. He will give an outreach update at the next meeting.

Mr. Buckley asked that several members participate in the This Week in Red Clay television show. The show will take place in January 2009. The program is currently running on Friday evenings and Wednesday afternoons on Channel 28. The Committee made the commitment that several members will participate.

### **III. New Business:**

Ms. Floore distributed the 2008/2009 Position Entitlement report. She reported the numbers are from the certified September 30<sup>th</sup> Count report and that the report is the foundation of unit calculation and how staffing is determined. However, she also noted it is the foundation, but not an actual reconciliation because there are specific nuances for each district. For example, while the report shows 2, Red Clay has 3 Assistant Superintendent positions, 1 of which was grandfathered in from the desegregation program and written in epilogue. The language was changed this year to so that if the position were to become vacant next year, the position would not be filled the following year. Christina is also affected by this. The date was moved back a year from the original language.

The unit calculations based on a formula per student per grade. To accommodate the smaller class sizes in the lower grades, the ratios are lower in grades K-3 and increase as the grades increase. There are additional units for school level positions such as psychologists and related services. Mr. Bank asked what are related services specialists. Ms. Floore stated that they are occupational therapy, physical therapy, and speech therapists. She stated the district usually cashes in those units- submitting a form to DOE to receive cash in lieu of the unit. The district then uses the cash to contract with vendors to provide the therapists as it is very difficult to find certified specialized therapists to hire as Red Clay employees, although the district would prefer to do that. Mr. Buckley asked if we are locked into how we spend the cash. Ms. Floore stated yes and that Red Clay uses them directly for the specialists needed.

Ms. Floore then discussed the Summary of Enrollment/Unit by School that is presented in the Budget Book each year. The report shows the amount of children in each grade at each school. Mr. Bank asked about the preschool program which has over 100 students. The units exist but they are not calculated on the district-wide entitlement report which reports strictly K-12.

Ms. Floore reported the number of students is relatively unchanged from last year, but the units are up in large part due to full-day Kindergarten. Ms. Floore stated this is the report that drives the staffing process. All units have been allocated, but in some cases schools are still recruiting certified teachers and/or paraprofessionals to fill the units. Ms. Floore stated that the units drive the classroom teachers as well as fractions must be accounted for school-wide staff such as educational diagnosticians who evaluate students for special education needs. An ED may be assigned to 2-3 schools, with each school paying for their portion. The fraction unit earned by the school is used for the ED. There is no separate category for the ED. Mr. Buckley asked when we start looking at how many units we will have, do we look at each school individually or as a district? Ms. Floore explained that they are looked at simultaneously because of the school needs and requirements that must be met. For example, the state law says each school must have a nurse, but the nurses are earned by number of students and not per school so we must use units from another place in order to meet the school needs and state requirements. Mr.

Buckley asked if the state looks at the totals allocated to us by district or by school. Ms. Floore stated that they do it by category and by school. There is a requirement that you deploy 95% of your units in the school they are earned. Mr. Lloyd asked if the amount of 977 was strictly teachers. Ms. Floore stated yes, but that category includes teachers, nurses and other services such as EDs. Mr. Bank asked for detail on the deduct column. Ms. Floore explained that vocational students are counted in grades 7-12 and then they are counted again in the vocational program. So they are deducted ½ for the hours they spend in a vocational program. Vocational programs are within the school counted by minutes. The programs include nursing classes, shop, etc.

Mr. Bank commented on the discrepancies in the units rounded and what was approved. Baltz earned 31.84 but the internal staff document lists 30 – 2 down. Ms. Floore noted that .85 was the rounding formula value, but would report back to the committee any discrepancies.

In addition to the units, Elementary schools earn a Minner Reading teacher and every Middle school earns a Minner teacher. If there are cuts next year, Ms. Floore feels this is an area that is vulnerable. Mr. Suiter asked if they are vulnerable this year. Ms. Floore stated that the contracts are given yearly and she did not anticipate a mid-year reduction from the state in salary items. She stated if the state asks for cuts now, we will be asked to look at discretionary items not related to contracted salaries.

The Committee discussed Academic Excellence units. The Position Entitlement report lists 62 but we have 48 deployed. Mr. Bank inquired if the others have been cashed in. Ms. Floore stated that the others are in a pool to be cashed in; the actual process takes place in December. The budget is built on cashing in 9 Division 1 units. In addition, there are several currently filled long term sub positions that will be cashed in. These are cases where employees are filling Division 1 units that have specific expertise as in ELL, possibly a Class B substitute, but don't qualify as a unit. In those used for academic excellence, there are 5 total Assistant Principals. These were changed to 10 month funding is closer to 50% rather than 60%. Two schools had APs but did not earn them at the end of the September 30<sup>th</sup> count.

Mr. Bank asked if there was a formal definition of academic excellence units and what they are to be used for. Ms. Floore said there is code language on academic excellence units. While it governs the overall structure, it is the district's discretion how they are used to supplement district staffing. Ms. Floore stated there are a variety of criteria used including high needs areas, magnets programs, and district-wide services such as elementary band. Sometimes in the high school it is the completion of a schedule that requires a unit.

Mr. Lloyd asked why with all these funding formulas in place, do we go every year for a waiver for class size. Ms. Floore informed the Committee that Mrs. Hooper, the Director of Elementary Education, and Mrs. Norris, Assistant Superintendent, will be giving a presentation at the next BOE meeting on that topic.

Ms. Floore went on to explain that earned units are not a guarantee that you will get a teacher for every 21 homeroom students. Specialists, sometime nurses, are needed, as well as the school's priorities for unified arts including library, art, technology and physical education. In some cases, a school can use the unit toward a homeroom, but then lose your talented and gifted or specialist teachers. A school can meet class size if you sacrifice another type of class for your school community.

Mr. Lloyd asked what if the Board did not vote for the waiver. Mr. Lloyd asked Mr. Buckley what the State would do. Ms. Floore stated the least disruptive method is to address each class with a paraprofessional - for about \$5 million. In some schools, we cannot add another teacher because we are out of actual classrooms. In those schools, we would put in a paraprofessional. If we hired 21 teachers and 50 paraprofessionals, it would cost \$4 million based on full time employees. Mr. Buckley stated he likes the class size law and thinks that they do work toward the number. Ms. Davis stated she believed the staffing process to be improved this year.

Mr. Lloyd states that number of students doesn't always guarantee a classic classroom. Discipline problems and children falling through the cracks are a parent's worry. Mr. Buckley stated that we are not alone in the class size dilemma. Most districts had to go to waiver. Ms. Davis stated that until DOE funds specialist teachers, separate from the units, the class size will not be diminished. In this economic climate, that will not happen in the foreseeable future.

Ms. Floore explained that the development of the chart was to show all staffing. The Title I program, which is based on poverty levels, uses block grant funding to staff additional support teachers. Title II is professional development funds that are Cadre Teachers to support specific curriculum areas. They were formerly called teacher on special assignment – which led to the misconception that these teachers were state funds being taken from the classroom. The same is true for Title I which staffs additional certified teachers not in a regular classroom. By federal law, we cannot use Title 1 funds as classroom teachers. They must be pullouts and supplements to your curriculum. Special schools are tuition based schools. The largest categories are for the paraprofessionals who provide the special one-on-one assistance for students. In the cases with Speech, we earned 7 units but we have 14 employees, so we must use additional units for 7. This is a shortage covered by academic excellence units; however, the academic excellence money is being asked to cover too many spots.

Mr. Suiter asked about the numbers printed after the name of the school. It was explained that that is their ID number from DOE. It does not always correspond with the IBU.

The Committee found the information extremely useful and felt they have learned some insights.

Capital budget is the presentation for next month. The presenter will be Marcin Michalski. We would like to have the December 8<sup>th</sup> meeting in the library.

Mr. Buckley would like the referendum reconciliation report.

#### **IV. Other Issues**

Mr. Suiter asked about our expenditure goal for this month. Mr. Lloyd stated our goal for end of October is 33.3%. Mr. Buckley asked about local revenue. Ms. Floore stated that our local numbers have increased. We have received 89.88% of our revenues. Last year at this time we received 79%. The county has had another drop in revenues on real estate transfer taxes. Ms. Floore continued with this report showing state income at 85%.

Mr. Lloyd inquired about cuts being taken by the state made mid-year. Ms. Floore stated that the state would have to discuss it with the superintendents where cuts could be made. Contracts cannot be changed, so it would have to be supplies or non-contractual salary items. With a new governor, many issues will be under review. Mr. Suiter asked if we are devising lists of where cuts can be made. Ms. Floore stated yes, we are making a priority listing. A group of superintendents meet with the state regularly to discuss these issues. Ms. Floore stated that we would not likely cut the referendum items as they are local funds. She stated the district will resist as much as possible funding state cuts with local dollars for salaries as they are unsustainable in the long term. We have not had them and were still found by the FRT to have salaries in excess of the traditional/state local split. In regarding Division III, we have already spent every dollar on payroll. Mr. Suiter asked if the state can ask for it back. Ms. Floore said no.

On the expenditure spreadsheet, Mote expenditures were questioned. Ms. Floore explained Mote has only spent 6% of their budget due to the fact that the school had encumbered funds from FY08 to use. They were not carried over but encumbered. Mr. Lloyd asked about allowing carryover. Ms. Floore explained that it is a financial decision made each year, especially given the turbulent times of the last few years.

Ms. Floore discussed the federal close date is December, though encumbrances can still process through the end of March. All items are close to complete. Title IV and Title V funds are handled by Chris Miller and there is a close-out plan expenditures. She has met with everyone in the schools to expend the funds – these are dollars to use on drug free schools. Next month you will see a drastic change in those figures.

Mr. Bank asked about Brandywine Springs IBU 97. Their expenditures and encumbrances put them over budget. Ms. Floore explained that Brandywine Springs has 2 accounts to draw from, the school budget and expansion budget. The two can be combined into one for expenditure analysis. Mr. Buckley asked how far back are we carrying payables Ms. Floore stated that 2007 was the only year that that was done.

Ms. Floore explained tuition revenues. That's at 87.6% which is running alongside the Division 32 revenue. The office of ELL is running higher as salaries are also shown there. These will be recoded to give a truer picture of the cost of ELL. Technology is another example where salaries are shown within the program office cost.

The final 'watch' is Meadowood transportation. Ms. Floore has a scheduled a meeting with the director of Red Clay transportation, Mr. Middleton. Situations with students and their needs changes quite often. Mr. Lloyd asked how often vehicles are replaced and is it in our budget. Jill stated that they vehicles are on a schedule. The monies we're looking at are mostly salaries.

For other programs, the encumbrances are high. This is something the business office has been working on since the receipt of taxes. Mr. Lloyd asked about other tuition programs as in unique alternatives, IBU 71, there were no board approved budgets listed. It is in the budget \$935,210. It was taken out of the spreadsheet inadvertently. Ms. Floore will add that back in for next month.

Ms. Floore feels we are right on track with our estimates, and budget. Mr. Suiter agreed. He stated that with encumbrances and expenditures puts us 1% below target. Mr. Buckley wanted to know how substitutes are going. Ms. Floore stated we have seen an increase in professional days. We haven't seen enough budgetary impact to reinstitute a cut in substitutes.

Mr. Lloyd asked to have this expenditure report on a historical basis. Mr. Floore stated she will provide for the next meeting. Mr. Buckley asked regarding regular pupil transportation. What is other local funding? Ms. Floore will provide this explanation to the other Committee members. Mr. Woods requested the electronic files be sent in color in the .pdf format.

Mr. Lloyd asked for public comments. There were none. He asked if there was anything to take back to the Board. Mr. Woods has been doing a lot of research on capital budget. He has spoken to the superintendent and has asked for some changes to be made. Mr. Suiter feels that hiring a project manager to handle the overview would solve much of the problems. Maintenance and capital budget need to better communicate. Mr. Woods would like to see the two divisions under one. He would like to see a committee of construction experts come in and review what the architects prepare before a project is started.

Ms. Floore will send out an email about dates for the audit review committee to meet. Ms. Floore informed the Committee regarding the release of an RFP for a financial audit statement.

There were no other issues.

## **X. ADJOURNMENT**

The meeting adjourned at 9:04 PM.

Respectfully Submitted,  
Laura Palombo  
Recording Secretary