

Red Clay Community Financial Review Committee
Monday, September 14, 2009

Meeting Minutes:

The Community Financial Review Committee met on Monday, September 14, 2009 at 6:37 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
Kim Williams – Board of Ed Representative

Others in Attendance

Malik Stewart – Red Clay Director of Federal Programs
Irwin Becnel - Board of Education
Leah Davis - Board of Education
Eric Loftus – Red Clay Financial Analyst.

I. Introduction and Opening Comments:

Mr. Lloyd introduced Mr. Stewart and welcomed the guests to the meeting. Ms. Floore explained that there were 2 meetings other than ours being held at Brandywine Springs this evening. One is a District 19 meeting with Speaker Gilligan and the other is a District music/instrument information meeting.

II. Old business

The minutes of the July meeting were reviewed. Ms. Krapf moved to accept minutes as modified and Ms. Williams seconded.

Mr. Lloyd met with Ms. Floore in July. We will discuss later in the meeting.

There was no other old business at this time.

III. New Business:

Mr. Malik Stewart gave a presentation on the stimulus funds the state issued to the district. The stimulus funding was a plan from the Obama Administration as a one time program to stimulate economic spending and add jobs to the economy. ARRA stands for American Reinvestment and Recovery Act and is another name for the stimulus funds. The consolidated grant is the mechanism to receive the non-competitive funds. It is built around needs, strategies and measures to insure the funds are used properly. Mr. Stewart gave a brief history of the funding programs leading up to the programs we recognize today. The IDEA is the Individuals with Disabilities Education Act. This insures that all children, regardless of physical ability, in the elementary and secondary levels receive a

free and appropriate education. The ESEA, Elementary and Secondary Education Act, is the name that is the federal legal framework of education. Each President that is elected adds to it or gives another title to it. No Child Left Behind (NCLB) is the program that added accountability to the programs. Requirements in the programs, specifically Title 1, are established in the law where a district must set aside an amount of funds for school improvements to help schools help the students meet targets. i.e. Transportation for no child left behind students; funds for Title 1 students who are a part of our feeder pattern but attend a private/parochial school. Stimulus funding came at a time when districts were facing cuts on the state budget side. We cannot use these funds to supplement what was cut. Title 1 funding is for those schools which meet certain poverty levels. Red Clay has 9 Title 1 schools. Mr. Stewart explained that targeted assistance refers to Title 1 schools where students are ranked to receive services. Every service is identified in the building. Teachers hired as Title 1 and the Title 1 resources are only allowed to be used by those identified students. These programs are currently transitioning to school-wide programs due to the poverty levels in the entire school. In school-wide program schools, you don't need to rank the students as all children in the class are available to use those Title 1 resources. You can use the stimulus funds to gain another teacher to lower the class size, but you cannot use them to gain a teaching spot that had to be cut as that would be supplanting. Mr. Lloyd asked if we had targeted schools or are they labeled school-wide. Mr. Stewart stated school wide, as most of our state schools are school-wide. Some charter schools are targeted schools. Most targeted schools were working as school-wide as well. Those schools would have to apply for an ed-flex waiver as they don't meet the 40% threshold poverty level to meet the school-wide requirement. But, if those students who do meet the requirement can be served better through a school-wide program, the waiver may be granted. The state would make the decision in the best interest of the children. To his knowledge, the state districts don't have any hybrid schools; all are one or the other.

The objectives of the presentation— how we plan to use these funds over the next two years. This is a short term allowance. When you plan, you must think what happens when the funding is no longer available. He cited a 21st Century Grant where the funding was identical in the seed program.

Ms. Davis asked how poverty was determined. Mr. Stewart stated the state level uses census data. Even though the nutrition department collects free/reduced lunch data, the state is required to use census data in their allocations to the districts. The districts can use the census or free/reduced lunch or a combination. But the district has to be consistent within the district. Red Clay uses the free/reduced lunch information to determine school poverty levels. This determines the rank order of the buildings by the percentage of students within the building in poverty, but the district allocates funds by the amount of students actually in poverty. One building may have a larger percentage and be ranked higher on the list, but the second school would receive a larger allocation due to the actual number of students in poverty.

The superintendents were told in February 2009 they were going to get the funding and had to appropriate it by March 2009 giving the participants only 1 month to decide how

to spend. This was due to the shape of the economy at that time. One of the requirements of the state and district officers is to stay up on their programs. Transparency and accountability are required to our taxpayers. We are still receiving guidelines from the government on how we are to report. Mr. Daugherty stated we will communicate with the taxpayers via BOE meetings and the district website how the money will be used and a presentation was given at the last board meeting.

Even though the money comes quickly, we have to be thoughtful on how it will be spent. We should not use programs that have not worked in the past. There has been a communication regarding charter schools and goal-oriented schools. Our timeline has not changed for the 2014 education goals.

Money is helpful in terms of resources. But what we're dealing with is a very difficult problem. This money is one time, designated in specific areas and hard to use in places that will help now but won't hurt when taken away.

Our decision framework. We had to adhere to allowable uses for IDEA and Title 1. Those guidelines cannot be averted. i.e., no supplanting and accounting for every dollar used. Our grant was approved by the local board and the state. Criteria set by the district are to be based on the student need data, academic and achievement are and developed from best practices or evidence based practices. In the planning process, we used the process similar to the consolidated grant process; communication of needs, goals and strategies. This is the same process as the state encouraged the districts. Ms. Floore stated that a copy of our application is on our website. It is quite extensive. It is available in its entirety.

Title 1 Stimulus. The proposal for this district has a focus on literacy, especially in our Title 1 schools. We have hired literacy coaches. They support teachers and students to model lessons as well as providing professional development. Teach for America is a program with a focus on funding teachers working in Warner. The stimulus funding was not used for their salaries but was used for the professional development of those teachers. There are 6 teachers for the first year, but serving a 2 year term. The second year we will have the original 6 and 6 more. Ms. Krapf asked if we received an incentive from the stimulus to hire these teachers. Mr. Stewart stated no, there was no incentive.

There is also an initiative to help children with gross motor education. It was piloted at Mote Elementary. This provided the ability for us to have the program in more schools. Ms. Davis asked what schools were using this. Mr. Stewart will have to get back to her as to what schools are using them. General supplies and materials will be distributed to the schools. The district has been generous in these distributions. The focus of the grant was professional development and short-term staffing. Family crisis therapists were placed in 7 of our buildings, 2 of those were gotten under another component of Title 1. These were Baltz & Warner. Ms. Davis asked if several of these building had FCTs as well as social workers. Ms. Floore explained that the social worker positions have been redesigned to Family Crisis Therapists in nine schools. It replicated what was working in the two schools but provided to all of the Title I schools. The vast majority of the funds

have been put into people, but the funding is not permanent. Mr. Lloyd asked if they will be unemployed when the money is up or will they be absorbed into the district? Ms. Floore stated that the Title 1 grant doesn't go away. There are 2 parts. We will still have the core in Title 1. It won't be possible to fund everything when the money is no longer available, but the district will reassess the consolidated grant in its entirety. Ms. Davis stated the hope is to keep the trained people or to use the training these people have to work themselves out of the job by becoming a self-sustaining school as well as helping other schools to do the same.

The pre-kindergarten program was approved through the BOE and the state. However, Mr. Stewart reported the district is looking at funding to keep this program in the future. We know this program will be difficult for us to sustain financially. Therefore, we do not want to start something, have good success with and not sustain in the future.

Expenditures for IDEA. This is the second part of the grant. Mr. Stewart explained the support funded through this grant includes hardware technology, paraprofessionals in kindergarten classrooms, behavioral interventionists, monitoring specialist (this was a recommendation from the state audit), professional development, state testing for students identified for this program, and early intervention specialists. Ms Davis asked about IST coaches. Mr. Stewart stated IST coaches support the regular education classrooms as well as the RTI programs in the schools. Ms. Floore stated these are not just Title I schools but IDEA applies to all schools. Mr. Lloyd asked about stimulus funds only for Title I and IDEA program. Mr. Stewart stated they are the focus. As a district we learn strategies that worked in the funded buildings. We then inform other levels using our other funds what we learned and how to implement it in the other buildings. These students move from the 9 buildings to the middle school buildings. We will want to keep what worked at the lower levels going through the secondary schools.

Ms. Floore stated that Mr. Stewart's presented focused on stimulus, but the district has an addition allocation called State Fiscal Stabilization Funds. This is a different pot of the stimulus money that goes through the state and Governor's office to help with the state budget. For us it was over \$7 million. They wrote this money out of the budget for Red Clay and wrote it into the stabilization funds and will go away, which means we have an immediate problem next year.

Mr. Lloyd stated that this is a concern to our committee. We are spending the consolidated grant now and when the money goes away, programs will be cut and employees will be cut. The public will be upset creating a backlash on how to absorb the costs. Mr. Stewart stated that one of the thoughts is attrition. Unfortunately, due to the state of investments, many are not retiring as intended. Mr. Becnel stated the other unknown is the expected revenue of the state tied up in the new gambling program.

Mrs. Stewart stated that we are now planning our next steps. The money has been approved and we are waiting for it to be loaded into our system. The superintendent has committed to communicate the program and the district's response. We will continue to monitor the programs supported by the funds. We will determine what is proven to work

and what will we support to continue. We will provide status of the funding to the BOE in June of this school year.

Ms. Williams asked how we track if the literacy coaches are helping, do we use NWEA testing. Mr. Stewart stated it was through the value added in the classroom. Ms. Williams asked if we will track the individual students comparing their scores to the year before. Mr. Stewart was not certain if each would be tracked, but the test scores of the schools will be considered. Tracking individual children is a good idea.

Mr. Lloyd stated President Obama and Secretary of Education Arne Duncan are putting together a Race to the Top package and questioned whether Delaware in play for this money? Mr. Stewart stated we are eligible for the funds. The funds come with “out of the box” thinking and more strings when it comes to implementation. It is too early to tell where Delaware will fare in the Race to the Top funds.

Mr. Lloyd thanked Mr. Stewart for his presentation and invited him to stay for the remainder of the meeting.

Ms. Floore mentioned that we talked about merging the audit subcommittee into this meeting. Ms. Floore couldn't call a meeting as we don't have any reports as of yet. She will come back next month to report on audits to discuss in the following month. Mr. Lloyd asked if anyone had replaced Mr. Suiter on the audit subcommittee. Ms. Floore explained that no one has. Mr. Becnel is fine with the decision to incorporate the review in the regular meetings. Ms. Floore will notify him when the audits will be discussed.

Ms. Floore reviewed the monthly financial reports. Ms. Floore stated we are only 2 months into the fiscal year. She explained that this is the format that will be used for the remainder of the year. If you look under local revenue in the BOE approved budget, the bulk of our money won't come until the end of October. This shows why the carryover is so important to cover our payroll through the summer. It portrays the timing of our revenue stream through the year. The state will true-up once our September 30th count is completed. We allow schools to spend 25-30% of their budget plus their carryover through October. The carryover must be spent by December 31st.

Our current numbers are exactly where we expect them to be. Summer school is at 93%, as it is over at this time. Maintenance and utilities can always be higher because we do the encumbrances for the year. We will encumber additional funds in October once those revenues are available. School Board money is loaded early in the year as they are DSBA dues.

Mr. Lloyd asked if the preliminary budget included the carryover from last year. Ms. Floore stated yes, it does. She explained that we are waiting for the 30th count. These budgets may go up for schools that see an increase in enrollment. This is the floor, however, and they will not be penalized this year if their enrollment decreases. They may have lost money in the approved budget due to last year's unit count. However, many of those schools had a carryover this year. Ms. Williams asked if they will be able

to carryover next year. Ms. Floore couldn't say for certain and it will be decided later in the year. Principals like the flexibility and options especially in these economic times. It is more difficult in accounting and tracking. Mr. Lloyd felt it does help to maintain fiscal restraint.

Two budgets for federal lines of expenditures were reviewed. Federal 09 goes through December 31st and there is the true-up presentation in March. We receive federal funds as a reimbursement. We put the expenditures in nightly. Federal stimulus money will be listed in FY10 under a new IBU. The non-publics are low. Last year we went over 100% as the non-publics did not spend all of their funds. Ms. Williams asked where the stimulus money is in the reporting. Page 5 lists those funds depicted in Mr. Stewart's presentation. State stabilization funds are part of our base budget listed on Page 1. Ms. Krapf asked where the teachers furlough days are. The buy back days are expended out of IBU 96. The way the dollars were calculated were based on the following: the local share was reduced 2.5 % as a result of the 5 days. However the Board agreed to buy back as much as we could. It went down 2.5%, up by 2% of the contract increase and then another buy back increase of approximately 1.5% as the district is not just buying back the local share but also paying the state share of that day. On the Board approved budget, if there any remaining funds they go to the bottom line of the district. It adds to the carry forward balance. Mr. Lloyd asked how much the actual figure was what local picked up with the state share. Ms. Floore gave a ball park figure for the buy back as over half million dollars.

Mr. Becnel asked if Ms. Floore would act as the gate keeper so we won't spend that local pot on something other than salaries. Ms. Floore stated yes, as she won't let anyone spend it on something that was not budgeted so assuming revenues hold true the balance will be there. Ms. Krapf said she was still confused as her paycheck is smaller now. Ms. Floore explained that the Feb 1 day was not built into salaries but for teachers and paras will be paid as a per diem day for the February 1 work cycle which is why a teacher won't realize their full salary for the year until after Feb 1.

Ms. Williams asked if the stimulus money will also be listed in FY 11. Ms. Floore stated, not at this time. It is called 2 year funding but it is funded as one year. You will see this \$8.6 million spend down half the first year and half the second. The local revenue is carried forward but prior year appropriations are accounted for in the year they are funded.

Ms. Floore explained why she zeroed out funds for Unique Alternatives for Needs-Based funding. Because the state was to change funding to units, she incorrectly assumed that would also apply to unique alternative when a student is placed out of state, the state will pay 70 % and the district will pay 30% as was in the past. We mistakenly budgeted based on the information that the state would fund under a different line which is why we will receive more than 100% of revenue for the entire year.

Division 54 is encumbrances from tuition funds. We have encumbered all of the energy funds for the rest of the year. Conrad schools of science is at 44.5 % because they have start up funding. They have not only the start of school but a start of a new class they have not had before. Mark Pruitt will be here for a presentation next month to show how he has spent this funding. Mr. Loftus will place footers on the pages for easier referencing. Ms. Williams asked if all schools that expand their grades get start up funding. Ms. Floore stated yes; Brandywine Springs and Conrad when expanding their grades, they received start up funding. Mr. Lloyd asked how long the start up funds stay. Ms. Floore stated until the expansion is complete. Brandywine Springs has finished but Conrad is expanded to senior year.

Ms. Floore then reviewed the financial position report. This report displays that we will make payroll until the next influx of tax money in October. We will see another report on February 1st. That will project our payroll through the end of the year. The back-up is also included in the packet with information Ms. Floore enters through appropriation and category.

Ms. Williams asked about IBU97 expenditures for specific schools. Ms. Floore explained that they are the expenditures of gate receipts collected at sporting functions of the schools and do pay for improvements to the schools and fields. The gate receipts pay the payroll costs of the ticket takers as well as additional expenses to support the school facility or athletic program. The tickets are audited.

Mr. Lloyd then asked about Page 3 for the Italian camp. Ms. Floore explained the funding was controlled through Red Clay but was funded through the DE Italian Heritage Commission, so the transfer line appears in Red Clay's books.

House bill 119 states that on September 1 we will have our vendor transaction check book online. We have complied. The state put every check written against Red Clay online. Ms. Floore pointed out these are vendor transactions and do not include payroll transactions or other transfers such as Intergovernmental Vouchers, Journal Vouchers or Expenditure Corrections or Cash Adjustments. The checkbook was created by the Division of Accounting and distributed to all districts by the Department of Education.

Finally, Ms. Floore reviewed the Referendum reconciliation on Page 11 of the budget. It was part of the BOE presentation. We will track year 2 the same way and be accountable in the spending. Mr. Lloyd asked about textbooks how we calculate what is a regular year and what is referendum. Ms. Floore stated we look at what is spent in IBU 02 and the changes from the prior year. In the case of text books there are a variety of sources of funds including (regular budget, referendum funds in curriculum and instruction, as well as school or start up budgets), as well as a number of different categories including textbooks, instructional supplies, etc. Mr. Lloyd asked if different lines were used for budget vs. referendum. Ms. Floore explained yes, it was tracked through IBU and MBU.

Mr. Lloyd discussed the calendar for the remaining part of the year. Mr. Buckley emailed Mr. Lloyd with a question regarding credit cards. Ms. Floore stated that we have

only one in the district and is used under strict circumstances. The charges are then charged back to the department's cost.

IV. Announcements

The Committee's next meeting will be Monday, October 12, 2009 at Brandywine Springs School in the Teacher's Lounge.

Our reports to the BOE are now done quarterly. Ms. Davis stated that whatever months are the most crucial to report upon, the report should be given to the BOE. Ms. Floore stated that a lot of time is spent going to the fiscal close out. She thought that an off month of financial data may be a better time to give a presentation to the BOE meetings. Mr. Lloyd is scheduled to present next at the December, 2009 meeting.

V. ADJOURNMENT

The meeting adjourned at 9:00 PM.

Respectfully Submitted,
Laura Palombo
Recording Secretary

1. Have CFRC dates placed on the district calendar – done
2. Mr. Stewart get back to Ms. Davis as to what schools are using the program on Gross Motor Skills other than Mote and Warner- all 9 Title I schools including Baltz, Highlands, Lewis, Marbrook, Mote, Richardson Park, Richey, Shortlidge and Warner.
3. Ms. Floore will find out if Warner has both the social worker and a family crisis therapist and get back to Ms. Davis. Warner has one position, a family crisis therapist that used to be called a social worker. Warner, through their Division I units, also has placed an elementary guidance counselor, which may be the confusion.
4. Ms. Floore will notify Mr. Becnel when audits are to be reviewed at a CFRC meeting.
5. Eric will place footers on the bottom of each page of his reports for easier referencing.