

Red Clay Community Financial Review Committee
Monday, October 12, 2009

Meeting Minutes:

The Community Financial Review Committee met on Monday, October 12, 2009 at 6:41 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 Ed Representative

Others in Attendance

Mark Pruitt, Principal – Conrad Schools of Science
Merv Daugherty – Red Clay Superintendent
Jack Buckley – Board of Education
Eric Loftus – Red Clay Financial Analyst.

I. Introduction and Opening Comments:

Mr. Lloyd introduced Mr. Pruitt and welcomed the guests to the meeting.

II. Old business

The minutes of the September meeting were reviewed. Mr. Lloyd moved to accept minutes as modified and Ms. Williams seconded.

Mr. Lloyd had a comment regarding the vacant position of the Committee. Mr. Lloyd stated we are looking for a community representative with a financial background that lives in the district. It isn't necessary for them to have children in the district, but that is also preferable. Ms. Floore had contacted ING and also spoke with the members of the district's parent advisory council meeting.

There was no other old business at this time.

III. New Business:

Mr. Pruitt from Conrad Schools of Science gave a presentation on the school now in its 4th year in its current configuration. Conrad has several sources from which they garner financial support. Ms. Floore stated that a copy of the IBU related to Conrad is in the packets this evening. Mr. Pruitt explained that it takes a lot of financial support to run the implementation of his school. He has a Grade 6-11 magnet school that will be 6-12. It is a biotechnology and allied health magnet school. The middle school students are getting

90 minutes of math and science every day as well as their exploratory classes. The high school is unique as they offer pathways only in biotechnology, biotechnology medical/research and allied health in patient care. Those allied health classes align with the Delaware Technical and Community College programs. They also have a therapeutic healthcare pathway which covers physical therapy assistant and sports medicine. This is the center of a general high school program with a full activities and athletics program.

They made AYP last year. They are up to enrollment capacity in 6th through 9th grades. They add additional classes as they increase the high school. They are having a biotechnology fair this fall. The grant for the fair was given by the Delaware Valley Innovation Network which is a 14 region industry. The school received a grant for the cost of the supplies, materials and equipment necessary to run a 10 station fair. They are reaching out to industry getting feedback on what 21st century skills are necessary in the biotechnology sector using that information to set curriculum. The 10th and 11th graders are involved in the fair.

As a principal he is responsible for several IBUs. He will focus on 2 tonight; IBU 84 for instructional budget and IBU 97 MBU 84 for the start up costs of each new grade through senior year 2011. He also heads up accounts for school improvement grants, special education, and various internal accounts as well. Some things he is not responsible for – salary, transportation, (other than athletic events, field trips), general maintenance, as well as other curriculum adoptions that are district wide.

Mr. Pruitt distributed a power point depicting the Conrad budget. Ms. Floore explained that each year we ask every building principal for their budget breakdown by MBU. This handout is from FMS, our internal system that takes the information and places it in a usable format. Mr. Lloyd asked if this was the document that managers use to manage their accounts. Ms. Floore stated yes. Mr. Lloyd asked if the district gives them a range to plug into their MBUs or do they come to business office with a request. Ms. Floore stated it is based on units as well a certain amount each school gets for separate categories. The manager then gets that solid figure and divides it into the MBU categories they feel it will be spent. Mr. Pruitt included his building leadership team and a curriculum team in the financial planning process. These are what we see as annual expenses. There are some smaller budgets for guidance, social studies, and Phys Ed. Special education was a key cell to pass AYP. Athletics makes up a large percentage. Mr. Pruitt has worked AIHS. He used that knowledge to budget his new school which now has varsity athletics.

That information plus the student number growth places this year's budget at \$223,000. The science curriculum continues to be expanded as well as athletics with the addition of varsity athletics. The math department was able to hold firm with their budget. Ms. Rattenni asked about an increase with guidance that will be needed for seniors next year. Mr. Pruitt stated that U of DE admissions officers will be coming to Conrad to speak with the students. Ms. Rattenni stated that the guidance is needed now in the 11th year as the students will need to be ready for college prep and college counseling the fall of their senior year. She stated Cab Calloway was not prepared at their start up and didn't want

Conrad to miss that important transition period. Mr. Pruitt has purchased books for college planning for juniors such as how to visit schools, etc. Ms. Rattenni stated there are many computer programs that could also help. Ms. Krapf asked if they have to do a Student Success Plan in grades 8-11 and they do. Mr. Randolph asked how many guidance counselors they had and are they planning on adding more. Mr. Pruitt stated that they have one counselor for the middle school and one in the high school. They are not expecting to add another at this time as they only have 42 11th graders. Ms. Rattenni, from her own experience, explained that guidance and college planning are two different things. The parents and students are looking to be sure they have everything necessary to be placed in college.

Mr. Lloyd asked if Conrad has any corporate sponsorships who look at the curriculum and give you feedback as to what they are looking for as an employee. Mr. Pruitt spoke on the biotechnology institute in performing a gap analysis. They are looking at their curriculum and filling in the “gaps” on curriculum that may be missing. This upcoming biotechnology fair is planned with this idea in mind. Ms. Floore stated that Astra Zeneca and Quest were involved in buying curricular materials prior to Mr. Pruitt’s involvement. Mr. Pruitt stated there is an incorporation of ideas but they have not received any financial sponsorship in the last 16 months. Ms. Floore stated that earlier gifts were through the Red Clay Education Foundation and much of it was capital construction costs. Conrad also shares space with Delaware Military Academy for athletic fields, locker rooms and physical education.

Ms. Rattenni asked what is the difference between Conrad and The Charter School of Wilmington? Mr. Pruitt stated Conrad is very specific in their career strength. There maybe students in CSW who are interested in these fields but not as a sole focus. Conrad has focused their curriculum on what industry is looking for. CSW is a broader curriculum of anything that has a focus on math and science. Dr. Daugherty also brought out the alliance with Del Tech for the allied health. Conrad is a satellite school and the students can take a college course at Del Tech and gain college credit. Ms. Rattenni asked if the classes are phased as in a traditional high school. Mr. Pruitt stated that they have College prep, an honors program and they are entering into the advanced placement classes as their upper grades grow. With more 9th graders than ever before, they are hoping for more diversity in class selection. Ms. Rattenni asked about the middle school students. Mr. Pruitt stated they will find out this spring how many students will continue onto the high school. Mr. Randolph asked as a family, would you recommend coming in as a 6th grader as they may be locked out by 9th. Mr. Pruitt stated that the 8th graders need to reapply for high school as any other student coming in. They may have an advantage having been in the middle school but it is an open process for all. Mr. Lloyd asked about the wide age division, do they keep the kids separated. Mr. Pruitt stated for the most part. They are separated by hallways but some teachers do cross grade levels. They haven’t had any problems in the mix of students.

Dr. Daugherty stated that they are also planning a Red Clay College Fair for all Red Clay students to receive information on colleges that attend. It will be held at Conrad.

The budget for IBU 97 is \$150,000 of start up funds. It is a one-time expenditure. It is not all science funding. The largest costs are science materials, text books, and athletic materials. Ms. Rattenni asked if they are buying for a full class rather than just the students who are moving up. Mr. Pruitt stated yes, but he has been hanging on to some start up funds to fill in the gaps as the student population grows for these new grades. Mr. Buckley asked if the funds can be carried over. The start up funds cannot be carried over. Next year will be the last year for start up funds. Mr. Lloyd asked if carry over funds from the instructional budget were helpful. Mr. Pruitt stated emphatically yes, especially as they are a school growing in student population. Mr. Buckley asked if there has been an official position on carry over for this year. Ms. Floore stated not at this time.

Ms. Rattenni asked if they will fill in their athletics. Mr. Pruitt stated that there are sports programs they do not have at this time, and may not add in the immediate future. Mr. Daugherty stated that they had to enter into varsity sports this year as the DIAA requires them to be in one year in order for the seniors to play next year.

He stated that multiple students choose them from every one of the 14 elementary schools. Preference is given to in-district students. They closed enrollment as they went over their class size in the other grades.

Mr. Lloyd thanked Mr. Pruitt and invited him to stay for the rest of the meeting.

Ms. Floore presented a list of our current contracts for contract review. Ms. Krapf asked if we could have last year's as a point of reference. We will make that available at the next review. Ms. Floore stated there are two people allowed to sign contracts for the district, the superintendent and the CFO. Some go directly to Dr. Daugherty as many of the agreements are not financial arrangements. Those that do go through the business office are of a financial nature. Every contract is entered onto our contract spreadsheet. This is an internal tracking document- not a document created by the financial system. Also it would be only those held by Red Clay. Alternative placements were bid through the consortium, but that contract is held by the consortium and not Red Clay. We were the fiscal agent for the consortium the year of the bid. But that is an example of a contract that would not be on this listing.

Depending on the service, RFPs and bids are as follows. We allow 2 carryover years on bids. Based on the environment and market, we rebid early if there are indicators there is a better price or more vendors available for a contract. Sole source is used for a company we have designated, for a specific reason, as the only company who can provide a specific product or is of a proprietary nature. Ms. Rattenni asked who monitors if the process is followed? Ms. Floore stated that is monitored by the business office. Any time there is a commodity over \$10,000, it must be bid. There are annual supply bids produced by the state and by DSC on behalf of schools. We can also piggy back off another district's bid. Mr. Lloyd asked when is the BOE needed to approve a contract? Ms. Floore explained that board policy states it is up to the Superintendent to sign contracts within the approved annual budget. However, current practice is stricter and

the business office follows the procurement thresholds so any contract that is bid goes to the board for approval. However, contracts that exceed the initial dollar threshold regardless of whether a bid was required do go to the board as information items, including those that are contract renewals.

Mr. Lloyd asked what are the thresholds? For supplies and non-professional services, anything over \$10,000 requires 3 quotes and anything over \$25,000 requires a bid. Mr. Buckley stated that in their packet they get the vote and information contracts. These are given to the BOE on a secure website that they can see ahead of time. That gives the BOE time to review the contracts and ask their questions if they have any. Mr. Lloyd asked if there was a firm policy? Ms. Floore state the current practice exceeds the board policy, but the board was currently renewing policies and a draft was written to mirror current policy. Mr. Buckley stated that the Board policies are currently being revamped and they are being done in sections. Mr. Randolph asked if the policy would have brought the Teach for America contract through the Board. Ms. Floore stated no since that would be designated as sole source. For a sole source contract, the criteria are defined as to why a vendor can be designated as sole source. The letter comes from the Superintendent. Mr. Buckley stated as Board Members, they can still request it meets threshold requirements.

There was a discussion regarding Teach for America teachers and the inaccuracies in the local paper as to teachers leaving the program. As per discussion, the same 6 teachers are currently with us.

Mr. Lloyd asked for an explanation of A Friend of the Family and The Community School or The Right Choice School. Ms. Floore stated that the program is now an elementary program located at Warner that was put for bid. There were 2 locations during the summer months. This is an alternative placement program for elementary students who have been referred through schools/teachers to be considered by a committee for placement. It is run by A Friend of the Family. Mr. Buckley stated that it begins later than the start of the year as students need to be placed through their home schools. Mr. Lloyd asked what happened to the students at the middle school and high school that were being served by the Community School. Mr. Buckley explained that those students are being served through a district run program located at A. I. Middle School. The Central school is located on Telegraph Road and is run through the district. Central School is an Intensive Learning Center, not a disciplinary school. The Community School was closed due to lack of funds and change in policy. A bid went out as we were interested in starting an elementary behavioral alternative placement program. Mr. Lloyd asked about the high school disruptive children. Ms. Floore stated they have several options run by the district at the high schools themselves.

Ms. Floore then went over the monthly financial reports. She reported there was not much change from last month on revenue. We haven't received our October and November taxes. We will have almost 95t% by the end of November. We have just finished our September 30th count. We will then know our final funding, though this year will be a little trickier than usual because of needs-based funding.

On expenditures we typically tell schools 1/3 can be spent at this time. Some IBUs are over the 1/3 such as curriculum and instruction because they spend more of their funds up front or at the beginning of the school year. Mr. Buckley asked if this was for textbooks. Ms. Floore stated that books are listed under 02 and training is also a part of that expenditure. Maintenance is similar as the year's encumbrances are planned as well as the on-going building up keep. George McDowell will be attending next month's meeting to review maintenance. For Summer school, we know that the expenditures have exceeded our tuition brought in. We will be looking closely as to why they have gone over and how we can make those changes for next year. Mr. Lloyd asked if there would be any added revenue or any other expenditures for summer school? Ms. Floore stated no unless there were some bounced checks. All transactions happen in July. Ms. Williams asked why Warner has not spent 1/3 of their budget. Ms. Floore stated that Warner has a lot of different fund sources to spend from. They may not have to touch their instructional budget as they are a Title 1 funded school and can use those funds first. They are choosing wisely how best to spend that fund. Ms. Rattenni asked if there was any pluses to spending Title 1 first. Ms. Floore stated yes because we earn interest on local funds, such low rate that it currently is, every day that we keep the funds.

Everything else is exactly where it should be. Mr. Lloyd stated that a number of schools took a hit in the budget, what caused this. Ms. Floore stated no school decreased with carryover. There is no penalty for carryover. Stanton has seen growth over time. These were preliminary loaded budgets. It is based on a formula and units. No one will go down as a net decrease in the final budget. Even if they lose units, they are not penalized. Ms. Rattenni asked why was carryover allowed this year. Ms. Floore stated that the outlook was unsure. The district couldn't promise that school budgets wouldn't be affected at the end of the budget cycle. As it turns out, based on the state budget, the district did not have to cut school budgets, but the carryover gave them flexibility in the event that it did. Mr. Buckley asked if they are a higher base than last year. Ms. Floore stated yes due to the referendum, budgets are higher based on a percentage increase and any additional units they would see through unit count. Ms. Rattenni asked if we do have concerns considering the state and the stimulus money making up the difference. Is there a way we should scrape off some and keep it in our coffers and use it if the state has to cut back more. Ms. Floore stated that the school budgets are small as a percentage of the overall budgets so cuts in that category are the least likely as they would affect only a narrow margin. If budgets cuts are made, they are made in larger district-wide programs. Unlike schools, no district administrator's budget or program has been allowed to carry over as the schools have. Ms Williams asked if a school's budget can pay for new technology. Ms. Floore explained that there is a technology refresh budget in the referendum and a technology budget. A school can also spend its own budget - especially in Voc Ed. Technology is its own IBU so you can see where it's spent. It was mentioned that that schools have given up computers due to a security breach. Ms. Floore stated that Ted Ammann would be giving a presentation in January.

Mr. Randolph questioned the lease of computers. In the contracts, we lease our servers. We do lease some computers and have purchased others in order to make the referendum

funds stretch as long as possible. On the down side, it commits your dollars to a future lease. We cannot get out of the lease if we were in a crisis situation.

In looking at the federal funding we are coming close to the end of the fiscal year. We will also have next year's funds to start spending. In tuition, state revenue, we are over 100%. We were operating with unique alternatives as needs based. We were mistaken that each of these students would be paid for through units. Out-of-state students will still be a 70/30 split. The error will be fixed in the final budget.

Meadowood utilities is being reviewed as they were encumbered for the year. Mr. McDowell budgets the utilities.

IBU 97 we watch very closely. In the past, it is the one IBU that had a significant overage. Assessment is our share of the state test. DSC is at 50% as we have made 2 payments. The Financial Recovery Team MBU is what we are using for the Barbacane Audit. There is nothing in the pipeline for an audit review next month but none are expected.

Ms. Rattenni asked if we would accept a child from out of state for our Meadowood program. Ms. Floore stated only under specific conditions. The question came earlier if a teacher wanted to bring their child from out of state, and they could but they would have to pay both local and state funding for that child.

Mr. Buckley asked about the yearly expenditure reports. He stated that our yearly local expenses have grown and the state expenses have lessened. Ms. Floore explained that what is listed in the columns can change for any given year. We shift the funds due to the cash flow at any particular time of year.

Mr. Lloyd asked if anyone have any new business. Mr. Lloyd stated that when the committee was formed there were 2 subcommittees: an organizational subcommittee and a report subcommittee. We have had a report subcommittee and he would like to address having a committee meeting in the near future. Would anyone like to serve on this subcommittee? Ms. Rattenni asked if he was considering changing the reports? The committee is comfortable with the way they are written. Mr. Lloyd has concerns over carry-over and major cap. Ms. Floore suggested discussing at the next committee meeting. It will be on the agenda next month.

IV. Announcements

The Committee's next meeting will be Monday, November 9, 2009 at Brandywine Springs School in the Teacher's Lounge. Maintenance and Minor Cap will be presented.

V. ADJOURNMENT

The meeting adjourned at 9:06 PM.

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Respectfully Submitted,

Laura Palombo

Recording Secretary