

Red Clay Community Financial Review Committee
Monday, December 13, 2010

Meeting Minutes:

The Community Financial Review Committee met on Monday, December 13, 2010 at 6:30 PM in the Brandywine Springs School Teachers Lounge.

Members in Attendance:

Jane Rattenni – Committee Chair
Jill Floore– Red Clay Chief Financial Officer
Bill Doolittle – Community Member
Les Hendrix – Community Member
Kelly Krapf – Teachers Union Representative
Kim Williams – Board of Education

Others in Attendance

Jack Buckley – Board of Education
Irene Hills – Red Clay Manager, Race To The Top

I. Introduction and Opening Comments:

Ms. Rattenni opened the meeting and welcomed the Committee. After a review of the November meeting minutes, Mr. Doolittle moved to accept them as written and Ms. Krapf seconded.

II. Old Business

Ms. Rattenni has spoken with Lynn McIntosh, who had attended a prior meeting, regarding her joining the CFRC. Ms. McIntosh is currently an internal auditor at New Castle County and has audited Red Clay major cap in the past as well as other school districts. Ms. McIntosh will forward her resume to the Committee.

III. Financial Reports

Ms. Floore distributed the financial reports for review. The financial reports next month will include the line numbers in the printing. Ms. Floore has very few changes to report. She also included the FY10 reports for comparison.

Ms. Floore has just completed the FY11 Final Budget. It will be presented to the Board this upcoming Wednesday. We will go over it at the next Committee meeting. The Board will take action on the Final Budget after our meeting. Due to the meeting schedules of the Board and this Committee, there are a few months when this Committee meeting is the same week of the Board. Therefore, it would be a much abbreviated report that comes to the Board. Last month, Ms. Williams read the Committee report into the minutes of the BOE. Ms. Rattenni completes the report for the Board. She stated that a

Board member commented that they are okay with a written report rather than a presentation.

The tax receipts have been received at this time. At \$52 million, last year at this time, we had received \$56 million. The difference is a state payment of the senior tax credit. The credit is given by the state and then paid to the school district. In the past, the money was transferred into our appropriations. With the new system, we have to initiate the money transfer through an intergovernmental voucher which has taken longer. The choice process and the charter bills are paid by transfers that must be initiated by the state. Mr. Hendrix asked if it is guaranteed that we will always receive the tax credit. Ms. Floore stated yes, that if they stopped funding this credit, we would receive the money directly through the taxes. The state could change policy at any time and not offer this credit to seniors but that is state policy and has been discussed in the past but never acted upon by the legislature. It is not awarded by income but by age of the homeowner. We receive it in two parts. Once in the fall and a true-up in the spring. Our senior tax credit estimate is \$2.1 million. This is a large part of why we are under the percentage of where we were last year. Mr. Hendrix asked if the system would slow down the other Division and Tuition payments and why they were not at 100%. Ms. Floore stated, no. The state process is, beginning on July 1, they preload 75% of what your prior year revenues were and true up at some point in the spring based on actual September 30 count. Mr. Hendrix asked about the percentages. Ms. Floore stated we are similar dollar for dollar as last year in state funding.

On the expenditure side, looking at security and school supervision, the number reflects a federal grant. The expenditures are seen on this line, but next month those charges will be moved to the grant. The manager of security and school supervision is Brian Moore. The revenue will show in federal under "other". There is a category in the budget called state mini grants. We do budget them as revenue.

Mr. Buckley asked about local salaries being 8% higher than last year. Ms. Floore will talk about this at length when they review the budget. It is directly related to line #63, state fiscal stabilization, our expenditures are only at \$18,000 of \$4.2 million. That is where the tax relief funding is that the district uses for local salaries. That is where we will move a portion of our local salary expenditures, but we haven't done that yet. We will move the \$2.8 million from local salaries to state stabilization. In addition, we will also move the expenditures for what were the Minner resource teachers as we are now funding them from SFSF. We have not done that at this time due to the complexities of the new system and assigning proper coding to the salaries based on final unit count. Mr. Buckley asked if we were in the same spot as last year. Ms. Floore stated that yes, she is not changing the budget from last year. We will change where it is coded as a significant amount will be coming from the state stabilization funds. You will see a change in the revenue side as we won't be cashing in as many units. In the past we would perform an "EX" to move the cost. Now we do a "PFA" and it has to be done individually by payline. It is a more cumbersome process, but it is being done. Because of the conversion of payroll, employees have been placed in an unassigned grouping. We are

correcting that prior to doing the PFA. This may not be seen in December's budget either.

The final budget will show an ending balance of \$23 million. The reason it is going up is directly related to the carryover of State Fiscal Stabilization Funds. We have carryover money from last year. We will use that \$2.8 million to pay local salaries, in particular the resource teachers. That money is expiring in September and will not be available next year. Ms. Williams stated that leaves a hole for next year. Ms. Floore stated that we have the ED Jobs funding that will fill that hole next year. There are other things that may be changing in the state budget, i.e., transportation, but that is not affecting salaries. These additional federal funds have been extremely beneficial; however, they all have end dates. The funding spanned more than one year so we have stretched to cover as long as we can. We did not use any of our ED Jobs money this year for that reason.

Ms. Floore explained that when going through the final budget, carry over funds are not reflected in the current year budget as they are not current year funds. She would like the Committee's suggestions in better reflecting these funds in the preliminary budget next year. For example, professional development is funding we receive from the state. Last year it was \$178,000 and this year it is \$182,000. It is a specific appropriation for a specific purpose. The expiration date is 9/30 as so much professional development takes place over the summer. We start the fiscal year with a balance and our managers are spending it down through September. At the same time, we get the new appropriation of funds on July 1. Mr. Hendrix asked if there was an overall total of all of these fundings? Ms. Floore said it varies each year. This money is planned for, it is budgeted, and the Board appropriates the money in the prior fiscal year. We cannot then place that money in the following year as it "double appropriates" the money. There is also not a new funding assignment so all reports point the spending back to the previous fiscal year. It is a concern on how better to reflect this funding. Mr. Buckley asked if we looked at other districts and how they show these accounts. Ms. Rattenni suggested that the new system may give us those options in their reporting modules. Ms. Floore explained we have been showing these on the federal as prior year and we could do the same with this funding as well. Mr. Buckley asked if that would take them off budget. Ms. Floore said it would appropriately show them on a prior year. Mr. Hendrix asked if they should be on budget at all. Ms. Floore stated the concern is to intermix them in the current year which would skew the bottom line on whether an annual budget is on target. This is the point of the Financial Review Committee and the reason why the monthly reports were developed as they are. When you start showing all of the other funding, it complicates the report. It could be another page within the report. Mr. Buckley stated they need something that clearly identifies where we are for the year- our report card. Mr. Doolittle also stated that there should be a report at the end of the year showing how we didn't need to spend that money this year but we will use prior to expiration.

Mr. Hendrix asked about the expiration dates. He feels it shouldn't be a part of the operating budget if these expiration dates affect usage. Ms. Floore stated the \$2.8 million is this year FY11's state stabilization funding. This is a new funding. Part of it is state funds and some is federal funds the state received to use. Therefore there are 2 fiscal

year dates within the one fund but all available in the current fiscal year. Next year the state has said the money will be funded through the state budget appropriation since the State Fiscal Stabilization funds will be gone.

In addition to Division I and Division II, we received a line called Tax Relief. Every district received this funding as an evaluation of your overall assessed value and tax burden. Based on the formula it has been frozen for a number of years. For the last several years, we have received \$2.8 million. When the budget issues at the state came, instead of spending the \$2.8 million out of general funds, they funded through the state stabilization to keep funding levels where they had been. In total, two years ago, the state wrote \$6 million out of the budget for Red Clay and gave it back to us in state stabilization funds. This year the allocation was \$4 million. We are waiting for next year's number. Ms. Floore believes it will not be zero, but will include the \$2.8 million and some additional funds. Instead of spending all of our \$6 million knowing the next year it would only be \$4 million, we carried some of the \$6 million to spread it further which has helped us this year. Next year when we go to something lower, we cannot spread the funding as it has an expiration date. However, we can use the ED Jobs funding to make up the difference as related to salaries.

Ms. Floore would like a strategy session with this group prior to doing the preliminary budget. i.e., reordering of the schools, etc. She would like a discussion on how to format a new budget. We would like to do it at the beginning of a budget cycle, not halfway through. Perhaps the meeting in March or April. It may be that we decide to keep it as it is. Her goal working with Dr. Daugherty is how the budget ties to the strategic plan. In the future, how the managers use the account codes to map the strategic plan and their uses can also be improved.

Mr. Buckley stated that the board needs to see the simplified version. A more detailed version is needed by this Committee, but the Board needs to know if the district is on target. Ms. Floore also reminded the Board that in April, Debbie Roberts, Supervisor of Accounting, will give this Committee a full report of how much was spent down and used through the expiring federal funding. Ms. Rattenni spoke of the County's use of aligning the state funding to one date and makes them match their fiscal year. That way it could be placed into the budget. At one point you will have a spike using that method. She feels a state grant summary similar to the federal grant summary would work very well.

Ms. Floore explained that on Tuition funds we are at 95% of revenues. The percentage of senior tax relief doesn't play a part in this revenue. Mr. Hendrix looking at Page 4, you will have 4 months to spend down several lines that have not been touched. Title 1 at Baltz and Off the Streets. The money has to be encumbered which is what is happening in December. Ms. Williams asked about Reading First and Even start. Ms. Floore explained that because they were at 100%, they were dropped off the report. She will make sure they are placed back on.

IV. New Business

Ms. Floore introduced Ms. Irene Hills who is here to present the Race To The Top program. Ms. Hills is the Principal of First State School at the hospital; she manages the school nurses, as well as being tasked with managing all of the aspects of Race To The Top.

Ms. Hills distributed information to view as a monitoring score card. This is available on the web. Each month she has a formal meeting with the person in charge of each portion, Scope of Work managers. With each Scope of Work summary you can see the point person involved. The money spent on the SOW is listed along with the comments from the monthly update.

Ms. Floore explained that the process to apply for RTTT, involved administration, Board members, and the teachers' union representatives. It was a large and diverse committee that developed the district plan. Ms. Hills has been tasked with managing these plans. Ms. Hills stated that one of the things they are looking at federal grants having objectives and goals being in sync with our district plan. The committee is currently reviewing the grant and what is needed for next year. The goal is to accelerate the achievement of all students. It includes a rigorous job readiness and career standards component, curriculum councils and sub councils by subject, as well as SAT prep and career pathways. They have reps from every school meeting monthly. There is a stipend for those people serving on the committees. To date the meetings are implemented and ongoing. Committee members have been selected. Professional development has been done by several members bringing the information back to the committees and to the schools.

It also includes building a culture of college career readiness for schools. Here the funding was broken down in several areas. \$60,000 was allocated for year one. It includes the international baccalaureate program. Universities and colleges world wide will accept students in this program. This is going on in Dickinson High School. In the Stem Program, \$100,000 was allocated for Dickinson and Thomas McKean High schools. Ms. Hills went into the classrooms to see the progress that has been made. Because of compliance, we want to know if these programs are not only being carried out but are being effective. CTE pathways at the high school level has \$100,000 allocated. We have increased our classes for career pathways. SAT has \$60,000 (\$15,000 per year). Right now we are pleased that the program has been implemented in all high schools and have added .25 high school credits for the program. At this point, our hope is all students take the test on April 13th. Many students couldn't take it prior due to income. Now it will be offered to every junior in their high school at no cost and during a school day. This is a very big deal as students who wouldn't have the opportunity or access to the testing will have it during their regular school day. There is also a prep course offered at the schools and the teachers are being trained as well. Ms. Rattenni asked if the mechanisms are in place to make these programs available when the federal funding is ending. Ms. Floore stated our goal is always to make it sustainable but it is a constant challenge. Now that the committee is looking constantly at the grant to see if the affect is what they wanted, could the money be allocated from elsewhere?

They are looking in the future College prep at the middle school level. This money doesn't have to be spent by the end of the year. They took more of the money to make sure the high school students can take the SAT. Mr. Hendrix asked if you could use this grant money to have administrative look for future grant money to make this sustainable. Ms. Hills stated that the use of this money would have to insure the achievement of students. Looking for other money would benefit the students indirectly, but not sure if that would comply with the current grant regulations.

Red Clay was the only one in the state to sustain the 21st Century Grant for after school programs for 2 years. Once the community saw how we handled that program, members of the community offered their services in kind. The same could happen with this program. We are not looking to spend it all this year. We are spending what is needed to be spent, evaluate the success of those programs and act accordingly going forward.

The last scope of work was to create after school programs. Ms. Williams asked if that will be in our city schools as our suburban schools already have those up and running. Ms. Hills said the district will focus on the schools where it is most needed.

Regarding district test coordinators, Ms. Hills said the state wants us to look at data for the next year. DCAS took 80% of the money. The money will then be split into a stipend the coaches will receive in two parts. The record keeping is part of their compliance on how it was used in their schools and what the achievement rates were.

Data coaches were a big piece of the state component of the RTTT application. The state has RFPs out and they are still debating on how they will hire the data coaches. Ms. Hills stated we had the DSTP which was a yearly exam. DCAS measures achievement 3 times a year.

Another part of SOW #3 is \$66,000 a year for building leadership teams. They take the training called leadership academy and bring that information back to the schools. They then, in turn, have to show what they have done in their schools to share and implement that training.

In reviewing instructional improvement programs, we hired intervention specialists as long term substitutes for all of our elementary schools. This took 90% of the money. These individuals take over a lunch duty or assist a teacher, so the full time teachers have more common time together as a team. When the payroll is done, Ms. Hills will not approve the payroll unless she sees how the time was spent, which is written in the comments of each payroll. Further down the page you can read Year One \$112,000 that is the Dept. of Education data coaches. As of last week, the gentleman assigned to Red Clay from the State was asking our team what we would like in a data coach. We feel they should work with our test coordinators. It's not set right now as we have to see what the State's selection will be. Should they be someone from the school district, as a test coordinator? However, the drawback is we don't want to lose our best teachers out of the

classroom. The State may go through vendors to acquire these employees. The coach will assist the school and district to interpret the data.

Red clay has one of the largest committees. Red clay is proactive because we have test coordinators meeting with DOE and taking professional development.

SOW #5 is working with DCAS. Red Clay has taken this very seriously. We're looking at evaluations and how to train our employees. It is the appraisal system for our teachers and administrators. We would like to look toward more effectiveness in our classrooms, where we need more help and the evaluation process help direct that. We're looking at areas like planning and preparation, classroom environment, and delivery of instruction. There will be State training for \$52,000. Ms. Christine Smith in charge of Red Clay's professional development is currently setting up workshops for our new teachers. Now that the principals have done their first round of evaluations, we are looking at areas that need help. We have our own district monitoring team. It consists of Assistant Superintendent Dr. Hugh Broomall, Ms. Irene Hills, Carolyn Zogby in charge of Curriculum, Sam Golder Manager of Schools and Malik Stewart Manager of Federal Programs. Over the last 3 weeks they have walked through schools and looked through DCAS evaluations.

Many SOWs are on hold as we don't need to spend all of the money our first year. A rubric has been made and discussed with Dr. Lowry of the State. In January we will be evaluated to see what is working and what isn't. The State is also reworking the format of the RTTT program.

Another program is the National Board Certification Program. This will increase the effectiveness of all of our teachers. 22 of our teachers are currently in the program. The teachers have been notified of the money allocated for this program.

SOW #7 is the program to equitably distribute qualified teachers to all of our schools. This program works with our Teach For America group currently in our schools. This funding was allocated for 2 years but we will only use it in FY12 for additional teachers.

SOW #8 This implements strategies to engage students and their families. The funding is \$104,000 each year. To date none of this funding has been expended. Before you implement a program, you want to investigate it. Malik Stewart has been meeting with principals, children's hospitals and community leaders to gather information. He has also worked with the National Labor Works Committee Institute and district personnel. We are looking to establish a pilot program at one or two schools to increase parent involvement in our city schools. The program would provide an outlet for parents to receive services or obtain contact information for those services, i.e., medical help, mental health services, or technology. Mr. Stewart has found a few schools in Brooklyn, NY, that have such programs. Mr. Stewart and other school members would like to visit these schools and view their programs.

SOW #9 This program is to ensure all teachers and principals are effectively prepared. They feel the best way to do this is to create a survey to assess. To date the surveys have been completed.

SOW #10 and #11 are being overseen by Ms. Hills. RFPs have been placed out with vendors in October. Ms. Hills has just been contacted asking for individuals to be on a committee to view those who have responded. She feels this won't take place until early 2011.

The last SOW #12 is a process for turning around our schools. We looked at 3 of our schools: John Dickinson High School, McKean High School and Warner Elementary. This money is allocated for STEM and Professional Development for Career Pathways and SAT prep. Other funding earlier has been allocated for these programs. Ms. Hills has been through Dickinson just the week prior and a lot of progress has been made in preparing the rooms.

Ms. Hills works very closely with Ms. Roberts, Supervisor of Accounting, monitoring the program expenditures. Her committee meets to make sure they are all in sync with dates and progress made. Mr. Hendrix pointed out a \$3,000 discrepancy between the reports. Ms. Floore will look into that.

Ms. Rattenni thanked Ms. Hills for her presentation. Mr. Buckley asked what the expiration date of these funds is. Ms. Floore explained it would be by 2014. Mr. Doolittle stated that this funding will provide very dynamic programs. How will this Committee view the progress? Could a quarterly report be given? Ms. Floore stated that she feels a quarterly report is too frequent. Ms. Hills can return in a year to give us a progress report. In the mean time, the district maintains a current report card on the website that can be viewed at any time. Mr. Doolittle asked if the State would ask for a quarterly report. Ms. Floore stated they currently do not which is consistent with all of the other federal funds. Ms. Floore explained that these funds are listed monthly in the committee's federal report section. Ms. Hills encouraged the Committee to visit their website to review the programs and their progress.

Ms. Williams asked a question regarding the monthly financial reports, Division 32. There was a balance last month and now we are at negative in security. Ms. Floore explained that security is part of the referendum expenditures. This fall every school had control access installed, if they hadn't already. In addition, security received a State grant. We coded expenditures here, about \$40,000, and we will put in for reimbursement which will reverse the negative balance in security. Next month you will see that money go below and we'll have more money to spend. The expenditures went so quickly as Red Clay set a goal to have all of the schools completed this fall. Not all of the schools were completed at the start of school. Ms. Williams questioned the timing of the security completions.

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Ms. Williams asked about the CFRC training. Mr. Doolittle stated that some were postponed and rescheduling will take place.

There were no additional questions at this time.

V. Public Comments

There were no public comments at this time.

VI. Announcements

The next CFRC meeting will be held Monday, January 10, 2011 in the Brandywine Springs Teachers Lounge at 6:30 PM.

VI. ADJOURNMENT

The meeting adjourned at 9:00 PM.

Respectfully Submitted,

Laura Palombo

Recording Secretary