



Committee minutes

Community Financial Review Committee		
1.13.2014	6:30 PM to 8:04 PM	BSS Teachers' Lounge
Meeting called by	Jane Rattenni, Chair	
Type of meeting	Monthly Financial Review	
Facilitator	Jill Floore, Red Clay CFO	
Note taker	Laura Palombo, Red Clay Adm. Secretary	
Timekeeper	Laura Palombo, Red Clay Adm. Secretary	
Attendees	Bill Doolittle, Victoria Kent, Lynn McIntosh, Larry Miller and Tom Pappenhagen, Community Members; Steven Fackenthall, RCEA Representative; Michael Piccio, BOE Member; Jill Floore, Red Clay CFO;	
Minutes		
	Jill Floore, Red Clay CFO	
Discussion:	A Review of the November 2013 meeting minutes. Mr. Doolittle moved to accept them and Mr. Miller seconded. The motion carried. Red Clay has a new meeting agenda and minutes format we will be using. Both will be uploaded to the Red Clay web page as in the past.	
Action Items	Person Responsible	Deadline
CFRC By Laws		
	Jill, Floore, Red Clay CFO	
Discussion	Ms. Floore related to the Committee that the change in the CFRC By Laws was accepted by the BOE. The number of Community Members was increased by 2. Terms of service can be renewed with Board of Education approval.	
Action Items	Person Responsible	Deadline
List of new terms of service for each Community Member	Jill Floore	2/10/14
Class Size Waiver		
	Jill Floore, Red Clay CFO	
Discussion	The vote on the Class Size Waiver was discussed as well as the financial impact of inclusion. Please see Section I of attached.	
Action Items	Person Responsible	Deadline
2014 Final Budget		
	Jill Floore, Red Clay CFO	
Discussion	Due to the weather cancellation in December, this presentation was postponed until now. The Board of Education approved this final budget at the December Board meeting. Please see Section II of attached.	
Action Items	Person Responsible	Deadline
Monthly Reports		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore presented the December 2013 Month End Reports. Please see Section III of attached.	
Action Items	Person Responsible	Deadline
Announcements		
	Jill Floore, Red Clay CFO	
Discussion	Future presentations were suggested. See Section IV of attached.	
Action Items	Person Responsible	Deadline



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Red Clay Community Financial Review Committee Monday, January 13, 2014

I. Class Size Waiver

The Board passed the class size waiver in December. Ms. Floore explained the history of the class size waiver in Red Clay. The Board did not pass the waiver this year when required in October but did in December. Class size pertains to the number of students per class. State of Delaware law states that in KN through 3rd grade, districts must have 22 or fewer students per teacher in each classroom. The funding formula provides a unit per number of students that is weighted by the type of student from regular to complex needs. Units can be used for classroom teachers, instructional aides, specialists, or other related services staff. We could have just 22 students in a classroom if we chose not to have art, music, reading teachers, guidance counselors, etc. At the district level, we try to balance all the needs and make the best choices. However, this does lead to class sizes in excess of 22.

There was considerable board discussion on class sizes over the 22 limit. After consulting with DOE, the formulas presented had not been accurately presented. This impacted a few of the classrooms, but not all. As the district has moved to more inclusive instruction with co-teaching and push in teaching classrooms, the ratio of teachers was not reflected. For example, a classroom of 27 is 27 for one teacher, but 1:13.5 for a two teacher co-teaching classrooms. When we corrected the numbers, there were some classrooms that still remained at 26.

The board voted in December to utilize contingency funds to hire staff to eliminate those classes above 23. The cost is approximately \$300,000 which enabled us to hire 2 teachers and 8 paras solely from local funds. This left no class sizes above 23. To address every classroom including the 23s, the cost would be an additional \$2 million annually. They were suburban schools, not urban schools. Richey, BSS, Marbrook each received a teacher and Heritage received 6 paras. Due to the timing of the year and contractual obligations already made (i.e. art teachers hired and part of the school schedules) the only manner to address class size after the school year starts is through locally funded positions.

Mr. Fackenthall asked if the numbers presented in November were incorrect. When were the numbers changed? Ms. Floore explained that Dr. Daugherty's presentation in December provided three numbers: the original October numbers, the numbers with the formula we should have been using and the 3rd with the proposed teachers/paras we were hiring. Mr. Doolittle suggested that the guidance for the regulation was flawed. Also, no one knew what would happen if we didn't pass the waiver. Would the DOE come in and do our staffing? The subject got news coverage and has huge fiscal implications. Therefore, Ms. Floore felt this committee should be made aware of the details.

Ms. Kent asked why this was an issue as there were larger classrooms for many years. Doolittle stated that is due to the legislation and greater scrutiny by boards overall. Mr. Fackenthall stated that the RCEA thought the waiver would pass the first time. There



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was no position from the RCEA. Mr. Miller asked if the \$300,000 was a onetime expenditure. Ms. Floore stated that it is one time this year, but when staffing for the future, we need to consider continuing the positions or cutting back on other positions. These decisions have to be made in May. Mr. Piccio stated that the BOE was given options and the Board will have to choose what option works best.

Mr. Miller asked if the inclusion was passed by the board. Ms. Floore stated it was tabled. Mr. Miller asked what the financial implications would be if that was passed?

Ms. Floore gave some background on the Inclusion discussion at the district and board levels. Back when the strategic plan was developed, the district has been on a path to inclusion to reduce the achievement gap for special education and ELL students. It is similar to the Brandywine School District program. Meadowood students are already at cluster sites. Central School, for example, is its own school. Rather than attend Central, the students would attend their feeder school. There is a lot of discussion in how and who is served. Ms. Floore emphasizes the discussion was not driven by the financial position. There are certainly funding implications and that is part of the discussion, but the background and intent was driven from an instructional basis. State and local funds, including tuition funds, would continue to support students regardless of their school location. There are 100 teachers among our special schools. Those teachers go with the students to the schools.

Ms. Kent stated that Central has all of the services at one school. Once the students are at each location, how are those services given to these students. Mr. Doolittle stated that once inclusion is up and running, it can actually be less expensive to run but it is a lengthy process to get there and do it right. Mr. Miller stated there is a lot of data analysis to get to those numbers. Mr. Miller stated the role of our group is not the educational philosophy. Our concern is any time we dip in to the reserve for an educational process, we must discuss the sustainability whether it is for class size waiver or inclusion. Ms. Floore will continue to update the group.

Mr. Pappenhagen asked if these are choice students from outside Red Clay. Ms. Floore stated these children are not choiced from other districts.

Ms. Floore stated that the BOE will revisit the decision in March. Ms. Floore will then have to set the tuition tax in July. Regardless of the inclusion vote, there is likely to be a tuition tax increase for next year based on the increased number of students and required services.

Mr. Miller asked about next year's budget. Are there other items that will impact the budget or is it the status quo. Ms. Floore stated that the final budget presentation for this year has no major changes. Next year we have the challenge of RTTT being depleted. Academic deans and the preschool program will now have no funding. That translates to Additionally 20 RTI teachers have no funding source next year. These are significant cuts. It would cost \$4 million to keep all of those positions out of local funds. The Governor will come out with the new budget shortly. The growth in Delaware has been 200 more units that needed to be funded. The Superintendents asked for \$12 million for



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direct classroom support. DOE changed the request to \$8 million but this money is not likely to be in the governor's budget. Of that, Red Clay would receive \$1 million.

Mr. Fackenthall asked how many teachers are RTTT. Ms. Floore answered 6 preschool teachers. However, we have temporary contracts, retirements, etc. We will have fewer teaching positions and people will be moved around. There may not be the layoffs of the exact number but there will be fewer positions in the district overall.

Ms. Kent asked if the 200 additional units come from new homes. Ms. Floore stated they come from all over. Increase in younger students, population growth, and students coming from private schools. Red Clay saw a moderate growth.

II. Final Budget Presentation

The 2014 Final Budget was approved by the Board of Education in December. The largest swing for us last year was the number of charter students so that was an area of concern. The preliminary budget is done in July. This is done prior to September 30th count. Therefore, the final takes into account the actual enrollments. The good news is the differences from projections were very small changes. The tax rate was set, no changes can be made. Current expense tax can only be changed by referendum. In enrollment, we were up 18.87 units. Last year we increased by 18. We were then 10% of the State growth. That was 242 more students than last year. We grew 3 more units in pre-k, 5 in K-3, and 5 in grades 4-12. Our biggest growth was in intense students which was 14 units. There are 4 classifications of students: Regular, basic (identified as needing some services), intense (needing more services), and complex (sometimes requiring one-on-one).

Choice and charter students were a concern. We had 416 students going out through choice. For students choicing into Red Clay, we increased by 21 students to 1220. Mr. Pappenhagen stated that they bring their per pupil with them. Ms. Floore stated that is true but Colonial and Christina bring in less as their per pupil is lower. We do get the State money as they are counted in our unit count. On the students leaving Red Clay, we pay them what they would get in per pupil and the balance goes to the State. The State then tries to make us whole for those who came to us paying less. It never makes us 100%.

Ms. Floore put in a 5% growth in the charter program projection. It didn't reach that, taking our projection down by \$247,000. Our charter payment is \$8.2 million. The handout lists each school that received our students and the numbers. It increased by 193 students, but lower than the 5% projection so a net negative for the final budget. In preparation for next year, we look at these numbers as well as new housing developments, charter schools opening, etc. We have 99 students at Reach Academy. We thought we would receive many of those students back. Reach received another year to stay open.



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The total change to the expenditures budget was \$5,501. Local revenue increased by \$231,000. However, expenses are going up \$247,000. We didn't pay out what we budgeted for charter students. More came in with the increase in choice students. We received more in related services as we cashed in our special education units and contracted for speech, occupational and other therapies. We would rather hire therapists directly, but it is difficult to hire full time. Division 1 salaries increased as the late class size hires came from the contingency.

Audit fees were increased as well as SRO. We hired one more this year. There are no state funds for SROs (school resource officers). This was once a legislative funded addition, but not anymore. It is fully locally funded.

Contingency funds didn't go up but it is set as a percentage. The last 5 years we haven't touched contingency. Due to the cold weather, pipes burst in many of our schools. This, along with our additional classroom teachers and paras, will likely use up our contingency this year. We do hope some of the bills will be covered by the State self-insurance policy.

The vast majority of our resources are in salaries and people. We are now contributing more funds as well as EPER. Over 80% of our budget is salaries. Of that 80%, over 70% is teachers. The other categories remain unchanged. We have an estimated carry forward balance of \$14.6 million. The goal is to carry over \$15 million at the end of the year. As projected, deficit spending has begun and it is now time to begin conversations and planning for the next operating referendum.

Ms. Floore explained that tuition budget is fixed local revenues, however the state revenues increases with a higher number of private placements. We also increased in Meadowood in Division 1 salaries, again due to an increase in complex students. Based on what we see now, prior to any discussion of inclusion, we will see a tuition tax increase. Mr. Piccio stated it will be difficult- we increased the tuition tax and match tax and now will need an operating. Mr. Doolittle stated that if not, we'd be deficit spending even more. Ms. Floore stated that we would not be going for extras. Mr. Doolittle stated that we are the only state that does not increase our property values.

Overall the district budget is a quarter billion dollars. The February and May financial position reports will be presented to this committee. These reports track to where we will be July 1st.

Federal updates. Sequestration appears to be off the table. That doesn't give us more money, but it does mean there won't be any cuts at this time. The governor will release the budget and then we will lobby the legislature for the reading teachers. Mr. Miller asked for a state budget update.

Mr. Fackenthall asked about giving the charter schools funding. The per pupil funding follows the student. We don't fund the charters directly.



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III. Monthly Reports

Mrs. Floore presented the end of December monthly reports. We are half-way through the year therefore, our targets are 50%. On the revenue side, we are 87%. Last year we were at 85%. On the local side we have 96.5 %. In November we were at 101% percent. The charter transfer brought us back down.

We are recouping \$717,000 in indirect funding from the consolidated grant. Cscrp is services we bill Medicaid for the pay back of funds expended on services that are eligible. We have seen that money decrease over the years. Every student we bill for, the parents have to sign off for. It has slowed the process down. We are at 57% there.

State technology was projected at \$608,000 but we only got the transfer of \$266,000. We will not receive the rest as the state will make the purchase of the laptops for DCAS directly. We are transitioning to Smarter Balance. Every student has to take the test on these computers that are old and declining. Mr. Doolittle stated that the seat- time for Smarter Balance will increase as well.

We will get the final funding for division 1 salaries in June when the State true ups our balance. Our legal encumbrances are over. Some of the bills are from major capital. Those will be charged back to that program for easement issues and contract review.

We are at 48% expended. Encumbered and expended is 51%. We will closely monitor the contingency.

Grants on page 4 for RTTT have 6/13/14 end date. The \$992,000 balance is for salaries. Mr. Miller asked about competitive grants in RTTT we are applying for. Ms. Floore stated that there are no competitive RTTT grants left. However, the State has had discussions on sustainability and applying for extensions of the state funds. That does not apply to the district funds which have almost entirely been spent.

We are at 102% for consortium. Part of that is transportation. We will get a credit back and come in closer to 100%. These are students at Kingswood and Parkway. These are students who are expelled from the district which we are responsible for their education.

We are good at our substitute's charges even with the increase in professional development substitutes.

IV. Announcements

PRESENTATIONS TO CONSIDER

February – Technology, thumbnail sketch of governor's budget,

March – Federal Programs

April - Transportation

May – PZ School Budget

June – 3 year plan update



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The next CFRC meeting will be Monday, February 10, 2014 in the Brandywine Springs Teachers' Lounge at 6:30 PM.

Mr. Fackenthall made a motion to adjourn and Ms. Kent seconded. The motion carried