



Committee minutes

Community Financial Review Committee		
3.10.2014	6:30 PM to 8:00 PM	BSS Teachers' Lounge
Meeting called by	Jane Rattenni, Chair	
Type of meeting	Monthly Financial Review	
Facilitator	Jane Rattenni, Chair	
Minutes	Laura Palombo, Red Clay	
Timekeeper	Jane Rattenni, Chair	
Attendees	Jane Rattenni, Ed Gregware, Victoria Kent, Lynne McIntosh and Tom Pappenhagen, Community Members; Steven Fackenthall, RCEA Member, Michael Piccio, BOE Member, Jill Floore, Red Clay CFO; Kristine Bewley, Red Clay Manager of Information Systems; Dr. Ted Ammann, Red Clay Assistant Superintendent of District Operations	
Minutes		
	Jane Rattenni, Chair	
Discussion:	A Review of the February 2014 meeting minutes. Mr. Piccio moved to accept them and Mr. Pappenhagen seconded. The motion carried.	
Action Items	Person Responsible	Deadline
School Funding Fairness Report to Steve Fackenthall (link)	Jill Floore	
Monthly Financial Reports		
	Jill, Floore, Red Clay CFO	
Discussion	Ms. Floore presented the February 2014 month end reports. See Section I attached	
Action Items	Person Responsible	Deadline
Legal expenditures - types of cases. Future presentation - Fall 2014	Jill Floore	November, 2014
3 Year Plan		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore presented several reports depicting budgets over the next 3 years and the projected Ending balances with different scenarios. See Section II attached.	
Action Items	Person Responsible	Deadline
Information Systems Presentation		
	Kristine Bewley, Red Clay Manager of Information Systems	
Discussion	Ms. Bewley gave a presentation on her department. Please see Section III attached.	
Action Items	Person Responsible	Deadline
Announcements		
	Jill Floore, Red Clay CFO	
	The April meeting of the CFRC will be a joint meeting with the Red Clay Facilities Committee at Baltz.	
Action Items	Person Responsible	Deadline



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Red Clay Community Financial Review Committee Monday, March 10, 2014

I. Monthly Reports

Ms. Floore distributed a copy of the monthly reports for February 2014. We are on track in revenues with 97.68% received for local funds. Based on the cycle of taxes, the majority of our taxes come in during the fall months. We are still waiting for the senior tax rebate. The State gives us 75% in the beginning of the year and they true up in the spring. We are tracking only slightly behind last year in total revenues with the biggest factor in State Division 1 Salaries. We have received \$64 million. Last year we received \$65.8 million. Last year the State prefunded more of the line at this point in the year. It is such a large line, one percentage makes a difference. They will true up for this at year end to 100%.

At this time of year, we expect to be at 66% in expenditures. We are at 64% expended and 66% expended and encumbered, right on track. We are ahead of last year on expenses but still below target.

Ms. Floore explained that at this time of year, we not only look at overages but what programs are not expending their funding. Many times, grant money comes through (i.e., partnership zone schools, school improvement funding) and we spend those funds prior to local funding. Warner is currently at 33% due to the fact they are spending grant funding first. Mr. Fackenthall asked about North Star being so low. Ms. Floore explained that they simply haven't spent it yet.

The general rule for budgets allows only school budgets to carry over funding. If a department budget has funding left at the end of the year, it comes back to the district unless there is a major summer project that is discussed prior. A school, however, is allowed to carry over 15%. Summer projects as well as larger projects/labs sometimes require funding from two school fiscal years. Ms. Rattenni asked about the special needs schools; does grant funding also factor into their spending. Ms. Floore explained that it can depending on what funding they are receiving. The budget office is in touch with program managers so that they are spending their funding on target. For those on the high or low side, we ask the managers for a budget plan. Ms. Bewley added that computer labs are always put in later in the summer months to take advantage of warranties that are only 6 months long.

Ms. Floore explained that our Legal expenses are at 121%. They have been over every month for the last 3 months. Our legal bills have exceeded what the budget for Legal was set at. We have a policy within the district on who can contact the legal representatives. It is the number of cases and legal activity that is driving the overage. We have formulas for estimating our utilities; however, we have no formula for legal budgeting. Mr. Gregware asked if it could be attributed to anything in particular. Ms. Kent asked if it



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was contracts for review. Ms. Floore explained we could have a presentation on the legal department or a report on where the areas are. We track the legal bills by case file. We could detail for you the types of cases our legal bills are paying. This will be scheduled for an early fall presentation.

Ms. Kent asked about Professional Development, Line 55. Ms. Floore explained that is a State funding line for professional development for teachers that often takes place over the summer months. Line 54 is school based intervention, or school improvement grants. They are not funded on the same fiscal year cycle and have at times mixed state and federal funding. The federal grants are all listed on their own page with their completion dates.

The Federal funding cycle begins in October. Therefore, the percentages do not match the timing of our other funding. Debbie Roberts will give her federal reports presentation to this Committee in the coming months. Title 1 is our largest line item at \$4.9 million. The program manager for federal grants is Malik Stewart who gave a presentation to this Committee a few months ago. Perkins is vocational and McKinney-Vento is for the homeless. Mr. Fackenthall asked if the RPLC grant is for the Autistic Program. Ms. Floore explained that it was for training.

Regarding Tuition, we are at 100% received. This is separate and apart from the other taxes. We are still waiting for unique alternatives funding from the State as well as tuition billing for special needs students from other districts, i.e., First State School Consortium is 104%. That is due to the transportation credits back to the districts having not been done at this time. These are students who have been expelled from Red Clay schools.

Minor capital is 2 year funding. Debt service is tracking right on. Meadowood is at 50%. Salaries and related services can be interchangeable (i.e. one high and one low) if we are unable to hire therapists and contract with vendors. Examples are Speech, Physical Therapy, Occupational Therapy, etc. We budgeted at a level of support that is higher than what was needed. Also, this year, we went to a contract for substitutes. Meadowood and RPLC have a significant number of para-professionals that support the classroom. We have a contract with Delta-T for paras. This contract pulled salary money into the contracted services line of funding and is in District Wide Services.

Should Inclusion pass, Ms. Floore's plan is to continue to fund the schools in the divisions that they currently are listed in at least for the first year in order to track exactly where the money goes. That way the funding is in the virtual school and then funnel to the school the student is actually residing (in the case of inclusion). Ms. Rattenni asked if the child would be assigned to a specific school. Ms. Floore explained that a student would be assigned to the school, but their virtual classification would still be the Division 54 or 58. The teacher and para support follows the student from the Division 54 or 58 to that school. This way we can track that 100% of those tuition funds follow the student.



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Mr. Fackenthall asked if we will be raising the tuition tax based on the proposed inclusion plan. Ms. Floore explained that it would be discussed at this Committee meeting prior to a preliminary budget being prepared. At this time, the tuition tax will increase as the expenses in these particular programs, is increasing, not due to inclusion but strictly based on the increases in expenses as they currently exist.

When the Financial Position Report was presented last month, our June 30th balance in tuition will be zero. It is not negative, which is good. If we hadn't raised the tuition tax last year, we would be in trouble at this time. We cannot borrow from Division 32 to pay Divisions 54 and 58.

Ms. Kent asked if the winter weather has affected our budget. What line items are affected due to make up days? Ms. Floore stated that make up days are factored into the school year so that will not affect the salary lines. However, when custodians are called in to clear the snow and work the extra hours, which does affect our budget. Plus, we have had more wear and tear on the buildings. Last year we entered into the ESCO project. Next month at our combined meeting with facilities, we will see an update on that cost savings project. We have a very aggressive energy savings program in Red Clay that has been in place for 8 years. It has been very effective.

Mr. Fackenthall motion to accept the monthly report, and Mr. Gregware seconded. The motion carried.

Mr. Fackenthall stated that at a meeting he attended last month, he learned that schools are given \$3 per student for testing. Schools are to use that for DPAS and measures the teachers take to prepare them. Ms. Bewley answered that the money is for the scanning by DSC (Data Service Center) to compile our test materials. It was first thought the money would be given to us for scanners. But it went to DSC to utilize their services to print the scantrons and then assess the data. Ms. Floore stated it was \$49,617. Ms. Kent asked if that was budgeted or received. Ms. Floore stated it was received and used in full to utilize DSC. Ms. Bewley stated that amount of money would not have been enough to support every teacher with a scanner.

II. 3 Year Plan

Ms. Floore distributed several reports of information regarding the three year financial forecast. We are currently deficit spending. The report depicts where our budget is and if nothing changes, no major infusion of programs or cash, where we'll be by 2017. We need to have a balance of \$7 million at the end of the fiscal year. The way school funding works, on June 30th our funding obligations do not end. Our employees are on a 26 pay schedule. Our State and tax money does not come in at that time to make those payments. By law, we must have at least one month of salary payments when the fiscal year is ended. Failure to do this triggers the Financial Review Team from the state.



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Current projections show we will end the year with \$14.6 million. Tax assessments grow by .5% every year. Approximately 80% of our budget is staffing that goes up on average 3% per year including step and lane increase, salary increase, pension, health care, etc. Eventually every district has to go to referendum. Cutting can potentially buy time but it doesn't change the overall need. Under the current scenario, we will end FY15 with \$10.5 million and end FY16 with \$4.3 million which is under the \$7 million requirement. If nothing changes, we will need to go to referendum next year.

Currently, there is a lot of discussion in Dover asking for \$12 million from the State for education. Our portion would be \$1 million. If we get this funding, it would potentially increase our costs rather than lower them.

Ms. Floore presented a scenario where district office budgets are cut by 10%. That changes the bottom line in FY 15 by \$2 million. It moves the referendum out 1 year but does not fix the problem. As an alternative, scenario three illustrates what happens if we cut local salaries by \$2 million, which equals 25 people. We would cash in academic excellence units. When we cash in the unit, we receive \$35,000 plus the additional local funds saved by not spending the local share of teacher salaries. But again that change would still have us at referendum in FY17 and move it a year but not alter the long term problem.

Ms. Floore does not know what the proposal would be for the referendum. Our last operating budget referendum was in 2008 was 15/5/5. The last referendum in 2012 was for capital improvements. Mr. Pappenhagen asked how many years would you push the rate out for when you go this time. Ms. Floore stated that the original plan was 3 years but we were able to stretch it. The real issue for the public is how much do we hold on hand. \$25 million is the highest we've ever had it. We plan for 5 years as an ideal time. Ms. Floore's presentation to the BOE will be in July. We cannot cut enough staff to make up the difference. With the increase in pension and healthcare costs, our operating expenses will increase regardless of cuts. Ms. Rattenni asked when this Committee would be asked to make a recommendation on the referendum. Ms. Floore does not know the time frame at this time. Ms. Rattenni stated that this Committee was involved with the last referendum but was not in place for the 2008 referendum.

III. Information Systems Presentation

Ms. Bewley is the Manager of Red Clay Information Systems. Even though the office is referred to as the Technology Office, they also handle student data, eSchool Plus system, the teacher access system, as well as playing a big role with the Data Service Center. The largest change is that the School Choice program is handled through their office as well.

One of the largest functions is technical support out in the schools. The technicians fix everything from computers, smart boards, projectors and printers. All of the purchasing for these systems is handled through their office and installed into the schools. They



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provide non-instructional technology training, with a focus on the machines themselves. They also handle the telephone systems, telecommunications, mailings, archiving and data management, the district website and the parent notification system. They are currently looking at a mobile phone app to view Red Clay information.

Ms. Bewley distributed information on the funding for her department. Ms. Bewley's department has also received some State funding this year. One of the funding lines is the DSC. The Data Service Center is a State agency owned and operated by Red Clay and the Colonial School District. There is a Board of Directors which includes the Superintendents. There is an Operations Council which includes Ms. Bewley and Dr. Ted Ammann from Red Clay as well as Emily Falcon from Colonial and Katie Simmel from Colonial. DSC has many applications that we use: personnel attendance, FSF reporting, report card processing as well as others. The Brandywine School District is interested in becoming another partner in DSC. Back in 2005, DSC was owned by Red Clay, Colonial, Christina and Brandywine School Districts. DSC currently sells services to other districts in the State without them being partners. DSC wrote an online Choice Application for us that many other districts and charter schools are currently using. As DSC sells services, our partner costs decrease.

Information Systems is not funded by the unit count, but is local funding. The State did give Red Clay funding in the amount of \$266,435 last year. There used to be a larger technology funding line in the budget but this is a start towards funding. The other \$329,000 is from the State for computers. A few years back, the State supplied funding for DCAS computers but nothing since. Rather than purchase the computers ourselves, the State purchased them for us using those funds. That amounted to 441 lap tops for the schools to replace the oldest of the State testing laptops.

As a district, we put together standards in order to have consistency among the classrooms. Teacher computers, computer labs and cart laptops are refreshed on a 5 year cycle. All of our elementary classrooms are outfitted with Smart Boards and projectors and classroom amplification systems. All of our secondary classrooms are also outfitted with Smart Boards and projectors. All of our classrooms are outfitted with teacher and student computers. We are outfitted with teacher access to long distance and voice mail phone availability. We do have building-wide internet coverage. With more appliances in use, however, we are having difficulties with our capacity or band width. We are looking forward now to increase capacity vs. coverage. We have a bid out to vendors currently to add 500 access points. This will increase capacity and be funded through eRate funding.

Looking forward we are looking to see what standards need to be changed with the upgrading of technology. The Information Systems department was asked by the Board to look one to one technology and what that would mean in Red Clay. This fit in with the RCEA Committee's plan. The RCEA Committee is made up of 5 teachers and 5 administrators. Their findings were that there is no way to do one to one technology



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district wide without a referendum. Secondly, it is not a one size fits all practice. In the elementary level, iPads are good tools; however, some classes would require a keyboard. In the secondary schools they would be a better tool especially in the math and science classes. Increased capacity and bandwidths are also necessary. Mr. Gregware asked if the Smart Boards take up a great deal of band width. Ms. Bewley answered yes; however, they are not all “up” at the same time. Mr. Pappenhagen asked if student phones were using up band width. Ms. Bewley stated that up until this year, students were able to logon with their student logon, but because of the band width issue, we have blocked it. Some are finding ways around it. We would also like to set up a “genius bar” at the schools staffed by student volunteers. Who better to help you with your tech issue than one of your peers? This would also cut down on the calls to our technology help desk. Many of the online instructional programs take up a great deal of band width.

Ms. Kent asked how much would the expansion to the capacity cost. Ms. Bewley answered for the access points and the wireless would be about \$550,000. The State is working on providing it for the State. We are currently upgrading to 4 of our schools. The IS department is partnering with Curriculum as there are less expensive online programs. It is \$8,881 a year to upgrade it.

Ms. Kent stated that the district is using more technology throughout the schools; shouldn't our fees for band width go up? Ms. Bewley explained that the cost does not go up with usage. We can only use what we have.

Ms. Bewley talked about the referendum line item for technology. Her IS department makes sure that every item that comes from this line item funding, goes to a teacher. Any support staff technology cannot come from this line item funding. This money has been used to put more access points in as that relates directly to teacher/classroom instruction. The schools can apply for a strategic plan mini-grant from the IS department. The Cabinet reviews the applications to make sure that the plan aligns with the goals of the strategic plan specifically for technology. 10 grants were approved this year. Some examples are: a science lab at AIHS with software with probes that connect to a laptop, tablets, iPads, classroom amplification for a middle school, and instructional software for the psychologists.

The IS department does most of their heavy spending and installation over the summer months. Therefore, their spending line will change dramatically by the start of summer. 40% of the technology budget is staffing. Edline is our website and teacher pages. Teachers are encouraged to have their class information on their web pages for easy access to students and parents. The IS office is trying to do 2-3 school phone and telecom upgrades per year.

Mr. Fackenthall asked if the IS department is looking to combine the information from eSchool and grade reporting program into a standardized report card? Ms. Bewley stated that yes; they are working with Ms. Lanciault and Mr. Golder as well as Dept. of



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Education representatives on trying to create a program with SunGard. Stephanie Dukes from her department is also on a State committee working with other school districts and what they are using.

Mr. Fackenthall asked if we are working to unblocking youtube.com for teachers' use. Ms. Bewley stated that the librarian in the school has access to download what teachers request from that site and place them on their instructional channel.

The Committee thanked Ms. Bewley for her presentation.

IV. Announcements

Our next meeting in April will be combined with the Red Clay Facilities Committee and held at Baltz Elementary on Monday, April 14, 2014 at 6:30 PM. Our presentation on Federal Funds will be moved to our May meeting.

There have been no public inquiries to the CFRC.