



Committee minutes

Community Financial Review Committee		
2.10.2014	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	
Note taker	Taped Session	
Timekeeper	Jane Rattenni, Chair	
Attendees	Jane Rattenni, Bill Doolittle, and Larry Miller, Community Members;	
	Michael Piccio, BOE Member; Jill Floore, Red Clay CFO;	
Minutes		
	Jane Rattenni, Chair	
Discussion:	A Review of the January 2014 meeting minutes. Mr.Piccio moved to accept them	
	and Mr. Doolittle seconded. The motion carried.	
Action Items	Person Responsible	Deadline
Proposed Bill on Nurses in Schools		
	Jill, Floore, Red Clay CFO	
Discussion	Ms. Floore discussed a proposed bill in Delaware on nurses in our schools.	
	Please see Section I attached.	
Action Items	Person Responsible	Deadline
Governor's Proposed Budget		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore presented to the Committee the highlights of the Governor's budget as they pertain to	
	Education. Please see Section II attached.	
Action Items	Person Responsible	Deadline
Strategic Plan Grants		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore presented information on the Strategic Plan Grant program. See Section III attached.	
Action Items	Person Responsible	Deadline
Financial Position Report		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore presented the Financial Position Report ending December 31, 2013. See section IV attached.	
Action Items	Person Responsible	Deadline
3 Year Projection	Jill Floore	March 10, 2014
Monthly Reports		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore presented the January 2014 month end reports. See Section V attached.	
Action Items	Person Responsible	Deadline



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Announcements			
[Time allotted]	Jill Floore, Red Clay CFO		
Discussion	The April meeting of the CFRC will be a joint meeting with the Red Clay Facilities Committee at Baltz.		
Action Items	Person Responsible	Deadline	

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

I. Proposed State Bill

Ms. Floore spoke of a bill circulating Delaware to provide one nurse for every school. We currently earn one nurse for every 40 units. We have schools below 40 units, yet we have a nurse at every school. We earn 27 of those nurses. For every school over 40 units, it subsidizes those that are under 40 units. Many of high schools earn more units and have the one nurse. Several of these high schools also have a wellness center. It is different for other districts that do not have the number of high schools to help out the lesser units in elementary. Ms. Floore feels that the bill has too broad a limit and that schools such as Meadowood with “complex” students, should earn more nurses. Ms. Floore related these comments back to the State and those considering this bill. This bill requesting one nurse for every school would help other districts, but not ours. Mr. Miller asked if this would give us more flexibility in staffing. Ms. Floore answered only if there was an accommodation for complex students.

II. Governor’s Budget

Ms. Floore distributed a copy of the highlights of the Governor’s Budget in education funding. There is a 1% increase in State-wide general salary. The largest thing for school districts is the steps and lanes for teachers. They are not guaranteed but they must be funded in each annual budget. DOE steps continue to be suspended except for those in the teaching scale. Last year they had approved an increase for paraprofessionals to adjust their pay plan upward. They are now funding the full year increase. When they increase the State portion, it does not affect the local portion. That is done through contract bargaining agreement. However, we have many 100% locally funded paras so it has contributed to the increase in tuition bills. In addition, we have aids for buses in some students. Aids salaries are in some cases surpassing the driver’s salary. It is continually difficult to obtain competent bus drivers. We have been advocating for the drivers salaries. The aids are represented by RCEA.

There was a lot of discussion in the Governor’s budget on higher education. \$1.5 million for college access to replace the funding they lost through the completion of Race To The Top. Every district has used their RTTT funding. DOE still has a significant amount of funding left over and they are asking the federal government for a waiver to continue. This is not district money. Part of the education budget requested dual courses; another



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is teacher professional development as well as the accelerated academic fund for the gifted and talented. The Lt. Governor put in a bill and there is now a fund that the schools can apply for mini-grants. \$200,000 is for an inspire scholarship. The budget eliminates non-public school transportation stipends.

On the district side, \$9.9 million is division funding for actual growth. Every year this is unit growth the budget needs to fund. Because the population is increasing as well as the increase of students from private schools, the FY15 budget estimates an additional 220 students statewide. Growth has meant that education funding has increased year over year which masks the discretionary cuts from 2009. We have less discretionary but continue to grow. Therefore, we are teaching more students with less proportionally.

The budget lists \$3.2 million in equalization funding. This is a frozen formula that has been set at a low point. Every year it is frozen, we do not receive what the formula states we would otherwise receive. Equalization is based on your overall property value and your overall taxing ability and your tax effort. We, along Brandywine, Colonial, Christina and NCC, are in the tax pool and calculated as one entity. Therefore, our equalization is \$6465 per unit whereas in Kent it is \$20,000 per unit. People believe that equalization favors Sussex County; however, it is Kent that benefits more than any other county. In 2009, the State didn't have more money to add to the formula, so they froze the formula. However, it doesn't recognize where counties had increased assessment values over time. New money would be needed to fix this. Mr. Miller asked if we went back to 2009 and took the money appropriated to the district and divided it by the number of students, would the per student contribution to those students be higher than in this budget? Ms. Floore stated this can be masked by the increase in overall salary, not just unit grown. Mr. Miller stated this means we would have an increase in the salary lines, but the other categories would still be suffering. Ms. Floore agreed. Mr. Doolittle explained that the dollar value in all categories other than Division 1 has gone down. Ms. Floore also explained that the 5% actual growth would increase the per student as well. There is more funding in the budget as there are simply more students as well as more special education students. However, there are less discretionary funds. Mr. Miller stated this is not policy driven but formula driven. Ms. Floore agreed, however, there were so many positions such as SROs and reading specialists were listed as needs and in 2009, that funding was stripped out.

Ms. Floore also brought a copy of the report "Is School Funding Fair, A National Report Card". It was done by the Education Law Center. Ms. Floore feels we are not held back by the formula but by the overall amount of funding. Ms. Floore explained that we have students that have higher needs. We receive more funding for special education students, but there are many other higher needs students that don't fit those criteria. How does a district with an urban and suburban population differentiate? The formula doesn't recognize need other than special education. Mr. Doolittle stated that there has been a lot of discussion over the last two years to these topics; however, the funding has not materialized.



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Red Clay is getting \$37.7 million in major capital funding. This is our biggest year due to the construction cycle. Ms. Floore stated Red Clay is fortunate to be fully funded on the construction cycle and the district is grateful for the \$37.7 million. This funding is for the new elementary school as well as Wilmington Campus upgrades, the Cab Calloway Theater and A.I. DuPont High School's expansion as well as numerous projects that will begin across the district in 2015. This amount reflects the State portion of the funding. The local is set back the debt service tax. This year's weather has delayed some work on the new school but it is schedule for completion May 2015.

Mr. Miller asked about the discussion last meeting regarding the pipes that broke in many of our schools due to the extreme cold. Ms. Floore explained that we used the contingency funds and maintenance budget. Mr. Miller asked if the State would pay through their self-insured policy. Ms. Floore stated that we have submitted those claims and they are in process. We have not heard on the claims at this time. The work, however, is being done. We spent \$278,000 out of the contingency thus far. Ms. Rattenni asked if that was 100% weather related. It was not. Ms. Floore explained that it also includes those hired due to the class size waiver. We have not had to use this funding in the past few years. Ms. Rattenni asked about using the funding for the additional teachers and paras. Ms. Floore explained it was a Board decision. When the waiver was not approved, several classes were at 26. Those were the classes that were addressed. Due to the timing and the fact that contracts were already in place, we could not redistribute units to accommodate more teachers and paras in a classroom. The Board asked that there will be no budget overage; therefore, the contingency was used.

Mr. Doolittle asked how we were doing on energy. Ms. Floore explained that we are doing very well in the energy field. The bills this month will be higher here and at home from temperature extremes given the winter. Dr. Ammann and Ms. Floore would like to have a combined meeting with this Committee and the Facilities Committee in April. We will go over the ESCO numbers. We will meet at the same time, but it will be held at Baltz. Mr. Miller asked if Red Clay provided their own snow removal and Ms. Floore answered yes with some contractual assistance. Mr. Piccio asked about the boiler at Warner Elementary as there was an issue earlier that day. Ms. Floore is not aware of the situation or the monetary costs. We have our own maintenance crew including certified HVAC contractors but there may be a need for outside help depending on the need. Mr. Doolittle asked if the school district superintendents were asking for \$8 or \$12. Ms. Floore stated they are asking for \$12. DOE changed the request in their budget to \$8 million but the original request from the chiefs was \$12 million. We are asking for the funds to support RTI teachers. Mr. Miller stated that the state revenue projections aren't going where we need them to be as well as costs (i.e., Medicare) which take even more away.

III. Strategic Plan Grants



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Ms. Floore opened the discussion on competitive grants. The district has the competitive grant for the strategic plan. The Board approved a tax increase for extra time. These are competitive grants so that each school is to do what that particular school needs to do to support their program. Ms. Floore distributed the spreadsheet of the grants currently in process and the application samples.

In the budget Line 76, district office with a budget of \$500,000 for the strategic plan grants. This is money from the extra time match tax grant.

Ms. Floore reviewed the spreadsheet of grants applied for by the schools. These grants are for after school as well as academic content. All of the schools that submitted applications were funded for the Odyssey of the Mind for example. Last year in the State budget, there was an epilogue for extra time match tax. Mr. Piccio questioned the inclusion conference for Forest Oak. Ms. Floore explained this program was approved to send teachers to a national conference on inclusion. These teachers would then come and speak to others here at the district. The Superintendent Cabinet makes the decision on whether to approve the application or not. Mr. Doolittle asked if this is an ongoing program. Ms. Floore added that it is as long as the Board votes to continue the match tax.

We also have a technology column. We use the same application for these requests. They are funded by a tech refresh line that was added after the last operating referendum. We want to make sure these applications are going through cabinet to ensure our technology requests meet our strategic plan.

IV. Financial Position Report

The final budget was presented last month. This Financial Position Report was due to DOE on February 1, 2014. This is a slightly different bottom line of \$14.4 million. We will need to start the conversation on when we will need to go to referendum again. We are currently deficit spending. Mr. Miller stated that the longer we do not go to referendum, the harder it will be to have a balance. Mr. Miller stated no district likes to go through the process, but the greater fear is not asking and running out of funding. Ms. Floore stated that the longer you wait, the more you have to ask for and it's a harder sell. Mr. Piccio asked how much must be in the budget by law. Ms. Floore stated that it must be one month of local salary of about \$7 million. Mr. Doolittle stated it will be hard to see us waiting until 2016.

Mr. Piccio asked if this deficit spending will increase with inclusion as he believes there will be initial costs we will have to incur. Mr. Floore stated that inclusion has been presented as cost neutral but any costs to be incurred would be addressed by the tuition tax. Our special education numbers continue to increase so we already know there will need to be an increase in the tuition tax. Mr. Miller stated that at the last presentation of the maintenance group, we talked about deferred maintenance. There are many projects still on the list. What happens when we need to address these projects? We have to



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consider this when we go to referendum. Next month Ms. Floore will bring a 3 year projection. Ms. Rattenni stated that we need to think of increasing the contingency budget especially in light of the deferred maintenance. Mr. Miller also noted that the deferred maintenance should possibly not be deferred and the projects done sooner than later. Ms. Floore also mentioned the major capital improvements are also in progress at this time.

Mr. Miller made a motion to accept the Financial Position Report and Mr. Piccio seconded. The motion carried.

V. Monthly Reports

Ms. Floore distributed a copy of the monthly reports for January 2014. There are very little changes since the prior presentation. We are at 56% expended and 58% expended and encumbered. We are ahead of last year as we've encumbered more. Last year we were low for this time of year. 58.3% should be our target so we are right on where we are supposed to be. We have 97% in revenues as we are waiting for the senior tax credit from the State. The other taxes will then come monthly as they are paid. Our goal is to come in at \$15 million.

VI. Announcements

Our next meeting in March will have a presentation from Technology. It will be held Monday, March 10, 2014 in the Brandywine Springs Teachers' Lounge at 6:30 PM.

April's meeting will be combined with the Red Clay Facilities Committee and held at Baltz Elementary.

There have been no public inquiries to the CFRC.