



Committee minutes

Community Financial Review Committee		
8.11.2014	6:30 PM to 8:30 PM	Brandywine Springs 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, Community Member	
Attendees	Jane Rattenni, Ed Gregware, Victoria Kent, Lynne McIntosh, and Tom Pappenhagen, Community Members; Steven Fackenthall, RCEA Member; Jill Floore, Red Clay CFO	
Minutes		
	Jane Rattenni, Chair	
Discussion:	A review of the June 2014 meeting minutes. Mr. Fackenthall moved to accept the minutes and Mr. Pappenhagen seconded. The motion carried.	
Action Items	Person Responsible	Deadline
FY 15 Tax Rate		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore presented the FY 15 Tax Rate at the June CFRC Meeting. Details are reflected in the June Minutes. Mr. Fackenthall made a motion to support the recommended tax rate. Ms. Kent seconded. The motion carried.	
Action Items	Person Responsible	Deadline
FY 15 Preliminary Budget		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore presented the FY 15 Preliminary Budget. Mr. Fackenthall made a motion to recommend the FY 15 Preliminary Budget to the Board and Mr. Gregware seconded. The motion carried. Please see Section 1 attached.	
Action Items	Person Responsible	Deadline
Proposed Referendum		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore explained the upcoming BOE workshop for a 2015 Referendum. See Section II. attached	
Action Items	Person Responsible	Deadline
Presentation Schedule for FY 15		
	Jill Floore, Red Clay CFO	
	A list of suggested presentations for FY 15 was discussed. See Section III attached.	
Action Items	Person Responsible	Deadline
Announcements		
	Jill Floore, Red Clay CFO	
	The next meeting will be held September 8, 2014 in the Brandywine Springs Teachers' Lounge.	
Action Items	Person Responsible	Deadline



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Red Clay Community Financial Review Committee Monday, August 11, 2014

I. FY 15 Preliminary Budget

Ms. Floore distributed copies of the July 2014 Expenditures Report. The actual numbers for receivables are correct. However, the figures labeled FY 15 preliminary budget are actually the numbers from FY14 final budget. It was a copying issue and will be corrected for next month.

Prior to presenting the budget, Ms. Floore explained the differences between Tax Pool and equalization and how they have impacted Red Clay.

Ms. Floore distributed the FY 15 Preliminary Budget. There are no major changes as funding is limited and we have reached the end of the reserves.

The budget development process looks at the trends, where we are year after year. Our ending balance this year is \$14.7 million. Last year, we ended at \$17 million. We are deficit spending. The referendum jumps your tax rate up, but the tax rate remains flat after that and as expenses go up, at some point you begin to spend from the balance.

From the state budget side, there is a State salary increase effective January 1st of \$500 for the calendar year; \$250 for the fiscal year. There are 1% reductions in Division II and ed sustainment funds. Race to the Top expired June 13th so that is no longer in the budget. Some programs were kept- in order to do that cuts were made in other areas.

When preparing the budget, Ms. Floore looks at the priorities of the district that are driven by the Strategic Plan. For inclusion, there is funding under the tuition tax for that initial plan. We are seeing late enrollments and a significant increase in charter enrollments. There were 5 additional charter schools added in the area. We are approximately 100 students down from this time last year. Our city schools have more late registrations than our other schools. However, charter schools in the city are heavily recruiting. They may get those last minute registrations rather than Red Clay. Schools like the Charter School of Wilmington who are established are easier to predict and have lengthy admittance processes are seeing an increase in the number of Red Clay students. The newer charter schools are unknown in terms of enrollment. First State Montessori is a new school pulling students not from Brandywine School District per se but from the Brandywine students normally attending private schools, so it is doubly expensive in terms of budgeting. Even though Brandywine isn't seeing a difference in their public school attendance, they will see their charter bill increase as those students normally in private school now attend a public charter school. Red Clay has some students in that school as well. Odyssey Charter is expanding at the middle school level.



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In the FY14 budget, we came in slightly over in revenues and slightly over in expenses. Normally, we like it to be slightly over revenues and slightly under expenses. Two areas we were over are related services and salaries. We used the contingency funds for teachers needed due to the class size waiver as well as unit growth and a significant number of leaves. We also had a difficult winter and incurred significant overtime. Our local fund ending balance is \$14.67 million.

Looking toward FY 15, the estimated carry forward balance is going to end at \$9 million. This is sufficient to meet our obligations. However, the deficit spending is \$5.5 million. This is \$.11 to have expenses meet revenues this year. Knowing the FY 16 will also have steps and lanes of salaries that will increase.

In the preliminary budget, local revenues are down as we have less of a balance. Total funds available will also go down. On Revenues, current expense tax receipts, the estimate is \$59.5 million. That is up .5%. Looking at early projections for enrollment, charter and choice, our charter school payments are going up \$1.4 million. We are up 400 students, or 16% in charter enrollment. Our total local revenues are decreasing due to that payment. When your balance goes down, your interest goes down as well. Needs based funding increased from \$1.25 million to \$1.5 million from the tuition tax. We will see the RPLC students transfer from RPLC to the feeder schools. This funding follows the student.

Federal Race to the Top is over. Mr. Miller had asked if the district was covering those positions and programs that were covered under RTTT. Ms. Floore answered no. Many things cannot continue. We no longer have literacy coaches. Title II was covering an instructional cadre that was eliminated in the FY15 budget so the funding could assist with academic deans. Some things were kept at the expense of others. We could not assume those items paid through RTTT. For example, Pre-K is now being funded by Title 1. Therefore, Title 1 re-evaluated other programs.

On State funds, there is an estimate of Division 1 salaries will increase by \$3.2 million for steps and lanes. Needs based funding will increase in Division 32 as special needs students attend regular schools.

When presenting the budget, Ms. Floore points out areas of significant change. The comparisons are from what was actual to what is proposed. When actual comes in over or under budget, budget to budget growth isn't always the best indicator but instead she shows budget to actual growth.

State Technology is a -55% decrease. The State didn't cut the money, but it had to be cut from the budget. The State is holding the money and we are to spend from their appropriation. That way the State can do combined purchasing. We will still be receiving the technology, but it will be paid for by the State appropriation.



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Transportation was increased 4%. Related services cash in is estimated at an increase of 12.8%. This is an increase over the budget of last year but less than the actual of last year.

There is very little change in the Groves program. We are getting less and less recoupment from CSCR. That is the reimbursement from Medicare which dwindles each year.

There are additional grants coming for School Improvement which is funded from the State line.

The total estimate is \$116 million in State revenues which is \$2 million over last year actual or \$5 million over last year budget.

There are very few changes on expenses. The priorities were to continue the referendum support of 08 and targeted to the strategic plan. Curriculum, Technology, Library, Performing Arts, Security and after school programs. We have kept the Strategic Plan RTI teachers and placed them into the inclusion plan to be funded from the Tuition Tax.

We decreased Student Services as they were successful in receiving a Department of Labor grant. This is a program for students taking classes at Del Tech and receiving job site training. Districts budgets were cut 2.5% in 2014. Those cuts were maintained.

Adult education is a slight change. It is a direct allocation from the State. Some departments cannot be kept level. For example, Maintenance, who has contracts with alarm systems, elevator services, etc. As those contracts increase, as does the budget.

Division 1 salaries is the State portion we receive for everyone, including Transportation. Therefore the difference between actual and budget is that we expensed State salaries out of Transportation.

Schools are allowed to have a 15% carryover. If they carried over less this year than last year, their balance will go down. We are not cutting at the school level. All schools are funded on a formula for unit count. High Schools have an additional expense for athletics. Ms. Rattenni asked if the final budget actuals reflected those carry over funds. Ms. Floore explained that yes they do. And we are allowing carry over this year as well.

Stabilization is -60%. Stabilization was funded by the State the first year so districts would not lay off staff. The following year, the funds were from the Federal Grant, Ed Jobs and we used the funds for the Minner Teachers. The state at that time allowed us to use a Match Tax to cover the local portion of those Minner Teacher salaries. Now that funding is finished, we are still able to have the Match Tax. The first year we had carryover of \$2.5 million. Now we have \$988,000 left which is not enough to support all the reading/RTI teachers and why some were cut this year.



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Our legal bills came in this year at \$520,000. The budget was \$375,000. Therefore, this year's budget is at \$500,000.

Ms. Rattenni asked about the contingency. Ms. Floore explained that the contingency is a percentage of local revenues. Because our revenues are declining, therefore our contingency is also declining. This year we used the contingency for the first time when the board directed the hiring of additional staff as a result of the class size waiver discussion.

In total, the FY15 budget is 2.19% higher than the FY14 actual. Budget to budget is 3.39% higher as we came in over budget. 80% of our budget is directly in salaries, there are also salaries in maintenance, transportation, special education, curriculum and instruction which brings it closer to 85%. We are a people intensive business.

Central office budget is \$2.2 million and that doesn't include steps and lanes. That budget includes legal and graduation, as well as other support programs like SROs.

The Federal Budget summary was distributed. Title I is able to cover Preschool this year as Title 1 will receive \$5.2 million where last year they received \$4.9 million.

The Board is scheduled to approve this at their next meeting. However, this coming week, there is a meeting for discussion of a referendum at a Board Workshop

Ms. Rattenni asked for comments or recommendations on the budget for the Board. Mr. Fackenthall made a motion to recommend the proposed Preliminary FY 15 budget to the Board of Education and Mr. Gregware seconded. The motion carried.

II. Referendum

Ms. Rattenni explained that she is unable to attend the Board workshop on the referendum. She has asked Mr. Miller to attend and represent the CFRC at that meeting. Ms. Rattenni stated that this Committee has been kept informed of the deficit spending of the district and will support the district in their referendum. Ms. Rattenni also invited the other members of the CFRC if they would like to attend that meeting. Ms. Floore will be giving a recap of that meeting to the public at the Board meeting. There are two parts, financial and strategic plan. A referendum entails two parts- the first is aligning revenues and expenses and the second is targeting strategic initiatives for continued improvement and success. We need to explain to the public what strategic plan programs are needed. The workshop is also open to the public. No decisions will be made at this time. The question has been asked what is the Committee's role in this task. It is an advisory support in the way of monthly meetings but a representative may also be asked to be on the referendum steering committee. Ms. Rattenni reiterated that this Committee has been monitoring the financials for the district monthly for many years.



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Mr. Pappenhagen asked if there was a target date for the referendum. Ms. Floore stated that it is February 2015. There will be a discussion on discretionary programs. Ms. McIntosh asked if there will be a vote with the programs broken down to a listing. Ms. Floore explained that her recommendation would be for one vote for the proposed program package. The last one was in two votes as a new elementary school had to be on its own line as it was a capital referendum.

III. Presentation Schedule for 2015

The Committee discussed possible discussion topics for upcoming meetings:

Referendum financials on September 8th

Inclusion and attendance zones on October 13th

Strategic Plan and Curriculum on November 10th

Final Budget on December 8th

Technology on January 12th

Referendum in February

Consolidated Grant in March

Legal in April

Open in May

July 6th will be the Tax Rate and Preliminary Budget

IV. Announcements

Our next meeting will be held at Brandywine Springs School teachers' lounge on September 8, 2014 at 6:30 PM.

There have been no public inquiries to the CFRC.