



# Committee Transcript

## Red Clay Community Financial Review Committee Tuesday, June 14, 2016

### I. Minutes

The Committee reviewed the May 2016 meeting minutes. Ms. Henry made the motion to accept and Ms. Seifred seconded. The motion carried.

### II. Monthly Reports

Ms. Floore distributed the May 2016 expenditure reports. This is a very hectic time for our business office as our fiscal year ends June 30<sup>th</sup>.

With the local revenues we are at 102.26% as we've tipped over the projected. Revenue is not simply taxes. It includes gate receipts which are from the athletic events at the secondary schools, as well as interest, choice income, senior tax rebate and the charter payments. MCI technology and eRate have one more transfer to make that will transfer this week. Indirect we do several times a year, which is the costs from the grant which are recoverable for expenses of administrative costs. Next year it will be significantly less because our rate decreased. It doesn't mean we lose money, it means the portion we use as administrative is less. Income from fees is low but June is a heavy month for rentals.

Cscrp, Children Service Cost Recovery Program, are services that are provided by our schools but are Medicaid eligible, are recovered. We've seen fluctuations in what is allowed and actually recovered. After an audit of the State, the allowable were cut, so we lowered our budget. However, since we have more children in need and eligible, our recovery has been larger. Therefore, we are at 184%. Our estimate next year will be changed. Ms. Henry asked if that had anything to do with inclusion. Ms. Floore explained, no, it is due to the services provided. What changes is that we cannot recover it if it was already spent from Federal Funds. If we make sure none of those services are charged to Federal but to local funds, we can recover them. We have two staff members who are paid by DOE to handle the program. At one time, we thought we would they would diminish the staff, however, the recouped funding is larger.

Needs based tuition we have transferred \$4 million out of the \$5.5 million budget. All of the funds come in to tuition tax and then it goes to the different programs: RPLC, Meadowood, First State School, and ELL. It is low here but later you'll see where it is high. More students stayed at RPLC and with the Autism Program at RPLC as well as an increase with the three and four-year old program. It is at 71.86%. We did not get less tuition funding.

Division I salaries funding was transferred from the State. We are at 98.49%. We have two more payrolls left in this fiscal cycle. Division II and Division III are due to the increase in the unit count.



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Summer School, the majority of our revenue comes in June with some in July. That is why it is only at 30%.

Percent actual to budget of revenue is 99.36% with some anticipated in June.

We have been watching several lines in the budget for expenditures. The Assistant Superintendent for Special Services is at 35.6%. Mary Norris held this position and has retired. We did not fill that position. We have allowed some expenses there for the new Director of Special Educations.

Contingency is 9%, we would prefer it 0. These are items that came up unexpectedly.

Copy center printing is 63.6% expended and encumbered. In the June 30<sup>th</sup> budget, it will be fully encumbered. It used to be cheaper to send things to the copy center. We still have the machines that do special printing, bound copies and such. The leases we have on the copies are unlimited click charges. Therefore, it is cheaper and encouraged to copy at the school. Ms. Seifred stated that she uses the Chromebooks in the classroom and hasn't used paper since March. Ms. Floore explained that we also just purchased a new math curriculum. In the past, we would purchase the rights, and reproduce our student and teacher copies. Cost of the actual copiers have also come down.

Drivers' Education is based on the unit count of those student who are eligible. We receive an allocation from the State. A couple of major purchases that come from the budget with the Drivers' Ed cars. We are at 51% expended and encumbered and we just purchased 2 cars. It will be close to 100% by June 30<sup>th</sup>. The Drivers' Ed manuals are purchased from the State. We just put the order in for the State. Ms. Zimmerman added that her children are also doing the online defensive driving course with the State program through the schools.

Local salary and benefits is at 91.6%. We still have the 2 payrolls left. Coaches are paid by stipend and it is paid in installments, not spread out over 26 pays. The last payment for spring coaches will be included in the next one as well.

Line 69 Related Services. This is a direct result of inclusion. These are the contracts for providing speech, OT and PT therapies for the students. Psychologists and translations for bilingual evaluations. The budget was \$941,000 based on the best estimate of students moving over and I.E.Ps, etc. We've actually encumbered and spent exceeds that \$1.1 million. It is \$195,000 over. Ms. Seifred asked if any of it was recoverable. Ms. Floore explained that some of it is, but it doesn't come in as a reduction. It is read in as revenue. Ms. Floore does not prefer expenditure reduction as it makes the expenditure disappear not giving a true number to what's been spent. She adds the Cscrp to the revenue to pay the expenses. Ms. Henry asked if that number will change now that Red Clay is providing autistic services. Ms. Floore explained that the numbers will grow as services grow. We knew, with inclusion, we would not have everything in the right place as students transitioned. But the places we are growing are directly related to special services provided.



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School based intervention is another that appears low. Mr. Shaw came to the Committee meeting in April giving a presentation on Priority Schools. The budget includes a significant amount of funding for professional development of teachers as well as summer school so those are still to happen. The budget also includes an extended learning year for the students. While it is only at 54.9% expended and encumbered, a large chunk of that will happen over the next few months.

As a general rule, no department budget is allowed to carry over other than the schools. The schools are allowed to carry over 15%. Many schools like to combine two years' worth of budget to do a larger project. That also makes sure the money stays with the school. In the other departments, any money left at the end of the year is reverted back to the main district bottom line.

Heritage Elementary is 63.8%. This is a unique situation as the principal retired and a new principal is in place. We wanted her to have as much flexibility as possible and not just spend to spend at the end of the year. We've done this before as well and allowed new principals to carry over the entire balance. As in one project, the school sign, the principal is partnering with the PTA and combining funds and gathering community input.

Special Services of Line 78. That is our alternative school. It is at 28.6% expended. It is a billing issue. We did the purchase order modification and it will be at 100% in June. They have been providing services all year. Mr. Klampett asked if the outside company has not billed us. Ms. Floore explained that yes, they had not been billing regularly. Ms. Zimmerman asked who the company is. Ms. Floore replied, Providence Services.

Ms. Rattenni asked about Voc Ed, Division II. Ms. Floore explained that the funding is provided on a two-year expiration which carries over. We are always in a year in arrears. We are just finishing and we are 100% of last year's funding. That is state funding not federal Perkins.

Expended and encumbered is 91.1% right on target. We will be slightly above the \$8 million carryover.

Federal funds are on a different cycle. Some have a September 1<sup>st</sup> end date. As in the ELL immigrant grant, it will all be spent by the start of school. Homeless is \$6,600, most of homeless comes in through Title 1. This line is transportation. We will fully expend it, but the bills from the service providers have not come in yet. Ms. Seifred asked if the homeless budget provides summer school transportation. Ms. Floore explained yes, if they are eligible. Conrad is running a STEM program this summer which is voluntary. If they are homeless and they failed a required course, or if they are special education, they are eligible. There is a difference between extended year and 12 month eligible. It also depends on what is written in a student's I.E.P. as to who pays for it. If they are required to be in school 12 months by their IEP the State will fund through unit count, giving the same State/local split.



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Ms. Roberts will give a presentation in the fall to discuss the Federal Programs and their end date results.

Looking at Tuition, we were under budget. Consortium final reimbursements are in. The New Castle County VOTech is the fiscal agent for Kingswood and Parkway which serve the students who have been expelled. Based on the revenues and the payments that have been made, there was nothing left for transportation. Therefore, that one will be over. This is based on the number of students who are in the program. Students are normally expelled for 180 days, so there are those who come back.

At the April Board Meeting, Mr. Michalski gave a detailed presentation on Major Capital Improvements. Ms. Floore distributed a copy of the presentation. Ms. Floore offered to have Mr. Michalski to come to speak with our Committee after Phase 3. \$115 million worth of construction is a lot of work. We still have \$25.4 million left to do. 78% is done. Change order information is included in the presentation packet.

Ms. Rattenni explained that the Committee has toured Cooke as well as Cab Calloway's theater. It would be interesting to tour and meet at another school. We can use Conrad at the following meeting and ask Mr. Michalski to join us.

Minor capital is 19.7% and 43.3% expended and encumbered. This is two-year funding. The majority of that will take place over the summer.

Debt service is running low but not overall. It is based on timing. One of the last bond sale, the first bond payment is due in early July. Normally, it is October 1. Therefore, we have to have enough in reserve to make the July payment. Every bond that has been sold by the State has a schedule. This new capital program in terms of funding, we were on target. However, we didn't know with this bond sale that the payment would be early July. We just received the final bond sale, and we want to make sure we do the taxes in time. Ms. Floore will bring the bond information to the next meeting. Ms. Henry asked if we paid the bill quarterly, or once a year. Ms. Floore explained that every bond is different depending on how the Secretary of Finance structures the bond sale. We do the Bond Anticipation Note in the start of our year in order for the funding to be preloaded. The State does not guarantee when they will sell the bonds. This Bond Anticipation Note received a better interest rate than we had been expecting.

Meadowood district wide services is substitute costs. This will be over. The other item we have discussed is the operations utilities. Because the population has increased and the students earn higher unit values we earn energy money based on unit count. We earned more energy money than we will spend at Meadowood. It's not over encumbered as per the budget. We've only spent 48%. We've encumbered every State dollar, however, so as not to lose it. That encumbrance took the budget to over what we expected it to be. The encumbrance can be used through the summer and next fiscal year.



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Voc Ed Money is 2 year funding and is currently at 2% expended. Ms. Seifred asked why it shouldn't be at 50% as it is two year funding. Ms. Floore explained that the size of the budget of \$17,000. It is the Meadowood Transitional Program which handles the Sugar Rush Bakery, they handle the shredding and recyclables and these programs don't take a lot of funding. Adaptive technology can also be purchased with this funding. This low use doesn't happen at the regular secondary schools.

RPLC is the same with district wide services. RPLC has a mix of intense, complex and basic students in special education. Every student at Meadowood is intense so they earn more for the utilities based on the increased unit count. Expended is 79.1% and encumbered is 83.5%. In large part, this is driven by salaries. The low figure is a result of inclusion.

Substitute teachers are at 99.6% expended, and we will tip over. We will not be too far over. We had an unusual absence rate in January and February.

Ms. Seifred asked about Odyssey of the Mind. Ms. Floore explained that the State funds a portion of the winners that go to the State level competition. We received \$14,000 from the State. We put it in the ODM line. Red Clay also funds ODM through the schools and through internal accounts. Ms. Seifred stated that every school seems to do something different with internal accounts and competition trips. Ms. Floore state the business office is happy to meet and speak with any traveling coaches. We will plan on attending an in-service in the fall to speak to teachers and secretaries regarding these trips. Field trip money does not come through these reports. They are handled through internal accounts.

Ms. Seifred asked about the bandwidth and Chromebooks. Will Red Clay help to make that happen? Ms. Floore explained that Kristine Bewley, Manager of Information Systems, has given her an update on the numbers. That will be included in the FY 2017 budget. We will not let the initiative fail.

The Joint Finance Committee (JFC) did not take anything away from us. They were going to give us \$3 million to expand the bandwidth, but they withdrew that. There is a cut to the Governor's Recommended Budget but what we have will not be taken away. On the day of an in-service, the system was down. Mike Matthews, head of the RCEA, sent a bill to the State for the wasted teacher expense of \$235,000.

## **IV. WEIC**

Ms. Floore distributed copies to the Committee. A new bill was introduced today but we have not read it. Everything we read currently, states that "final approval resolution of the transition plan and resource plan by the general assembly and the governor, shall not constitute an endorsement of any particular revenue or spending measure and shall not bind the state or any of its political subdivisions to any specific action with regard to revenue and spending." This bill has been stricken and we have not seen the new bill.



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Looking at Page 3, synopsis, it says “funding for students classified as low SES and English language learners shall be earned in accordance with the illustrative funding model in the report of the WEIC commission.” Which means the model we have and the illustration of what this means is that this bill took from the model, but the new bill does not. The new bill funds it any way it wants to fund it, it is not tied to WEIC, nor the work that was done. That is our understanding.

Ms. Rattenni asked about the Governor’s budget. Ms. Floore explained there is still \$6 million set aside, \$4 million for the plan and \$2 million for the transition.

## **VI. Public Comments**

There were no public comments at this time via email.

Mr. Klampett asked about the selection of the new RCEA member. Ms. Floore explained that the district selection committee would be for community members. The RCEA selects their own member to attend as their representative.

## **VII. Announcements**

The next meeting will be held Tuesday, July 12<sup>th</sup> in Baltz Board Room at 6:30 PM. We will plan on the following meeting to be September, with no meeting in August. The September meeting will be held at Conrad with a tour.