



Committee Transcript

**Red Clay Community Financial Review Committee
Tuesday, October 11, 2016**

I. Minutes & Transcript

The Committee reviewed the September 2016 meeting minutes. Ms. Zimmerman made the motion to accept and Mr. Piccio seconded. The motion carried.

II. Monthly Reports

Ms. Floore distributed the September 2016 expenditure reports.

Last month there were 3 pays in September making the budget tight as our taxes came in on September 30th. We had enough to make payroll before the taxes. We have 19.44% of local revenues received providing enough to make our payroll, our obligations and our \$4 million charter preload bill. Next month will be much higher and then smaller amounts as delinquent taxes come in throughout the year.

On the State side, there has been absolutely no change since last month. The State does their preload based on 75% of Division 1, 50% on Division 2 and 72% on Division 3. We have just finished the September 30th count. It isn't verified as yet, therefore, next month the official counts can be given. We are slightly up in units from last year and slightly down in students. This means we have more special education students than before in the intense and complex categories. In total, the local and State revenues are 53.06% of budget received, slightly ahead versus last year.

For expenditures, there are a few points of interest. Referendum technology and instruction, line 68; last year at this time was 5% expended while this year is 51.7% expended. The reason is that we are fulfilling the promises of the referendum. The one-to-one initiative is reflected on this line. It was at 5% last year because the initiative and rollout was brand new and the teachers were not trained yet. They had a specific philosophy that they would not deliver the technology until the teachers were trained on its use. This year, the training was received earlier over the summer. The first year was 3rd, 6th and 9th grades. This year we added 4th, 7th, and 10th grade.

The other expenditure of note is summer school. It is 112% which is over budget. Students are charged for summer school. The expenditures are based on the number of students served. The revenues account for that. If there is more revenue, then there are more expenditures. This program truly bridges the fiscal year as the first part of it is in June and the second half in July. The revenues show up on Line 16. It is only part of the year as they will collect the first payments in June and the remainder in July. Some expenditures are in June in preparation of the program, but most are later. There are several summer school programs, but this one is for credit recovery. Some are Extended School Year, which is required for special education, but that is not on this line. This is specifically for students who have failed a class or need credit recovery.



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Our expenditures are slightly higher than last year due, in part, to the technology initiative. We are at 24.3% vs. 19.7% last year. Ms. Thompson noted that many schools are higher in expenditures than at this time last year. Is that due to the technology initiative? Ms. Floore explained that Richey spent \$20,000 this summer on Chrome Books. They wanted to refresh their computer lab. Schools can increase their technology that isn't tied to the one-on-one initiative. The principal used carryover from last year combined with this year to provide this new lab. It is not atypical to see the high schools higher due to the sports programs. The school budget is not responsible for the coaching salaries, but they are responsible for the referees, port-o-johns, buses, as well as anything else needed for coordinating the events. The salary line is where the coaches' salaries is listed.

Mr. Miller asked regarding the technology replacement, is it based on a schedule. Mr. Miller clarified he is asking regarding technology in general not just the one-on-one initiative. Ms. Floore answered yes there is for general technology and we are currently establishing one for the one-on-one. Therefore, some schools will have higher expenditures in technology depending on where they are in the cycle.

Federal programs FY 2015 have an end date of September 30th for expenditures and then 3 months of time to clean up of processing payments for those encumbrances. They are wrapping up. We are currently expending those FY 2016 grants with end dates of Fall 2017 at the same time getting the new FY 2017 grant. Title 1 is 92.91%. It is on a federal fiscal year ending in October. Which is why some are ending. Some may have a whole extra year with the funding depending on the end date of the awards.

In speaking about federal grants, Title I is for high poverty allocations, Title III is ELL and very small, and IDEA is special education. Line 10 starts the 21st Century Grants. 21st Century Grants are also federal funds but they are applied for separately. Ready by Grade 3 is an initiative that helped with the PreK program. SMART Academy are funds we applied for after school programs at Richardson Park, Warner and Highlands. It is based on need and school performance. The Baltz 1003G, which expired 9/30/16 and now in 2017 it is called Title 1 Focus and Title 1 Focus Plus. In 2017 Richardson Park is a Title 1 Focus school. Not a priority school, but on the watch list. A. I. DuPont Middle School is a Title 1 Focus Plus school receiving \$200,000 in planning, programming and staff development funding.

Ms. Thompson asked why Baltz at \$445,000 and Highlands at \$410,000 so high? Ms. Floore stated that in the year it was awarded, they could have old money. When we do the appropriation, we could be charging back to the federal FY 2015 money. What it means is that is what Baltz has to spend on Title 1. The 2015 is the year originally awarded. At one time it was given to us as State funds and another as federal funds. Ms. Thompson then asked at FY2016 Line 12 and then Line 33 FY 2015, were they added to the amounts. Ms. Floore explained they received \$448,000 in FY 2016 and another \$441,000 in FY 2017. They have expended all of it and are now spending the new grant. Ms. Thompson asked why Baltz received so much. Ms. Floore and Mr. Doolittle explained that they applied and had the need. They applied in 2015 and these are 3 year



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programs. Ms. Thompson stated they got more funding than our priority schools. Ms. Floore agreed and pointed out that Highlands also receives a School Improvement (SIG) grant. In addition to priority funding, Highlands has an additional \$410,000 that our other city schools do not. This is new this year and will continue over 3 years.

Ms. Floore explained that the federal grants used to be a couple of line items and are now several pages. 1003G is a component of Title 1. Mr. Doolittle explained that description is gone and is on a new line. Ms. Floore has invited Deborah Roberts, Supervisor of Accounting, to come to our November meeting to explain the federal funding and closeouts.

Ms. Rattenni stated that historically when we had the federal grants wrap up, we added descriptors for each grant. At one point we spoke to sustainability and requirements. If there are replacements or sustainability, we would like to know. Mr. Doolittle would like and explanation of ongoing or grant range. Ms. Floore will make that part of the presentation. The hardest part is the grants always are people. When the grants go away, we cannot sustain it. The schools, unfortunately, get used to it and it is painful when the federal funding goes away. We experienced this when we had state stabilization funding, ARA, which was federal support. That support went away and we had nothing to fill the gap. It felt like the district was making the cuts, but it was not. The grants are for the most part supporting positions in the schools. Whether it be class size reduction or reading, math, support teachers, instructional coaches, academic deans are all paid for from the grants. Mr. Doolittle added that some targeting requirements have changed.

Ms. Thompson asked about the priority school funding. Ms. Floore explained that that funding is State not federal funding so it would not be listed on these pages. It is on School Based Intervention on Line 73. There was a delay and the funding wasn't loaded on July 1st. Mr. Doolittle explained that originally that funding was for 3 years. However, because they are not identifying new schools until the older ones are done, there are no guarantees. Ms. Floore explained that with the new administrations coming in here and in Washington, there are many changes that could be coming. It was placed into law but interpretations are different. Mr. Miller added that the deficit is also an issue. Ms. Floore explained that they will start cutting Title 1. Right now, they didn't give any additional funding. We were told to take our Title 1 funding and dedicate it toward our priority schools. Essentially, it was a cut, as we had to refocus it. Ms. Thompson would like to know what was lost in this transition. The State is required under ESSA (Every Student Succeeds Act) to re-allocate federal funding. Priority schools are the lowest 5% in the State. If a district doesn't have priority schools, they can direct their Title 1 funding where it is needed for those students. There was a time when the State was going to fund our \$3 million per year plan. After the controversy, it was dialing back to \$366,000. Part of increasing that was the \$366,000 plus a re-allocation of our Title 1 funding. The allocations for private schools will go up. New plans will submitted in March of 2017.

The latest estimate for State deficit is \$300 million. Ms. Thompson commented that Dr. Daugherty explained that the Chiefs were told \$500 million. Mr. Pappenhagen asked



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what the actual budget was. Mr. Doolittle explained \$4 billion. Ms. Floore commented that last year the State had to find \$18 million which was very difficult. Now, a \$300 million process will be more painful. Districts are working with the state and DOE on the upcoming budget recommendation. We cannot wait until June 30th to know about cuts. Otherwise, we're responsible for contracted staff that is no longer funded. Mr. Miller stated that we cannot assume we know what will happen for next year.

Ms. Thompson asked the status of WEIC? Ms. Floore informed the committee of the strategic plan session planned for WEIC on October 20th from 4:30 PM to 7:30 PM in the Community Education Building. The meeting will cover goal setting and a discussion on the path forward of the Commission. Ms. Floore will be at the adhoc Finance Committee meeting on October 21st.

Tuition, similarly to local funds, just came in. Tuition, however, needs to carry over higher balances. Meadowood and RPLC run extensive summer school programs. We are under where we were last year as our carry forward was smaller. We are at 31.33% expended vs. 39.62% last year. We are 7 pays through the 26 pay cycle. We track salaries very carefully. You would expect to be at 27%. However, due to the 3 pays, that puts us over. It will even out throughout the year.

The consortium trend mirrors last year. As well as unique alternatives. They run the same trend cycles. Minor capital is still spending from last year. The 2017 funds will be the bulk of summer projects next year. Debt service is where it was last year at 46% expended.

Richardson Park and the Meadowood Program salaries are at 23% and 26%. Last year it was at 56% and 51%. That was because the preliminary budget stated all of these students would go to feeder schools due to inclusion. The number of PreK students and Autism students grew and remained at RPLC. Therefore, their budget needed to be increased in the final budget. The salary estimate had gone down but we kept more than we thought we would. Where we thought these students would be in the regular schools was then under.

Looking at Program Code 9500 prior year payables. If at June 30th in the closeout process, a PO was closed. But the bill then comes in July for the service received in the prior year. That is the line it is charged to. You don't want to charge it to a building budget. Ms. Rattenni asked if it was beyond the school's carry forward, why it isn't charged there. Ms. Floore explained that the school or program budgeted for the service/item. However, during the closeout process, the State office will close POs which we don't always have control over. The funds encumbered on that closed PO comes back, but not to the school/program, but go to our bottom line. When the invoice comes in we don't charge it back to the school/program as it would incorrectly impact this year's building budget. Ms. Zimmerman clarified that it would have shown as an encumbrance earlier in the year with the PO and expense now. Ms. Floore agreed.



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Mr. Pappenhagen asked if the EPER isn't under the school budget, where are they located. Ms. Floore explained that in the event a principal wants to have a teacher training or something school-specific, it will be located in the school budget. However, coaching, each school gets X number of coaches, it is part of the local salary line. It is part of the itemized estimates. Part is local general salaries, administrative salaries, and substitutes.

Mr. Miller made a motion to accept the expenditure report and Mr. Doolittle seconded. The motion carried.

III. Upcoming Meeting Schedule

Ms. Floore discussed the CFRC meeting schedule for the coming year. There are several conflicts for the 2nd Tuesday of the month, our usual meeting time. November 8th is Election Day and schools are closed, therefore we will meet on November 15th. In November and December this puts us a day or two before the monthly Board meeting. There are Board workshops that conflict with our schedule. Also in February, it falls on Valentine's Day, so we will meet on the 13th, Monday.

Ms. Rattenni asked if the changes are posted. Ms. Floore explained that the Red Clay website has the dates posted. However, Ms. Thompson found that a Google search will turn up the old web page which does contain some current district information. Dr. Ammann is aware of it and we're hoping the old web page will redirect the public to the new web page.

IV. Bylaws Revisions

Ms. Thompson commented that the Bylaws were not on last month's agenda. On the Board, we have a practice where the item gets noticed twice. This should be noticed at one meeting and voted on at the next. Ms. Rattenni stated it was on the agenda a while ago when the issue was raised. It was recommended that they be reviewed. They were reviewed and then submitted for review last meeting.

Mr. Pappenhagen stated that if the objection is that we discussed it last month without it being on the agenda, it is on the agenda tonight. Therefore, we should discuss it tonight and vote at the next meeting.

Mr. Doolittle asked that the question may be in what is a quorum. If we go to 2/3, we would not get anything done. That's why we changed it as there were years when we had little attendance. He does not see that requirement in the code. Another legal question to be answered is whether the document should or has to go back to the board for approval. The regulations state the selection committee is not a Board committee. Ms. Rattenni stated it couldn't be a Board committee if the selection committee is not controlled by the Board. Ms. Thompson disagreed. Ms. Floore will report back with the legal opinion. Mr. Miller stated if the Board has issues with the committee, that's a Board issue and nothing to do with us. This is the first time the concern has been raised.



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Ms. Thompson added that the last Bylaws listed a committee secretary and this one does not. She feels there should be one. We should ask that question. Mr. Doolittle added that one is required under “Robert’s Rules” for boards but not committees. Ms. Rattenni added that we have a record keeper as Laura Palombo transcribes the recording and provides a transcript and minutes documents.

Regarding membership Ms. Thompson states a concern that everyone except for Larry Miller and Jane Rattenni are appointed under this new regulation. Which means Mr. Miller and Ms. Rattenni can be reappointed repeatedly. She believes that needs to be clarified in the document under terms. Otherwise, the only person who knows that is Ms. Floore. Mr. Doolittle was close in terms but was after Bylaws publication.

Mr. Miller commented that there were two issues of compliance and of public comment. We have addressed those with this document. If there is another step that needs to take place, there isn’t anything that precludes the group from doing that. Ms. Rattenni feels that it is most important that we are in compliance. What was presented tonight puts us in compliance. Mr. Doolittle sees changes discussed that does not put us in compliance such as a 2/3 vote. Ms. Floore states it reads “2/3 shall constitute a quorum, decisions shall be made by a majority of the members present” which was added by this committee. That way you could approve the minutes or approve a recommendation to the Board with a majority of the members present. We had meetings were we did have 2/3 of the membership.

For follow-up Ms. Rattenni stated that we ask the attorney who represents the Board and this committee. Mr. Miller agrees that we need the support of those who would represent us.

Ms. Rattenni asks that everyone who is interested to send comments. We can then come to an agreement at the next meeting. Ms. Floore has bullets of secretary, quorum, clarifying membership and By-Law approval.

The Bylaws will be on the agenda for next month for review based on the questions and answers received from the attorneys and a vote.

V. Public Comment

There were no public comments at this time via email.

Mr. Clampitt commented on the Bylaws. He had brought his concerns to this Committee each month from last October through March. He spoke with the Superintendent and the Board Policy Committee. This is not a complete draft. The earlier conversation regarding having the item on the agenda, and having it on the website for comment. What is on the website is a clean copy, no mark up and not labeled as a revision. In the spirit of transparency, there should be a markup copy on the web page so the public



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would know what the changes were to be. It should be made obvious that there were pre-existing bylaws and that there will be producing new ones. They should be labeled Amended and Restated Bylaws. The new adoption date should be placed at the end. He doesn't believe it goes to the Board, but they can ratify the document.

The two Board policies, one was amended a couple months ago, the other was not. They conflict with one another. With respect to compliance, Section 2 of Article 4 is absolutely not compliant as it deals with the members of the selection committee, it is missing one from the code.

In Section 3 of Article 4, he believes was made up as it has no basis in the code. It states "members originally appointed prior to the effective date of this code, shall be subject to the terms under which they were appointed." Mr. Clampitt states this is not what is stated in the code at all. It should be stated here with the date of the grandfathering so that it can be validated two years from now to this document rather than memory and through discovery.

As respect to meetings. We talked about a rule about the meetings being the second the Tuesday, then put it in the bylaws if that's the rule. Variations would then be voted by the Board as a resolution or by this committee as a resolution. Then there should be some mention in how to go about making amendments to it. Notice requirements by the chair, etc. These are meant for when people disagree. If everyone agrees, there's no problem. There should be proper notice if there's a change. If there's a standing rule, there's resolution and procedures from varying from that. Mr. Doolittle's point was well taken that 2/3 is a difficult quorum to establish. He doesn't parse that at all, a quorum is a quorum and you vote with the majority from within the quorum. You set a quorum at a third, a half, or two-thirds. This was in the old bylaws, and it is in the new current mark up. The purpose of the quorum is to be sure the will of the committee is established and it is not established unless you establish a quorum.

In respect to Article 5, Officers of the CFRC. We have laid out a chair and vice chair and struck from the prior bylaws a secretary. His reading of Robert's Rules is that a vice chair is not one of the essential roles but that chair and secretary are. Because the chair presides and the secretary records making sure that the records of the committee and the proceedings are properly recorded and memorialized. This committee could decide to appoint an employee of the district to be its recording secretary. To be absent on the secretary speaks to his who is the secretary who is taking the minutes and it should be articulated because bylaws are not a legal document, although they have compliance related issues, they an agreement among the members of this Board on how they operate together. He thinks it should be very clear on who is writing the minutes, even going one further, and suggest that the secretary – and you can parse this between recording secretary and documenting secretary. He has no idea who writes the report that goes to the Board every month. He's been to every meeting for the last year and has no idea. There is not a vote on the monthly report that goes to the Board, it just shows up at the Board meeting. It should concern the committee members.



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With respect to the two meeting rule, it should be mentioned in here. There should be a clause in here about conflicts with code and they should be resolved in favor of code. He believes removal of members is silent in here. He thinks it should be per code. You have some undefined phrase about “good standing members” for officers. Who knows what good standing is, it’s not defined. Code specifically says, a person is brought on because of the selection committee, and can only come off if they resign. They don’t get a third year or second two-year term unless you all vote them in. He would definitely add Robert’s Rules as the prevailing rules if something is not mentioned in these bylaws. He would suggest rather than putting down expiration dates of terms, putting down beginning dates as a matter of record. Everybody in this room has a start date for their being on the committee and it should go forward from that. He does think you should strike the phrase “in good standing” as it is not defined.

Mr. Clampitt would say in respect to record keeping and minutes, Article 5 Section 4, that the CFRC shall have access electronically or in hard copy format to documents and information the district has in its possession, he would amend that to also say “as any individual member of the CFRC may request.”

If you change the majority plus 1, you would be no longer be in conflict between quorum clause and Article 8, Section 3 which speaks about amending the bylaws with just the majority of members who are present voting. He would try to resolve that.

Mr. Clampitt would be happy to be a part of any further work looking at the By-Laws.

VI. Tour of Richardson Park Elementary School Upgrades

Mr. Rick Martin, Field Supervisor in Facilities, was asked to substitute for Marcin Michalski, Manager of Facilities, as Mr. Michalski had a conflict with another meeting. Prior to becoming a supervisor, Mr. Martin was the Chief Custodian of Richardson Park Elementary for 10 years. The original part of the building was built in the 1920’s. Many changes have been made to accommodate the changing community, changes in energy use, and the expanding role of education. Most of the changes have been made to the first floor. Flooring and cafeteria, and gymnasium. A major renovation has been made to the auditorium. This school was used for a summer school program up and through the beginning of August. The district had 3 weeks to coordinate getting the work done before teachers and students returned to school. It was a formidable task to abate the asbestos before the new floor tiles could be installed.

Mr. Martin gave a tour of the Richardson Park Elementary School detailing the major capital improvements recently completed.

VII. Announcements

The next meeting will be held Tuesday, November 15, 2016 in the Brandywine Springs School Teachers’ Lounge. A tour of the upgrades in that school will also be visited.