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Red Clay Community Financial Review Committee February 13, 2017

I. Federal Programs

Ms. Rattenni asked the Committee to alter the agenda to allow Mr. Simmonds to present prior to regular business. Mr. Michael Simmonds, Red Clay Manager of Federal Programs, distributed a copy of his presentation to the Committee.

Mr. Simmonds explained that in Red Clay we have 11 Title I schools. These schools have been the same schools for some time. The Department of Education has preloaded these schools into the Consolidated Grant. What we don't like is that they also preload current enrollment. These numbers are populated from last school year and not a true representation of our students at this time. The low income numbers are populated by the census of last year for those students who qualify for Title I. The non-private numbers reflect the number of students we serve in the non-public schools. We add up the columns and come up with a percentage ranking the schools in order. By percentage, our highest need school is Warner Elementary and our lowest need school is Richey Elementary.

Ms. Rattenni asked if the percentage in the school of low income students is required for the entire school to be labeled Title I. Mr. Simmonds answered yes, that is correct. Ms. Floore added that is true of all our Title I schools. Ms. Floore also explained that this is part of the WEIC discussion how the data is generated in terms of low income. We use direct cert. There are two different ways you can select. Most districts use direct cert. This means that families have qualified for other State services. Since it is all computerized, we can use that data. It used to be the old free and reduced lunch information. The districts have the ability to choose which method. It still can underrepresent poverty and may not be 100% accurate.

Ms. Floore stated that there is a mandatory trigger. Mr. Simmonds explained it is 70% schoolwide. We broke it down further to 60% and were able to give Richey some funding. Our high schools actually could qualify, but we are using the funding in the elementary and middle schools. Ms. Floore explained the high schools are in the discretionary range. Stanton went from 65% to 73% and we must then go to schoolwide.

Mr. Piccio asked what is the difference between Level 1 and Level 4. Mr. Simmonds explained that DOE develops a PPA (per pupil allocation). Their number is \$819.50. Our numbers are a little different. We then rank the schools in area of need. We still zero out on the bottom line. The top schools in highest need are Warner, Shortlidge, Lewis and Baltz, they receive \$1,000 per pupil. Richardson Park, Mote and Highlands are next receiving \$859. The middle schools along with Marbrook received \$490. Then, Richey received \$470. That money times the number of students and you will get the total amount in column G. Adding the columns together, you see the total amount the school received. Typically, we provide the support to the schools in the way of units, staff members.



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Mr. Piccio asked about the Warner \$427,000 if it is in addition to the priority school funding? Mr. Simmonds explained that it is. Priority School funding comes from the state it is about \$300,000 per school per year.

Ms. Floore gave a brief history of the Priority School funding. The announcement was made from DOE that there was funding available. Red Clay put together a plan for the 3 schools at \$1 million per school per year. \$3 million each year for 3 years. The plan was discussed, the State wanted us to replace the principals, we agreed to some restrictions and not others. There was more funding as Christina School District and DOE were not able to reach an agreement. DOE approved the \$1 million per district no per school, so we needed to revise our plans, however, they then required us to set aside from Title 1 for the 3 priority schools. That set aside comes off the top before all the schools get their distribution. Mr. Piccio stated that it really wasn't additional funding, it was just reallocated. In addition to that, Highlands was eligible for a SIG (school improvement grant). That is separate from this funding. Highlands received the \$1 million SIG. Therefore, they have the most support as we did replace the principal and follow the other guidelines DOE required for us to be eligible to apply.

Mr. Piccio asked that even with all of this money, how much more can we do during the school day for the students. The window is so tight for improvement based on the \$300,000. Ms. Floore explained that it is support and class size. Therefore, you can lower class size and you can have a psychologist, a therapist, a behavior support plans. You can do what you're doing but in smaller numbers targeting those students in need or with the major disruption. They also run after school programs. They are also sending all of the teachers through continuous professional development. Also, it gives release time to meet with parents and the behavior support team.

We have to be very careful within our office to track which funding is handling each program. Harold Shaw, Manager of Turn Around Schools, is in charge of Priority School funding. Michael Simmonds, is in charge of the consolidated grant. We coordinate through Mr. Simmonds.

Mr. Simmonds explained the breakdown of the units used from the consolidated grant Title I funding. We have 20 full time teachers, 5 paraprofessionals, 4 pre-kindergarten teachers and 4 pre-kindergarten paraprofessionals. Next year, due to changes in equitable services, we will need to make some changes as we will likely lose funding.

Mr. Chase asked about the employees paid through the grants. They are regular teachers. Mr. Simmonds explained that these teachers are still Red Clay teachers even if the money is then taken away. They are also reading teachers through the schools, academic deans in the middle schools. Mr. Chase asked if they are paid through federal money, are they still eligible for State pensions. Mr. Simmonds answered yes, they are Red Clay employees with the same benefits. Ms. Floore added that everything is run by the teacher contract as bargaining unit members. If there is a local contract raise, the Title 1 budget gets hit. The same if there is a State raise in pay, this budget gets hit. The same if there is a State Pension raise. Federal funds contribute to the State pension, etc. Mr.



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Simmonds added that we track the consolidated grant including the OECs to make sure we have the true number in the end.

Ms. Floore explained that they sit with the building administrators for a budget meeting detailing the staffing process. They get a chart listing the units we estimate they will earn from the unit count, the units we believe they will earn through needs based funding for teachers and para support, as well as tuition units spec ed support teachers. The teacher may not even know they are funded from tuition or federal funds, but if they are working with intense and complex students, we can use the tuition funds to supplement the units in that building. Mr. Piccio added that the excellence units also go to those high need buildings. The principal will then sit down in the spring staffing process with estimated enrollment data and estimate the number of units. That principal will make the decision on how many spec ed teachers they need, how many push in teachers they will need, etc. It is easier at the secondary level because the bigger the school, the easier to staff. The hardest schools are Highlands and Richey and Shortlidge due to enrollment size. A full time librarian and a full time art teacher need space. A middle school can have 30 students in an art class or PE class. A smaller school cannot accommodate those large numbers. Lewis, for example, has 4 Title 1 units. There isn't a separate teacher for that unit, they are part of the overall complement. In Stanton, they decided they needed an extra 7th grade math teacher. That lowered the class size across the board. It may change next year to an 8th grade teacher as that is the class year that needs it the most. Mr. Piccio asked what happens if this is no longer funded? Red Clay cannot sustain that funding. Grants are difficult because you cannot sustain the level once the money is gone. Each group was using the funding differently.

Mr. Miller added that the problem with federal funds is sustainability. Basically, if the school has the level of need that is reflected in these documents, there needs to be a long-term funding plan. What happens in all institutions is worry that the funding will disappear. At some point, the administration will be held accountable for taking funds and rebuilding urban centers and putting money into the schools. Until there is policy, we cannot take action. Mr. Miller respects everyone who is involved in these grants and the work they do. The reality is that these numbers simply aren't enough. Distributed over a school system, the numbers aren't as large as it seems.

Ms. Floore explained that we have \$1 billion in education in the State. The federal funds that go into that budget \$89 million or about 9%. Mr. Miller stated it is large but not enough to help. Mr. Piccio stated we've made strides in Highlands but not enough. The teachers union stated that the worst outcome of the last 8 years are the labels of those schools. Mr. Chase added that it drives people away from those schools with the only people left are the ones who cannot go elsewhere. Mr. Miller stated that no one wants to be traded to a losing team.

Mr. Simmonds explained that parent involvement is very important in our district. In the 11 schools, there is a breakdown of the money Title 1 provides for parent engagement activities. Literacy nights, back to school, and any initiative focused around the reading and/or math programs. Ms. Floore added that this is part of the formula. The federal



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government will look at the consolidated grant. They don't tell us what to do with everything but for programs like parent engagement, they say a portion of the funding must be used in this area. This is the one time that food is allowed to be charged to the budget. Without providing food at a program, some families will not attend. Mr. Piccio asked if all of the money listed on the hand out is spent on parent activities. Mr. Simmonds explained that yes while that is true, some schools will spend building budget money on parent involvement as the Title 1 money has been used on certain programs. Ms. Floore explained that we hold large summer block parties around the schools in the City of Wilmington to help with registration and community spirit. It really helps us as we need to know how many students we'll have in September to hire teachers. Baltz also does Pajama jams. The children wear their pajamas and come to a reading event. One of the math sessions showed parents what they were working on, and provided several math games to help the children and parents work together on the material. It enables them to engage in the school and the curriculum.

Mr. Simmonds talked of the private schools and those who take part in the Title 1 programs. We have 3 meetings with the schools a year, and in May, they decide if they want to participate or not. Dependent on the students in their feeder pattern, determines how much funding they would get. Mr. Chase asked if there were strings that came along with the funding, or why wouldn't they take the money? Mr. Simmonds explained yes it is Back to Basics who comes into their schools to provide the tutorial services. The school would have to allow BTB to provide the services. Ms. Floore added that it has to go to just those students who qualify. Mr. Simmonds explained further that the students are tested by the school and the information is sent to his office to determine what services are needed. BTB would then provide the service. Ms. Floore explained that is a consortium contract with Red Clay, Brandywine, Christina and Colonial. It is very effective in terms of the coordination of meetings and services. A private school could have a student from each of the 4 districts, therefore, they wouldn't be dealing with 4 different vendors and processes. This is a federal requirement.

Mr. Simmonds wrapped up his presentation with the allocation of the consolidated grant.

Mr. Chase asked if the \$12 million is in addition to our budget or is in our district budget. Ms. Floore explained it is on top of the general operating budget. Mr. Chase asked if the money was taken out and given to vouchers for example, are these holes we need to fill or services that would go away? Ms. Floore explained the largest hole would be salaries. Mr. Simmonds spoke of Title 1, but there are also IDEA that covers some preschool teachers and specialized personnel. Mr. Simmonds stated there are between 60-75 positions covered by Title 1 funding. Mr. Chase was at a meeting about tax money that follows students and how it is used.

Ms. Rattenni thanked Mr. Simmonds for his presentation.



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II. Minutes & Transcript

The January 2017 Minutes and Transcript were reviewed. Mr. Miller made the motion and Ms. Zimmerman seconded. The motion passed with the members present. A change was made to the agenda as we do not have a quorum, a vote on the bylaws is tabled until March.

III. Monthly Expenditure Reports

Ms. Floore distributed the January 2017 expenditure reports. We are 7 months into the fiscal year, bringing us to an expected 58.3%. On the revenue side we are at 98.97% of local funds received. Late payments are now coming in. We are very close to where we were at this time last year. Total revenue is 85%. The biggest outstanding piece is Division I salaries as the State will load the money as the fiscal year goes on. In meetings with them, part of the defect projections, they are looking at the best and most reliable numbers going into the May and June DEFAC to set the budget. Mr. Piccio asked if all Charter ins and outs are done. Ms. Floore explained that yes they are except for a choice payment from Colonial. The transfer was sent in, but it will appear in February. Ms. Floore has heard nothing on that payment at this time. Mr. Miller added there was speculation as a distribution center as the train runs through the plant. The current owner has not paid, but as with any transfer of ownership, the taxes are the first thing that is paid. Mr. Chase added that The News Journal reported that they would be knocking the buildings down and then sell the land as is. Mr. Miller added that the cleanup from knocking that down would be extensive. Ms. Henry said that she didn't believe the neighbors would like that either. Mr. Piccio asked if the assessed value would go down on vacant land. Ms. Floore stated yes it could considerably. The taxes are about \$500,000 a year. Mr. Miller stated there is a large paint processing plant on the property, robots and a lot more equipment. Many of the areas they have problems with, they encapsulated. Mr. Piccio stated it would be hard to sell with those problems. Mr. Miller stated they did tear down the Chrysler Plant with the same issues. Ms. Henry also stated that the Chrysler Plant wasn't as close to a residential area as the Fiskar Plant is either.

Expenditures expect to be 58.3% for this point in the year. Aside from some upticks from last month, there are no other changes. Legal is still over as it cannot go down. We are at 57.7% expended and encumbered and 55% expended. Last year was 54.9% expended at this time.

Some schools are getting close. The high schools have put in their requisitions for purchases for spring athletics including buses and officials. The high schools are in the 70-80% range. Mr. Piccio asked if the priority school money is in these figures. Ms. Floore explained there are two pots of monies for priority schools. \$300,000 each year that comes across the ledger as State funds is in here. The \$600,000 that is set aside from Title I is in the Title I budget. Therefore, these schools are drawing from two different



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sources to run the program. The SIG is another pot. The system is limited by codes and there isn't a code for priority schools, so it is listed under school based intervention.

Mr. Chase made the motion to accept the reports as presented. Mr. Miller seconded. The motion carried with the members present.

IV. Financial Position Report

Ms. Floore presented the Financial Position Report for 12/31/16. This report is a DOE form dated the end of December but titled as the 2/1/17 Financial Position Report. There are certain target dates of May and August as well. The data is from December. We take this data and project out for the next six months. It is truly and solely to project how much money we will have at the end of our fiscal year. This will insure we have the money available to pay payroll until our taxes come in October.

It projects additional revenue coming in as well as what our expenditures will be. It tracks that vs one month of payroll. We feel that is the right target as we may have 3 pays in that month as well as charter payments. We make sure we have a balance of \$7.5 million to \$8 million.

Mr. Piccio stated that we are looking to close with \$8.2 million. Ms. Floore stated that this reflects keeping the contingency unused, and a conservative estimate of everyone going to 100% of budget, which they don't always do. The goal is \$9 million. Mr. Piccio asked where that puts us in line for a referendum, next year. Ms. Floore answered no, next year we receive the additional 5 cents. We're looking to make some reductions and last until 2019 for the next referendum. Our goal is also not to go to referendum when we face \$9 million in cuts. Mr. Miller asked if the ratio changes as the State is suggesting, the 60/40 split to 50/50, to the districts taking over more of the transportation costs, how can we make it to 2019.? Ms. Floore is waiting for further information from the incoming administration on their budget proposals. Right now transportation is a 90/10 split on State portion of contracted transportation. The proposal was to move that to 70/30 and give the districts the ability to tax for it. That will upset those when we have to ask for the next referendum. Mr. Miller stated that is still something we need to watch.

Based on a conservative estimate we will end up with \$8.2 million which is where we were last year. It means the additional revenue was spent and spent exactly how we stated in the referendum. We cannot bank the money and fulfill the promises made at the referendum, i.e., textbooks, one-on-one devices, additional teachers, behavior interventionists. Mr. Chase stated it would be nice to advertise at the end of the referendum what the money was spent on. Ms. Floore agreed.

Ms. Henry made the motion to accept the Financial Position Report as submitted and Ms. Zimmerman seconded. The motion carried with members present.

V. Governor's Budget



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Governor Carney is having a coffee house with constituents. The first is on the 15th at the Drip Café in Hockessin. There are others and they are listed on his website. They run from 8:00-9:00 AM. Every state agency has been asked for a cut list. Our problem is 90+% of our budget from State funds is salaries for employees. If they cut that, are we going to cut teachers or are we going to cut curriculum and discretionary items that impact the classroom the least but were funded through a referendum? Every time there is a State cut, it hurts your referendum. But why would you take away a teacher before buying more devices? Ms. Zimmerman commented doesn't it leave it open if we receive more local money, it gives the State reason to cut State money. Ms. Floore agreed but it is frustrating as the voters are understandably unhappy about it. Every decision impacts the students for the next 3-5 years and more.

Mr. Miller explained that we as a committee should know what we do. We individuals are separate entities that come in and look over the financial data, to discuss the issues that the school district and the Board will be confronted with because they can talk about those things. The superintendent is not able to say certain things due to the nature of his job. As an independent body, we can point out issues and raise concerns to our Board members who attend the meetings. Everyone here tonight brings different skills and knowledge to the group. We are here to help support the process and want it to work. One of the things that concerns him is we have extremes now locally and nationally. Everyone is yelling at one another and nothing is getting solved. He hopes people can understand a position that is acceptable to get things done. He is very concerned with the referendum process. If the State leaders make the decisions necessary to lead to funding the schools, we wouldn't need referendum. If we had property reassessments that took place, the funds would go to the school budget and alleviate the pressure on the State budget. The kids then get funding for the educational process, the school districts would have their funding and the State would have to look at other things. This may not be acceptable politically but it is a mechanism no one is talking about it. We keep on talking about benchmarks and becoming a business entity in the public schools. He hears about the cuts and benefits but he doesn't hear about cutting the benefits and then looking at the jobs being done in the school districts compared to what's being done in the corporate level. Obviously, if you want to treat us like we work in corporate America, if I'm running an organization that has X amount of employees and Y dollars, than you know what to pay me. It is never discussed. The same is happening with the teachers. He cannot remember when they got a State wide pay raise. Mr. Miller added that the reductions to the benefits for new State employees impacts the State's ability to hire people in certain categories. As sad as it is with what happened in the prisons, they're have trouble attracting employees because of the changes. Nurses in the State are difficult to obtain because of the difference in the hospital salaries and the State salaries. The same for the police ranks. He believes for the first time, they've lowered the requirements for the State police. Put all those things together, we are looking at the big picture to see where we want to go. He hopes they are supporting the district and the Board and point out those things that could be considered. Federal funds are wonderful but anyone in education knows those funds only cover a small percentage of the problems. Health and Human Services did a study in the News Journal regarding the kids



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and what happens when they leave school. Anyone in education knows this. If there's any way we can support it, we should do that. Ms. Rattenni agreed and stated that any role as an advocate this committee could be, is the right one to the Governor and the Board.

VI. Public Comment

There were no public comments at this time via email.

VII. Announcements

The next meeting will be held Tuesday, March 14, 2017 in the Brandywine Springs School Teachers' Lounge.