



Committee Transcript

**Red Clay Community Financial Review Committee
April 7, 2020**

I. Minutes

The March 2020 Minutes and Transcript were reviewed. Ms. Thompson moved to accept the minutes and Ms. McIntosh seconded. The motion carried.

II. Monthly Expenditure Report

Ms. Floore distributed the March Expenditure Report. This report does not have the federal grants listed for this month. The supervisor responsible is out due to Covid19. The grants do not close until the fall. Ms. Floore went on to explain the current school district shut down and how it has affected our financial outlook.

III. COVID19 Update

Ms. Floore gave the COVID19 update first as it will tie in to the expenditure report.

The district was shut down as of Friday evening, March 13th. The administration was in that weekend preparing as the first estimate was a 2 week closure. We are on a 2-week lag pay schedule. That allowed us the time to evaluate and make decisions on how to move forward.

We are watching closely all of the property taxes revenue for the district. At this point in time, most of the property taxes have been received. We are in a very stable position on the revenue side given the enormous uncertainty of the times. That said, the State pushed back the income tax filing deadline. That is a significant revenue stream for the State. The next DEFAC numbers will be very telling in what revenues are no longer available to them. There are major deficits and how they are coming in to June 30th. We have a significant amount of State funded appropriations. As you'll see in the report, they are already nearly fully loaded. It remains to be seen whether there will be State cuts in this fiscal year. The legislature is not meeting at this time. There are so many unknowns at this time on how we will get to June 30th and what the revenue streams will be.

Of course, there is a rainy day fund for the State. How they tap into that and how it affects our stimulus, funding is a question. The federal legislation is hundreds of pages. We have emergency sick leave and expanded FMLA. The FMLA is for employees with childcare needs. We have developed guidance for our employees.

We also have varying levels of engagement from our employees. Our teachers, 99% are telecommuting and working remotely. We have custodians who are working in the buildings. We have food service workers who are preparing the meals for the food distribution on Tuesdays and Thursdays delivering to sites across the district. The school bus drivers are driving them with the food deliveries. The curriculum department is working on packets. The roll out is in its second week. It is voluntary and not graded.



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There are significant equity concerns with what people have access to not just within the family. There could be one computer for all of the family. If the student has their Chromebook, do they have internet access? For an example, we did printed materials last week. Dr. Ammann had them run off 1200 copies. Within a few hours ran out because the demand was so high. We have the curriculum department working remotely preparing them one week at a time by grade level.

The most important question people have asked is if everyone has remained on payroll. There are some things that will drop off like daily substitutes. We have kept long-term substitutes on because if someone is on a leave, they are still on a leave.

Every iteration, from our office standpoint, is dealing with the complexity of the situation. Every time there's a new iteration of the executive order, we are on number 10 now; it can impact on how people are working. The federal government has changes for unemployment, service industry, what we fall under as we keep people employed. But then what happens when you have someone who is sick or caring for a family member who is sick.

We have seen people self-quarantine for exposure. Public Health has moved pretty quickly for someone who has been exposed. Each level is different. Working from home, you have no exposure or risk interacting with others than family. Each week is an unknown. Staffing preparing for next school year has many questions. The fortunate thing for our school district finances is that our funding comes in October. Therefore, through June 30th we are in a good position. We have contractors, interventionists, and they are working with the school principals. If they are needed in the school plan of instruction, they are included. The money side has not turned off anything that is needed to continue remote learning.

What we have seen, especially on the special education side, how do we do this remotely? Everyone is learning a new way of handling things. Special education is such a people oriented business. With the education, therapies and legal requirements that go along with that. What consent forms need to be signed, what timelines need to be met? We have so many days between evaluations, so much is prescriptive. Guidelines from the government are so important as deadlines move or are not moved. This changes daily. It comes from the Governor, the Secretary of Education, and the Chiefs at the state level but also the federal level. It is operating in a new normal, but changing fast. Prepare for the short term and now prepare not to come back by May 15th or possibly longer.

Over the last month, for telecommuting, there have been a great deal of hours worked trying to figure out how it will all work in a large district to meet all the diverse needs of 16,000 students. There has been a tremendous amount of effort and planning.

There are still questions regarding the stimulus money that comes in and how it affects the school district. Ms. Floore stated that in the past, we lived through a recession in 2008. It was difficult. The interesting part is now all of our discretionary funds are put



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in because of the ACLU equity lawsuit. The State will be hard pressed to withdrawn opportunity grants. They were put in as flexible grants as they are not unit entitlement. They tell what to spend them on, but they are supplemental to the unit count. How they would go about making cuts without those would go toward the unit count. How do you go about that if you're not meeting or even in session? This is normally the time for the State budget hearings, and a markup in May and start pivot off the Governor's budget. The final June 30th budget will be dramatically different than the Governor's budget. How much of that is the rainy day fund, how much of that is stimulus is unknown. The federal stimulus money, 90% comes to the school districts. Them giving us money doesn't help the State problem. Similar to 2008 it is called State Stabilization funding.

Even the best of intentions, any time you do something fast; there will be problems with it. Culling through all of the information quickly, with federal legislation was written in a matter of days and distributed. It will take a while to get through it all and put the puzzle back together with different funding sources. It is all shadowed with giant question marks. This isn't unique to education, Red Clay or even Delaware.

Mr. Matthews stated that he had just attended an RCEA meeting prior to this meeting. He brought the question from them of would we be receiving \$5 million in stimulus funding and is it too early to know how that will be allocated. Ms. Floore answered that we just received the notification that the amount for the State of Delaware, called the Cares Act, would be \$39 million. Ms. Floore that Red Clay would receive \$5.3 million. Mr. Matthews then asked if this was for the district's use or to keep employees on the payroll. Ms. Floore explained that there is a list of what it can be used for. The list contains technology for remote instruction, summer programs, PPE, COVID19 deep cleaning of buildings and much more. If we are facing upwards of over \$500 million state budget deficit, there's no way we can escape that without cuts. They have the loss of revenue, with a rise in expenditures due to the record number of unemployment filings. We may see some new things as we plan forward, but what if we do not come back on May 15th? Is it the end of the school year and what does the fall look like?

We have kept people on payroll including contractors who work daily in the buildings. Ms. Rattenni asked if there were any other programs that the school district may qualify for such as SBA with relief options if they are needed or necessary so not to jeopardize where we are financially. Ms. Floore answered as quickly as they happen; we quickly monitor what we are eligible for. Mr. Chase added that it would depend on how soon we come out of the shut down and how soon we come back to see how we look for next year. Ms. Floore agreed. It could be difficult for the community and not paying their mortgage payments, but there is forgiveness for that. There are no foreclosures at this time. What does that mean for property taxes? The bills will come this fall, but it depends on where the closures are at that time, what happens.

Mr. Chase added that if we there are still closures are we making contingency plans for that as yet. Ms. Floore stated that the two deadlines they are working on are June 30th or May 15th coming back and what does that look like. The changes in the grocery stores in one week have changed drastically. Ms. Thompson added that the CDC just came out



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with a lower death toll than what they had thought which is a positive. Mr. Chase stated but only if everyone does what they are supposed to with social distancing.

Working and educating from home is a challenge but we are working it. Mr. Schwartz added that it is a day-by-day work. He is working from home and stated he doesn't believe he has been busier. Mr. Chase added that his work got sent home a week earlier. He works with the prison population and they had smart TVs, but it is more difficult. They will work toward remote learning. Ms. Rattenni and Ms. McIntosh are working from home and possibly a day in the office each week. Mr. Matthews stated that remote learning is very difficult when you're working with students with severe disabilities. Meetings are done via Zoom with their teachers. It has been a big adjustment. The education packets are available on line and websites available online.

Expenditure Report

Ms. Floore shared the Expenditure Report. Here we are with revenues of 101%. We don't anticipate any would disappear. We are giving refunds on all of facility rentals, as they cannot use the properties. So that may dip slightly, listed as income from fees. We are at 92% received, and last year we were at 94%. In Division 1, we have only received 90%. Even with the financial crisis, ultimately, the State will fund it 100%. We are pretty close to where we were last year at 89%. We have no revenue changes anticipated going in to the end of the fiscal year.

They are requesting anything Covid19 related be coded separately. Mr. Schwartz brought up a case earlier regarding teacher meetings. Doing business differently, whether it is consent forms and how they are executed, certain protocols with passwords, DocuSign was needed for this process. Some meetings need passwords so they cannot be Zoom "bombed" for our protection. Not only do we have telecommuting policies in place for employees and students, but we have official documents. We have coded some purchase orders with COV19 to track what was needed for these processes. On the other hand, salary is salary. How much of that will be coded to COV19, remains to be seen. It will be banded by the dates they are in effect.

Looking at contingency. Normally, it shows zero. Right now it shows \$1.1 million. Contingency is our emergency backup. This \$1.1 million purchase was necessary. A month ago when the emergency began in China and the supply chain was disrupted, Kristine Bewley in Technology became very concerned that we wouldn't have enough Chromebooks for next year. We put in an advance order for Chromebooks our supplier had on hand so that we wouldn't be waiting for production. We did the purchase and secured it. These are actual machines that will be shipped to us in time for the new school year. At this time, our 3rd-5th graders do not have Chromebooks at home. As we go through this health crisis as this progresses, we have a normal cycle of replacement for ones that age out, and this is order was in place and they are able to fill it. It would have been a next year purchase otherwise. Ms. Rattenni asked if that budget line would be adjusted for next year. Ms. Floore stated it will be but it would only be a one-year expense. We didn't want it to look like a budget cut. Ms. Thompson congratulated Ms.



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Bewley for getting ahead of that. Ms. Floore added that everyone at Red Clay has come together and been pivotal in support and positivity.

Ms. Floore stated salaries have kept all employees on payroll. Decisions on spring sports coaches and EPER payments for spring clubs have not been made. They have been cancelled. We have refunds needed for spring trips. Our policy is if the vendor doesn't refund us, we cannot refund the parents. But we are looking at other things. If Disney, for example, will not refund for the spring band trip, we are not able to make up the difference, but are they able to reschedule. Proms are cancelled and they have venues. Our staff in the business office is essential. We do have staff in the office processing the refunds, as parents need that money back. We are processing invoices to all vendors to make sure there are no delays on payments. We are not, however, processing new orders as the schools are closed to shipments. There are some purchases for technology that we have done as curriculum we needed the Zoom programming at different levels and licenses for those who can only call in. Schoology crashes every day around 10:00 AM nationwide.

Ms. Rattenni asked if all of the new purchases for technology come from contingency like the Chromebook. Ms. Floore stated no there was only the one but most others have been paid by the existing budgets.

Ms. Thompson noticed that the income at 92% is that normal for this time. Ms. Floore stated that it is as we get all of our money in during the fall and it takes us through the year to spend it out. We don't have a traditional corporate cash flow. Even with the large purchase, we haven't gone off the curve. Ms. Thompson asked if COV19 would be a new line coming forward. Ms. Floore stated what we are looking at are operating units and COV19 is a program code. It may land under contingency. The Zoom subscription will fall under curriculum's operating unit but with a COV19 program so we can pull it later. The State and FEMA will be asking us what this is costing so we will be ready. Ms. Rattenni added that the personnel costs are also being coded to COV19. If we have someone on leave related to the COV19, we will be able to pull it off easily. Ms. Floore stated that they have given us specific leave types for this as well, mostly for the food service and custodial ranks.

Ms. Thompson stated it feels devastating for many students. Mr. Schwartz has a high school senior and college senior with no graduations and an internship that has been cancelled.

Ms. Floore stated expenditures are very similar on the tuition side. We are working on the tuition bills.

IV. Public Comment

There was no public comment. Ms. Floore stated there is a school board meeting via zoom tomorrow night. There is a link on the website for public comment. There is a request to speak that needs to be placed before 6:30 at that link. Ms. Thompson also



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stated that the commendable work by the district workers. Two action items for the board are a donation and next year's calendar. Technology will be monitoring time limits and zoom "bombing" issues.

Ms. Thompson thanked Ms. Floore for forwarding the WEIC report. It did show the transition costs for the buildings was \$110 million and the per pupil costs that would be incurred. The Redding Commission cancelled their redistricting meeting at this time. They are working on it. The proposal was moved from April to July.

Ms. Thompson wanted to remind people to of the upcoming School Board elections and her candidacy. She is thrilled to be endorsed by the RCEA.

Ms. Rattenni asked about a human resources presentation. Ms. Floore took it off the agenda as Ms. Smith is working diligently with daily employee questions and issues. Ms. Rattenni asked that the Committee cancel all presentations until the CFRC is back on a regular meeting in person starting in the fall. The Committee agreed.

V. Announcements

The next meeting is May 12, 2020 at 6:00 PM. It will be held via Zoom as schools and offices are still closed by order of the Governor.