



# Committee minutes

Community Financial Review Committee		
11.4.2013	6:30 PM to 7:58 PM	BSS Teachers' Lounge
Meeting called by	Jane Rattenni, Chair	
Type of meeting	Monthly Financial Review	
Facilitator	Jill Floore, Red Clay CFO	
Note taker	Laura Palombo, Red Clay Adm. Secretary	
Timekeeper	Laura Palombo, Red Clay Adm. Secretary	
Attendees	Larry Miller and Kim Williams, Community Members; Steven Fackenthall, RCEA Representative;	
	Michael Piccio, BOE Member; Jill Floore, Red Clay CFO; Malik Stewart, Red Clay Manager of Regulated	
	& Federal Programs; Ed Gregware and Tom Pappenhagen, Proposed Community Members; and	
	Mike Matthews, RCEA President	
<b>Minutes</b>		
[Time allotted]	Jill Floore, Red Clay CFO	
Discussion:	A Review of the October meeting minutes. Mr. Fackenthall moved to accept them	
	and Mr. Piccio seconded. The motion carried.	
Action Items	Person Responsible	Deadline
<b>Preschool Presentation</b>		
[Time allotted]	Malik Stewart, Red Clay Manager of Regulated and Federal Programs	
Discussion	Mr. Stewart gave a presentation on the Red Clay Preschool Program	
	Please see Section III of attached.	
Action Items	Person Responsible	Deadline
<b>Monthly Reports</b>		
[Time allotted]	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore presented the October Month End Reports	
	Please see Section IV of attached.	
Action Items	Person Responsible	Deadline
<b>CFRC Openings</b>		
[Time allotted]	Jill Floore, Red Clay Chief Financial Officer	
Discussion	Two Community Members were recommended to the Red Clay BOE for addition to the Committee.	
	Please see Section V of attached.	
Action Items	Person Responsible	Deadline



**Red Clay Community Financial Review Committee**  
**Monday, November 4, 2013**

**Meeting Minutes:**

The Community Financial Review Committee met on Monday, November 4, 2013 at 6:30 PM in the Brandywine Springs School Conference Room.

**Members in Attendance:**

Steven Fackenthall – RCEA Member  
Jill Floore – Red Clay Chief Financial Officer  
Larry Miller – Community Member  
Michael Piccio – Board of Education Member  
Kim Williams – Community Member

**Others in Attendance:**

Ed Gregware – Community Member Applicant  
Mike Matthews – RCEA President  
Tom Pappenhagen – Community Member Applicant  
Malik Stewart – Manager, RCCSD Regulated & Federal Programs

**I. Introduction and Opening Comments:**

Mr. Miller opened the meeting welcoming everyone and introduced our guests.

**II. Minutes**

After a review of the October meeting minutes, Mr. Fackenthall moved to accept them and Mr. Piccio seconded. The motion carried.

**III. Preschool Presentation**

Mr. Stewart distributed the 21<sup>st</sup> Century Grant application and budget information. This is a 5 year grant. If numbers stay the same, the budget allocation will stay the same for 3 years dropping by 25% year 4 and 50% in year 5. These are federal funds.

The Red Clay pre-K pilot started in 2009-2010 when Dr. Daugherty came on board as Superintendent and the stimulus money was given to the district. It was a 2 year funded program. It was for literacy coaches and supplies for Title 1 and special needs students. In year two it also included \$428,000 for a preschool half-day pilot. We had one teacher and 2 paras at Warner Elementary for 2.5 hours a day morning and afternoon. The reason we targeted Warner was because Warner had the lowest reading scores in the district as well as an after school program through Project Chance. The pre-K program was free but



after care was at a cost. Their license was for school-age but not the 4 year olds, therefore the aftercare had to be at a cost.

In 2010 the State received Race to The Top funds. We saw this as the opportunity to expand and continue the program at \$2.4 million until March 2011. Then Secretary Lowry visited the program and the district was advised to reduce their amount to \$1.2 million. The State wanted to see more focus on grades that could be tested; grades 2-5. Red Clay did that and we expanded at Warner to another classroom and to one classroom at Baltz, Shortlidge and Mote, totaling 5. In 2012-2013 we had free pre-K half day with a grant that will sunset on June 30 of 2014. The district has reasonably good data. Our students come in with little to no reading skills and leave with increased skills. The district received early RTTT money and the Governor encouraged early childhood programs. We use the STARS program. This is a licensed program for children under the age of 4. They give a market rate reimbursement based on your rate. When you come in as STARS level 5 you get the highest level of reimbursement. We applied for the 21<sup>st</sup> Century Grant for extended day before and after care as well as expanding the half day pre-K to full day. With Warner we have 2 classes with more students in each classroom, and in Baltz we extended to 3 classrooms and Mote they kept 1 classroom. This year we had to charge tuition to get a market rate return. One of the things we are coming to terms with is we are in education and this is a business. Childcare, pre-K this is before age 5. For us we are going to the process of getting all sites licensed. Delaware education is helping us getting these licenses. The process is in STARS as level 2. We are going to the training; we have a technical person from STARS helping us. We then get a provisional license. We then continue to move up the levels. We have 2 programs that are STARS level 5 which are Shortlidge and RPES through the Boys and Girls Club. BSS has a STARS level 4 which allows more students in a group. We have to move up the level to sustain the program. We are also trying to do this in an economy of sequestration. One option would be to use the Title 1 and IDEA 3-5 funds. But the State cut our IDEA funds and those funds are already dedicated to special education students. Plus goals 1, 2, 3 and 5 of our strategic plan are supported by Title 1.

Our path forward is to get the licensing. In year 4 we lose 25% of our money. This is the state design for every 21<sup>st</sup> Century Grant as in the past 21<sup>st</sup> Century has been about sustainability.

We currently collect tuition. Our total program cost including staff costs (teachers and coordinator) are roughly \$743,000. Our projected tuition plus the grant without subsidy is \$107,000. This is providing we have no drop outs or missed payments from the program. There are parents who pulled out of the program because \$25/week is too much for them. When we were free in FY10-11, we had a parent who only paid for after care and that child is now in 2<sup>nd</sup> grade. Now, she is back with another child but has to pay this time. This presents us with challenges weekly.

The district did reapply for the RTTT monies and some funding is earmarked for this program. Ms. Floore stated that STARS doesn't fix the gap but narrows it. Mr. Stewart



explained that this is a non-profit running a business. Licensing requires us to have a business plan. We have one grant immediately ending and another ending in year 4.

Mr. Miller asked about the licensing process. As we move up the levels do the requirements within the classrooms change. Number teachers and students. What determines the level move? Mr. Stewart stated that the licensing stays 1 adult for 11 students. But with STARS it is child development issues. It is a program, not a curriculum. We had what we thought was best for the students, but STARS states we need to change some things for developmental progress to be optimum. Some involves socialization, free play. Mr. Fackenthall asked if moving up in the rating does that affect our teachers and inhibit what they do with the students. Mr. Stewart stated yes. However, we were working with a gift in the form of a grant. In order to continue to work with the preschool we need to continue to find a gift or change to keep what we have. Mr. Fackenthall asked if all teachers have a lesson plan. Will they have a directive on how that will work? Or is it too far in advance. Mr. Stewart stated yes lesson plans will need to be done, but they will have to change some to increase developmental skills. Free play may need to be increased. For example, a music program can be kept but it may change in the way that the student has more choices within the program. If we feel some directives are too restrictive, we can remain at a lower level. However, that lower level lowers the market rate we are to be reimbursed. The program is managed by the University of Delaware.

Mr. Stewart explained that Ms. Lanciault, Director of Elementary, and Dr. Beard, Supervisor of English and Language Arts for Elementary, in Red Clay have been working together to find the right balance. Mr. Pappenhagen asked if STARS was a watered down version of what we're doing now. Mr. Matthews stated that the teachers are concerned that the students from 2 years ago and now working in second grade are doing very well. There was a mention last month of passing a bill for certified teachers to be used in elementary schools for these programs. Mr. Pappenhagen then stated the qualifications for teachers in STARS are less than the certified teachers we are employing. Mr. Stewart stated that is true. Mr. Stewart stated such a bill as Mr. Matthews spoke of would have to be expedited. We have a June 14<sup>th</sup> end date for this program.

Mr. Miller stated that they are very important programs. The business model must be sustainable. There are so many components, the accreditation, etc.

Mr. Stewart stated that Warner services the city. He knows we will not pull from the larger pre-kindergarten private programs. We will not see Head Start students until Age 5. One of our focal points is to find how to serve our neediest students. In Warner you receive neighborhood students and feeder students. By law, the student must come to school by Age 5. If we get hamstrung on this, then how do we make the transition to the 400 students coming at age 5? We also watch who is coming back to us for kindergarten and not private school.



Mr. Piccio asked how we cover the shortfall. Ms. Floore stated that next year we can't. So we need to charge more and the students may not come. We could look at Title 1 funds but those are the reading teachers in our schools. We don't want to take those teachers away from the older students to teach the 40 students in pre-K. Mr. Fackenthall asked about the 10 full time employees are people we have now. Mr. Stewart stated that many are hourly employees. The full-time equivalent is broken to the morning care and the after care. They are a non-bargaining unit. The first week we trained everyone, then we hired two of those people for our kindergarten and that put us back looking for new people to take their place in the pre-school.

Mr. Miller thanked Mr. Stewart for his presentation

#### **IV. Monthly Reports**

Ms. Floore explained that line 2 was negative last month. Now we have \$53 million in local funds as our taxes have been deposited from New Castle County. Last year at this time we had 8.81%. This time we have had 2 payments. Also, the business managers of the school districts asked the County for an explanation as we, Red Clay, were up \$7 million from the projection for this month. The tax department responded that the mortgage companies are now changing their payments to wire payments. Therefore, we are only expecting another \$2.8 million. We sit on the money, and we receive some interest. At this time, 94.93% of local revenue has been received. We will receive late payments as they come through.

On the expenditures side legal services is encumbered beyond 100% based on anticipated bills. The system does allow going over budget but the management needs to monitor. Line 79 is a \$4500 over encumbrance for security contracts. We will look to the project manager for changes. Mr. Fackenthall asked if that security contracts would give locks on the inside of the classroom doors. Ms. Floore explained that is from maintenance. We put in a line item for security in our referendum. But that was for access doors, bus cameras, not inside doors. Locking doors would be maintenance or minor capital. That is something that is being raised with the building leadership or with the district maintenance managers.

Last one for 95% is the copy center. The encumbrance is large as we leased all of the copiers and encumbered for the year. Also the copy center incurs the expense of larger jobs and then they bill back to the departments as the paybacks begin. We are the same as last year at 24.9% expended. Even with the new contracts, we are the same as per the budget.

Our tuition funds are at 93.83% compared to 52% last year. Therefore, we are 90% received. Line 12 which is unique alternatives/other state programs; we have received State revenue of 119% of budget due to having more students identified for outside placement than budgeted. It will be changed for the final budget. The identification is based on a highly specialized team, developed from an original IEP. These students cannot be serviced anywhere in our district.



Minor cap is listed as 0 at this time. The funding is a 60/40 split. When we put up our 40%, the State will put in their 60%. It is 2 year money so we are still spending out of last year.

Meadowood, Line 9 district wide services is at 351%. We went to bid for substitutes this year but paraprofessionals as well. Paras have a high absentee rate on the special schools. Calling for subs was the responsibility of the schools. Appoquinimink still even does their own substitute teachers. Christina had an in-house sub caller. We did an RFP for sub teacher and one for sub paras. Delta T won that award. We used to pay for the para subs out of local salaries. Now not only are we tracking those paras, but the rates are slightly different as well. The budget was \$25,000 for subs for the year. So now paras are also on this line to track. Encumbrance of \$77,000 was for sub teachers and paras. We will adjust for the final budget.

Ms. Williams asked if the company specializes in these programs. Ms. Floore stated that yes, this Maryland based company specializes. Kelly Services, who does our sub teachers, could also do this service. We are in an evaluating year. The same is true for RPLC, Line 10 at 143%.

Local benefits and salaries are at 35% vs. 32% last year. Anything above unit count is charged to tuition at the special schools. However, in unit count we earned more units this year. We may be able to take the positions now 100% tuition and charge to a unit.

The last page reflects the sub teachers which is positive. We had a meeting with Kelly Services. For every day but one, they had a 99% fill rate. They also lost 80 sub teachers due to September 30<sup>th</sup> count as those teachers were hired into districts. For the entire line, 18.3% expended vs. 29% last year which included the facilities lease and Conrad's expansion funding.

## **V. CFRC Openings**

At the last Board meeting, Ms. Floore passed along the information that we have 2 people interested in the Committee member positions on our Committee. The Board stated that if 2 people wanted to be on the Committee, we should accept them both.

In looking at the bylaws, there is no definitive number of community members. It does state that 2 of the 6 need to be on "terms". There was a vote by the Board to increase it, and we did make an amendment. Ms. Floore would like to make the recommendation to amend the bylaws to reflect 8 community members, one RCEA and one Board member.

There are 2 founding members on the committee, Larry Miller and Jane Rattenni. It states that they should only be on the committee for a maximum of two 3-year terms. Ms. Floore would like to remove the term limits. Mr. Miller stated that if he has a service he can provide, he's happy to stay. Mr. Fackenthall also stated, that if a member would like to stay, there's no reason to ask them to leave. The Committee recommended

renewals be approved by the board after each term. Ms., Floore also explained there is a value in historical memory regarding original committee members.

Ms. Williams made a motion to change the bylaws to state the members are accepted to a 3 year term and can be renewed at that time by the Board as well as an 8 community member positions. Ms. Floore will mail it to the committee members prior to the next board meeting.

#### **VI. Announcements**

The next CFRC meeting will be Monday, December 9, 2013 in the Brandywine Springs Teachers' Lounge at 6:30 PM. Ms. Floore will give a presentation on the Final Budget.

#### **VII. ADJOURNMENT**

The meeting adjourned at 7:58 PM.

Respectfully Submitted,

Laura Palombo

Recording Secretary