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Red Clay Community Financial Review Committee February 13, 2018

I. Minutes & Transcript

The January 2018 Minutes and Transcript were reviewed. Mr. Chase made a motion to accept the minutes and Ms. Thompson seconded. The motion carried. Mr. Chase asked if the minutes are available online. Ms. Floore explained they are available under the CFRC heading on the Red Clay web page.

Ms. Henry asked questions regarding the Transportation presentation given last meeting. Ms. Floore explained that the shortage of drivers is a systemic problem that not only Red Clay is facing. These transfer into late arrivals and drop off of students. Unemployment is so low right now; they are having a difficult time hiring drivers and contractors are dropping routes. We see the same problem with substitute teachers. With transportation, it is happening more with our contractors. We started docking them, but there still continue to be unfilled routes. Plus, once a driver is hired, it takes a month before they can their CDL to drive.

II. School Turnaround

Mr. Shaw spoke to the Committee regarding school turnaround and federal funding. Each Priority School receives \$366,000 but it is only for 3 years. Ms. Floore explained that \$100,000 is really one teacher. That isn't what they make in salary, but with benefits and OECs, that is all the funding will cover. Then, there is the factor of that position being systemic. How do you place a social worker into the program and then yank them out when funding is gone. A social worker develops relationships with the students and their families. The effect on their removal is detrimental to the students.

Mr. Shaw stated that we often think about using people in instructional coaching roles to support curriculum development. Yet, the grant has a 3-year life. We ask an employee to come onto the team and in two and a half years, they don't know what will happen to their livelihood.

Mr. Shaw distributed a printout of the schools and their budget allocations. Much of the funding is tied up in contractual services. In some cases, they add materials to schools, but they are not at the same expense as an employee.

A common theme for salaries, is we put aside funding for EPER and some for lead-teacher stipends so principals can expand their leadership teams. It is a critical piece as we ask our people to take on additional responsibilities. Contractual services for priority schools is a partnership with the University of Virginia. This is our final year of the contract. We see that work at the school level. We have been focusing on systems at the district level to support these schools. A lot of the initial work at UVA focus on schools development systems in their buildings and how we interplay as a district to support these schools. Other schools not on this list need our support as well. Lewis and Stanton are



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not listed, but they can benefit from our support. Much of our after school support is based on the school level, but we do give district guidelines where the school can then make the program their own.

The SIG (School Improvement grant) breakdown at Highlands is mostly invested in staffing. We have added some staffing from the priority funding as well. At Highlands, we have added an individual on behavior support; Shortlidge and Warner have a half time math coach. There was a math coach at Baltz on a grant-funded position that we were able to transition to the other schools with this funding. The previous year we had posted for the position and could not find someone. We were lucky in the sense that the first funding was over and this person was still available.

PATHS training is social curriculum we are implementing at Highlands, Richardson Park, Shortlidge and Warner. CALM is a mindfulness program for adults. It is connected to PATHS as well. We've had mixed reviews with it to be quite honest. Highlands just contacted Mr. Shaw to see about extending the program. Richardson Park expressed that it wasn't working for their people. It is a before school 16 week program. A yoga instructor walks teachers through the mindfulness practices, which is more about self-care for them, but some have applications in the classroom. We need to reflect with the team to see where we go with it for next year.

Mr. Chase asked how much is directed and how much is left up to the school. Mr. Shaw answered that each school went through a planning process. Priority Schools went through a lengthy process. Ms. Floore added that those plans were very directed. Mr. Shaw explained that the Focus School grants are more organic for the most part. Ms. Floore added that there were very specific outlines they had to fit.

Mr. Shaw stated that his understanding under ESSA is there will be two buckets of schools. CSI will be similar to priorities and TSI, which is similar to Focus. T stands for Target so it targets where you're struggling rather than the whole student body. Ms. Floore added that is where the secondary schools may show up. Mr. Shaw explained that the CSI schools would be where we have to go through the deeper planning process. The TSI will be more of a district plan submitted to the State on our own. What we are hearing is that the CSI will get funding but the TSI may not.

Ms. Thompson asked how we are measuring progress. Mr. Shaw answered in academic achievement we have the Smarter Balance test, reading inventory and math inventory, which are 2-8. Elementary, other than Warner, use DIBELS K-1. We show growth and share our challenges with the Board. He met with Warner today and showed growth in 3rd and 5th grade math, but there is more work to be done for 4th grade. Ms. Floore added that we also measure behavior through the number of referrals and suspensions.

Mr. Chase asked if we ever look for a correlation between behavior and the test scores. Mr. Shaw stated that we are definitely seeing a correlation at Shortlidge and Warner. And, to be honest, we saw the opposite last year with a spike in discipline data at Highlands and a decrease in academic performance. Mr. Shaw asked Ms. Thompson on



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her opinion as she had visited some of the schools. Ms. Thompson felt the PATHS training was very interesting. Mr. Shaw added that we are hopeful that different behaviors and responses that we are seeing at Shortlidge carry over with the students when they attend Warner. We are also seeing success in third grade at Warner hoping that it flows up with the students. We are three years away from having a full campus model where the students have experienced this program from K through fifth grade. Mr. Doolittle stated that the data from Woodbridge is impressive where they have emotional, trauma and PBS all in one school.

Mr. Chase stated that we run into a lot of issues with trauma and mental health in the secondary schools as well. He asked if there are social workers, or more chances for them to have groups. Mr. Shaw explained that we have compassionate connections at the elementary schools, which deals with Tier 1 of trauma at those schools. We are in the awareness building stage this year. Mr. Chase added that the high schools have the wellness centers but the middle schools are in that gap. Mr. Doolittle stated that it is being discussed at the State level, but it all comes down to funding.

We are waiting to be asked for the priority schools plans. With ESSA, we want to be more systemic at the district level how we support these schools. That is the desire of the State as well. We are on the same page at this stage of the program.

Mr. Doolittle stated that the funding will be significantly less as they change the way schools are identified and add more to the list.

Mr. Miller asked if they are going to build any of these into the funding formula down the road or continue to be grant driven. Ms. Floore answered that given what she has seen in the budget, she doesn't believe this will be built into the formula. Mr. Miller added that the message needs to be given and be consistent to the State. We walk away from the table frustrated, but we still need to state clearly that we know there is a problem and we have a solution.

Ms. Floore added that people believe it is the unit's fault and that is just not correct. Ms. Thompson asked why does Gov. Carney not want to change it. Ms. Floore answered that the way the unit works, with needs based, as needs grow, it grows. There are fiscal conservatives that say we shouldn't have budget growth. Budgets should be limited to something. The problem is if you have more students, they have to fund it. Imagine if they didn't have to fund the units, how we would be shortchanged. It behaves like an expansion program. Ms. Thompson feels that could be explained to parents that would provide a groundswell bringing the idea to the State. At this time, only the disability community is working on it, but it should be the entire community. Ms. Thompson feels it should be a campaign like a referendum to put pressure on legislatures.

Mr. Miller stated that the assumption that a child walks into classroom and they are not affected by other issues is the farthest thing from the truth. The teachers deal with it every day. Mr. Miller thanked Mr. Shaw for his presentation.



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III. Monthly Reports

Ms. Floore presented distributed the monthly expenditure reports for January 2018.

Ms. Floore explained that since 2008 there have been ins and outs of funding. In 2008, the State cut our \$5.8 million in education funding. ELL, technology, reading teachers, tax relief (which supported local funds) to name a few. There were a few years in between 2008 and 2013 that the Federal Government gave funding help. There was ARRA (state stabilization funds), Ed Jobs was a second. In 2013, the State budget turned around a little bit and they started to put back some funding that was cut in 2008. Districts never got near what was taken out in 2008. They put back \$28.15 million into Ed Sustainment which was a fraction of the 2008 cut. Districts could use it where needed which the largest item was tax relief. Districts used it mostly in local funds to support local salaries. Other programs such as extra time, discipline and reading resource teachers were funded locally or cut.

In 2014 the State put \$2.2 million into technology for bandwidth to have state testing. In 2018 the cut was \$26 million. Also, in 2008, the state made a cost shift in transportation of 10% to the districts. Therefore, in 2018 we are right where we were when all the cuts occurred in 2008. Ms. McIntosh asked if there was help from the Federal side, and Ms. Floore answered that there was not. Ms. Thompson asked what Red Clay's share is. Ms. Floore answered \$8 million. Ms. Thompson wants a leader in the cause for education funding. Ms. Floore sees part of the problem as every district out for themselves. Each district's needs are different. Mr. Doolittle looks for a compromise. Ms. Floore added that there is great frustration from Dover when they tried to address the state cuts by increasing the match tax and the school boards said no. The school boards said no because they are already struggling with their local share and struggling to pass referenda and believe they were not elected to vote to make up what the state is cutting. There are \$4 million in opportunity grants, but they are not for what the districts want. And there is language in the Ed Sustainment piece stating that the funding needs to be used for high needs. The Ed Sustainment funding was spoken for with local salaries so if this holds true it is a further reduction to local funds.

Ms. Floore distributed the expenditure reports of January. On the revenue side we are at 91.85% which is ahead of where we were last year. This is due to Division 1 salaries having a higher revenue than last year. One main concern on this report, is the local revenue. We are at 97% and last year at 98.9%. In some ways that is due to choice income coming in. There are, however, grave concerns on the County side of collections on assessments. There are commercial properties that are successfully and regularly appealing their assessment. We know what happened with Boxwood Road. But now, there are commercial properties in the city of Wilmington. Any property in New Castle County in the 4 school districts, we are impacted by because of the tax pool. Because of the lack of property reassessment, it has flawed the system. Verizon, for example, there isn't technology back to 1983, and they are winning appeals on property that didn't exist then. The properties are being assessed at a lower value. Money is disappearing. We are seeing a trend on it. It impacts us. The only way to make it up is through a referendum.



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Mr. Chase asked if a new development comes in, do we get the funding from that development. Ms. Floore answered, yes, however it is based on a 1983 assessment value, not the market value. For the local side, reassessment needs to happen. Mr. Miller asked why they wouldn't reassess at point of sale. Representative Mike Ramone had proposed that. Ms. Thompson added that the realtors are against that. It may inhibit property sales. The county put in an RTT (real estate transfer tax) increase and had a very aggressive number but it was realized this year.

Ms. Floore sat on the RFP committee on a company to work on the collection of taxes. It is moving forward. Ms. Thompson asked how we pay and why do we pay if it's the county's job? Ms. Floore answered that in the code it states the county is the collector of the taxes. They do not have the capacity. The county currently has four collectors. They approached the district with the idea that we know we have a significant amount of delinquent taxes. They asked if we would work on it with them through the RFP process. The proposals were submitted and scored and the three highest came in for an interview. The way it works is if you're late with your taxes, you are assessed 1% late fee up to 12% at the end of the year. There are fees involved as the years pass. We could say it's the county's job but then we all lose. Ms. Thompson added that if we pay only on what they collect, that would be one thing. Ms. Floore agreed and stated that is how it will be handled. We pay 12.74% of what they collect. These are taxes that are over a year delinquent. These are delinquents that have gone through the letters and calls. This is a firm who also works with health care organizations. They have the right words as they know who their clientele is. We were very impressed with training the collectors go through. They collect for the Georgia Dept. of Revenue, they are used to tax work, not credit card companies. They will work with the tax payer to work out a plan. Ms. Thompson asked if we were paying for only the school portion of the tax. Ms. Floore answered yes, and we are essentially only losing the penalty portion of the tax which we don't budget for anyway. Ms. Thompson stated that if it's uncollected money, then we've gotten more out of it.

Mr. Chase asked if we said yes, but other boards say no, it doesn't go through. Ms. Floore said that is correct. But if Red Clay and Christina are the only ones willing to do it, for example, then they will still go forward. The school tax is much larger than the county tax bill. They can't collect just for the county. The RFP is through the county. The county works with the firm and gives them the information. The money comes to the county and then the county pays the percentage and gives the school district their portion. Ms. Thompson asked what is their magic for collecting when we can. Ms. Floore explained that this is their business. They have protocols, training, certifications in national organizations, skip tracing and technology that employees at the county have no access to. Ms. Henry added that it is getting the client to agree to pay. It is diplomatically saying to the client that if it isn't adhered to, there are consequences that the county couldn't. Because the county has never had this before, they believe the collections will go up.



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The county is really focused on abandoned properties. They have hired two law firms to help them track down owners and process and taking the properties to sheriff's sale. It's a lengthy process.

There are two things in a referendum process. You have to say you've done everything you could possibly do to stretch your funding. But we don't want to do it in such a way that hurts our tax payers. Ms. Henry added that there is still a judgement on the property. At some point we will get the funding but for 12.74% we could get the payments now.

The Financial Position Report is where we'll be at the end of June and our fiscal year. We will end with \$12.3 million which is a bit above where we were last year. Which means we have withstood all the cuts maintaining status.

Ms. Floore added that the Financial Position Report is broken into 3 four-month periods. It looks at what you have encumbered, what is unencumbered, how much is expected to come in through delinquent taxes knowing what you have for that quarter. Going to the next quarter including projected salary expenses, expected non-salary expenses. Which gives you a projected balance for that quarter. And the projected balance for the fiscal year.

Actual unencumbered is your cash balance. Encumbered is purchase orders we have with companies we use consistently. Take maintenance. We have a PO with Granger. We go to Granger to pick up items for fixing things in the buildings. Therefore, we have a PO for \$50,000. Now, we may not use \$50,000, it is an estimate based on last years use. If we don't use it, it isn't lost, it was just set aside so they didn't go over budget. Closing the PO when the year is through, puts the balance back. Encumbering puts the money in a holding pattern so it is accounted for off your available cash balance.

Ms. Thompson asked how close are we to referendum. Ms. Floore answered we are going to referendum next year. The board workshop is August and we will talk about the 3 year plan. The referendum would be February of 2019. FY19 is the year when we have no increase coming in. Or current balance will not get us through.

IV. Public Comment

There were no public comments at this time via email.

Mr. Chase asked if we could have a presentation on maintenance such as the one from transportation. Ms. Floore will arrange it.

Mr. Doolittle attended the Dept. of Education budget hearing. Compared to prior years, it was a low key session. They reviewed the changes in base funding. There was a limited comment session. Several people spoke to the K-3 Bill. Several legislators were on the committee and DOE agreed it was needed. There was a fair amount of talk on early childhood with STARS and Ecap. Those were the two main items. He is making a spreadsheet of all of the changes to see a side by side of the cuts. Unit count is up 200



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this year. Transportation breakout didn't disclose how much was catch up and what was new funding.

V. Announcements

The next meeting will be held Tuesday, March 13, 2018 in the Brandywine Springs School Teachers Lounge at 6:30 PM.