



# Committee Transcript

## Red Clay Community Financial Review Committee April 9, 2019

### I. Minutes

The March 2019 Minutes and Transcript were reviewed. Mr. Pappenhagen moved to accept the minutes and Ms. Zimmerman seconded. The motion carried.

### II. Monthly Expenditure Reports

Ms. Floore presented the March 2019 Expenditure Report. We are three quarters through the school year, and the numbers are starting to increase. The good news we are at 100.5% of local revenues received. We budget 99% due to a level of delinquency and therefore it brings us over 100%. Mr. Chase asked if that meant the delinquency rate is down. Ms. Floore explained that no, it could also mean that betterments have been added. Every quarter we get an adjustment from the County for parcels that have increased in value. Both are happening at the same time. Or it could be new construction. The reason we have more money can also be timing. We receive the largest share in the fall, but even though tax returns were smaller this year, we see an uptick in April as people pay their back taxes.

On the indirect, which is recovery of Federal funds, the amount is based on timing. It looks extremely low at this time of year. Federal funds allow us to charge a rate for administrative costs. The Human Resources, Payroll departments do a lot of the work. Even though the rate is under 2%, we are allowed to charge it to the budget. We receive \$15 million in federal funds. It isn't efficient to take the indirect share every month; therefore, we wait and recoup it at the end. You can only charge it on expenditures that have happened. That's why it is low. It has been dropping as it is calculated on the ratio of administrative expenses to direct instruction.

Cscrp is an area of concern. Last year we only received \$74,000. This year the budget was \$150,000 and we don't believe we will meet it. Cscrp is a cost recovery program. That is for services that are eligible through Medicaid. We bill back to Medicaid for services such as nursing for students who have chronic illnesses. We have two staff members who work for the State of Delaware, but are housed at Red Clay, who work on processing all of the billing between Medicaid and the school district. We have historically seen a steady decline. Parents have to allow the payment. The parents have to sign the forms for the Cscrp folks to bill Medicaid on their behalf. It's a relatively new form and parents are reluctant to sign the form. We haven't received the payment as they've been working on it all year. Ms. Floore doesn't believe we'll hit the target when we are paid. It is a smaller line in the revenue.

The State distributes out their funds throughout the year. We are right about where we were last year at this time. We will be made whole by the end of the year.



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State Division 2 and Division 3 are just over and just under 100%. State technology is at 100%. We are still waiting to hear the outcome on our appeal on transportation on saving money. We would like not to spend more money to save the state money.

Summer school is new and not processed yet. What we see here is leftover from last year's summer program.

State all other is 87%. When the State allocates funds, they will true up as we get close to the end of the year. They provide us 75% up front.

In total, we are slightly ahead from where we were last year at 94.51%. We do not have large swings in critical areas.

On the expenditure side, we are getting closer and we are seeing numbers edge toward 75%. Spec Ed is the exception. We are having more students than ever in the program. We heard this from Ms. Mackenzie when she presented to this committee about the increase in autism students. With autism comes additional supports for speech therapy, occupational therapy, and those types of services. Therefore, specials services and related services are both over budget. Directly as a result of the special education student increase. Related Services is at 98% expended with 134% expended and encumbered. That is a large budget. We look at it very closely is the encumbered through the summer or just through June. The goal is not to end with a deficit as it affects our carry forward balance. Special services is \$20,000 over and 103% expended and encumbered. Ms. Floore has signed four contracts in the last month for people who are no longer on our rolls. We do not pay their local share any longer. The State isn't paying their share either so it is a savings to them we can't recoup. But we have to now contract for those services and it is after the date that we can cash in the unit for those services. We are on the hook for the psychologists and therapists. Our first try is to fill the need with hiring a Red Clay employee. When we cannot, we must go to a vendor to fill the position.

There has been discussion about allowing districts to have an additional unit count. We are stuck on the September 30<sup>th</sup> count. We then have students come in or identify after September 30<sup>th</sup>. Appoquinimink is fighting for it as they are having students move in all year long. It was in code 20 years ago but there was no money attached to it, so what's the point. The argument we've made is it should be an exception process. We can have students move in, and it doesn't impact class size. Another student can have complex needs who needs a one-on-one para. Now, we have to hire a spec ed teacher and a para so the one student can now cost over \$100,000. Or a student brand new to the country and language. That school needs tremendous supports and services for that student. Sometimes we see the push and pull between related services contract employees and our salaries.

The Nurses budget is close at 97% of their \$27,000 budget that provides for some equipment and professional development district-wide.



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Ms. Zimmerman asked about September 30<sup>th</sup>. Whatever number of students we have is set in stone. Ms. Floore stated that is true. If the district then goes up, we're not given more funding, but if we go down, funding is not reduced. It is a labor-intensive process to go through 30<sup>th</sup> count. The buildings are in a frenzy the last week of September verifying everything. If we want to do this again in April, Ms. Floore believes we should make the case of what's changed. We may have five complex students come into our district while Appoquinimink may have 500 regular students come in. We can attest that they do as they were stealing our staff. Without the units, that is all local funding. A new full blown second unit count could cost millions of dollars. We were asking for a smaller scale to add or open it up as needed. Other districts were nervous that if they lose students, they would have money taken away. We are contractually obligated to pay a teacher through the end of the school year. By May, we have to let them know if they have a contract the next year.

Ms. Floore noted that local salary and benefits is related to the number of pays not necessarily the month percentage. Division 1 State salaries are at 77% expended and encumbered. 1% is significant in that budget. That is where we'll see the savings of the related services psychologist who left.

In total we are at 73.5%, expended and 76% expended and encumbered. Right where we should be.

Ms. Floore presented the Federal Programs funds. Those funds have just begun and won't close until November 30, 2019. In some cases, the 2018 are almost fully expended and the 2019 funds are in the 30-40% range. Mr. Pappenhagen noted that there haven't been any lowered federal funds in this current administration. Ms. Floore explained there have not been a reduction in Title 1 funds. We saw a reduction in IDEA of about \$300,000 last year. There is talk about reductions in the next budget, but nothing as yet. There haven't had any new initiatives either. ESSA was the previous administration. We are living with CSI (comprehensive school improvement) and TSI (targeted school improvement) which used to be priority schools. There haven't been a major policy shift coming from the Federal Department of Education.

On tuition funds, we are slightly lower at 98.69%. It should be 100% by the end of the year. We are finishing our tuition billing so that should come up in May and June.

First State School is billed by Christiana Care quarterly. There are some biweekly paychecks charged to First State as well.

Minor capital work is done over the summer. Only 13% expended at this time.

Meadowood and Richardson Parks overages are due to related services. Meadowood is 115% expended and encumbered for related services. Due to the increase in population. Richardson Park is 108%. Because the students at these schools are more complex, they earn more units and therefore, more utilities. We received more money in energy. We will use it rather than turn it back.



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Mr. Chase asked if we received the money for block opportunity grants. Ms. Floore answered that we did and they were allocated specifically by school. That is part of the money the Governor's budget has in the FY20 plan. It is not an additional \$20 million.

Ms. Zimmerman moved to accept the expenditure report and Mr. Pappenhagen seconded. The motion carried.

### **III. Legislation**

The Governor has the Opportunity Grants in his budget of \$20 million. They were already funding \$6 million so it was an additional \$14 million. They set a threshold for poverty and ELL. We met the threshold in several schools. We received a significant amount in the current year. Several districts were upset because they, too, have poverty. No middle school in Red Clay earned the funding. The high schools did not either. It is really hard across our school boundaries when you have mixed demographics. Many schools have students in poverty in a building but don't meet the threshold and did not receive the funding.

The State listened and the funding should be based on the student, not the school. This means the rest of the \$14 million will be interspersed throughout the State. The calculations gives Red Clay about \$1 million more next year. It is more than we received last year. But remember, we're still giving back \$3 million from the cuts from three years ago.

There are a number of other pieces of legislation out there right now with funding tied to them. Representative Kim Williams has been working on them. K-3 Spec ed bill, we received six units from it this year. It's progress. There is also a bill for mental health support. It is not in the unit count, but like academic excellence, it would give us one unit for every 250 students for school counseling and mental health supports. It is the idea if we can prevent in the younger years, we will have fewer issues later. These bills passed and are sitting in the appropriations committee.

There is another for school based health centers. We have them in all of our high schools now. Warner has one as well as Colonial have them for elementary schools with high poverty and high needs. There is a bill for health centers in high needs/high poverty elementary schools. Mr. Chase explained that it was explained to them at a representatives meeting that they need to start somewhere. There will be a focus on the mental health issues before they reach the middle schools. He agrees that it should be in the middle schools, but hopefully if it is started in the elementary schools, it will help.

Ms. Floore explained that the bus camera on the stop sign bill is on the floor tomorrow. The video is out to the public of the bus being hit while the student is getting onto the bus.



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## **IV. Public Comment**

There was no public comment. There was an email from Jack Wells, community member, received through the CFRC web page. The email was directed to the CFRC on delinquent school taxes.

Today is Capital School District's referendum. There are three questions on their ballot. They are combining operating and capital improvements. They are hopeful, but not optimistic. Woodbridge failed in their vote and Christina School District is April 30<sup>th</sup>.

## **V. Announcements**

The next meeting will be Tuesday May 7 2019 in the Brandywine Springs School Teachers' Lounge at 6:30 PM. We have two presentations on the schedule for this year, ED TV/Communications and Curriculum. We will try to have them for the next two meetings.