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**Red Clay Community Financial Review Committee
January 15, 2019**

I. Minutes

The December 2018 Minutes and Transcript were reviewed. Mr. Schwartz moved to accept the minutes and Ms. McIntosh seconded. The motion carried.

II. Brief Announcement

Ms. Floore informed the Committee of an announcement from the Governor during a press conference in Dover. The State has committed \$60 million over the next three years targeting high needs children, both poverty and ELL. Last year we received about \$1.8 million in Opportunity Grants. They were formula funded so they were not competitive grants. There were a lot of school districts last year that complained that there was a hard cut. Those above 70% received the grants and those below 70% received nothing. This year they have changed eligibility as well as made a significant investment. It is one-time funds. They will be reevaluated in three years. It is formulated by identified student. \$500 for an ELL student and \$300 for students in poverty. If you are both, you receive \$800 for that student. It is \$20 million per year. They were already committing \$6 million per year.

The State has said it is a local decision and they are not telling us how to use the funding. But we will have to submit a plan. The State will contract out evaluations which will be challenging in a three year time to demonstrate how this has improved academic achievement immediately or in a couple of years. We know going in it will be hard to prove that, but we will certainly look at test scores and other factors like we've done with our priority schools, and now the CSI and TSI schools measuring growth and success.

In some respects, it is giving back the money that was cut previously. It is simply ear marking it. This investment will not catch up to that cut of three years ago. It is still a welcome addition of funds rather than further cuts.

The proposal had no mention of K-3 basic special education funding, so Kim Williams and others including the PTA will continue to stoke the fire, as it is something missing in the equation. There is talk of adding more safety and security money. The Governor's State of the State comes out on Thursday.

III. Capacity Presentation

Ms. Floore gave a recap of the 2019 budget presentation. Last month's Board meeting was very lengthy and they had to table the Budget Presentation. Normally, the Board hears the presentation one month and votes on it the next month. The budget has been in



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Board Docs open to the public for a month now. Therefore, tomorrow night, the Board will both hear the presentation and vote the same night.

As Ms. Floore went through the presentation last month, there was a lot of discussion regarding enrollment trends. Where students are attending, how demographics are changing and what our capacities will be? Therefore, this meeting Dr. Ammann is here to speak to those questions.

Dr. Ammann spoke to the decrease of 327 students in Red Clay last year. The question that came from that announcement is “where did they all go?” Dr. Ammann thought it would be easy to find where they went. Looking at choice patterns in and out came a net decrease of six students. The most important one is Red Clay growing or shrinking as a community of school-age children. Looking at Kindergarten through 12th grade comparison, we had only 38 more students graduating than coming in. The 327 is not a number we can pin on one answer but of many different things.

One of the surprising answers; we had a net decrease of 98 students leaving Delaware going out of State or out of Country. Ms. Floore added that we know families are moving into Delaware and into Red Clay for special education programming. We see that in our numbers in the increase on the special education side. The numbers leaving are even bigger as they are offset by students moving into Delaware.

Dr. Ammann stated because of the Choice window, we are currently looking at move up students. If we have 400 4th grades, we will have 400 5th graders.

Mr. Schwartz asked if we know more are moving to Pennsylvania out of State versus other states. Dr. Ammann answered we did not look at where they went out of state. But we did know that we had a number of students from Puerto Rico after the hurricane. That means, however, that every one of those children that came in, there was one child that went somewhere else. In our eSchool program, every child is tagged with an entry or withdrawal code. We go through the codes one by one. There is private school, home school, out of district. The largest coming in was from out of the country with 98 which was surprising.

Ms. Rattenni asked about trends and how we compare with other districts. Ms. Floore answered that she has spoken with other districts and they did not see decreases other than Christina. Christina does see a decrease with students going to Charters, but it has somewhat tapered off. Dr. Ammann stated that they broke down their numbers by grade level. Middle school showed a difference of one student. Elementary was 202 and High School was 126. Again, what would set the stage for years of decreases is if we had seen the difference between 12th graders and kindergarteners. That would indicate a long-term trend. Two years ago, we were slightly under 200 students down.

There was a question at a Board meeting some time ago asking if we saw the need for building a new school middle anytime soon. Dr. Ammann stated that these numbers don't support that even with fluctuations from grade to grade. Mr. Pappenhagen asked



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what would be the other side of that. Dr. Amman stated that we don't see the need to close a school at this time either. 327 students over time may indicate that but those students weren't all from one school or grade level.

Mr. Matthews asked if we were able to fill the positions of the teachers who have left mid-year or are we utilizing substitutes. Ms. Floore explained that there were several of resignations over the winter break, which is normal. Some teachers have a change of heart, or it's a tough year, it is normal to get 2 or 3 out of 1200 teachers. She doesn't know if they are filled or are in the process of filling.

Dr. Ammann distributed a packet on capacities. There are three types of capacity. One is building code capacity. We speak of this one the least as it is the least one we have to worry about. The public building signs listing Fire Marshall limits that is not the capacity we are speaking about. We are never at the point where we exceed the Fire Marshall limit. When you see a school has a capacity of 105% we are not speaking to that limit.

Department of Education also has capacity limits. Each district school board is to set capacity each November. They can be the same as DOE capacity or they can be different. DOE uses a formula to set capacity based on classroom or cafeteria. It is flawed as they are trying to put a mathematical number where construction is different at every school. There are many variables. But we start somewhere and make changes where we can.

Why are capacities important? The Board votes on it every year and there are two main reasons they are important. One is from a choice perspective. That is why there is a State law that Boards vote in November as that is the start of the choice process with a deadline of January for applications. The Board votes on the choice action in February. They need to know what the instructional capacity is, as we then know how many students we can invite. From a philosophical perspective, parents want to choose and that is the law. You don't, however, want so many children to attend a school that is too crowded. Therefore, we first must set our instructional capacity. We look at it by grade level. If an elementary school should have 500 students, this year is has 450 with students moving up and 5th grades moving on. Then you figure how many spaces you have for new students coming in. In addition to giving us information on how many students to invite, there is a State law that says if a school is below 85%, you have to invite to 85% if students apply.

The second reason if when there is development. This is unique to New Castle County. Kent and Sussex do not have this. NCC has a law that was passed that when a developer wants to build in NCC, if the school district doesn't have room for those students; the developer has to pay a fee called a Voluntary School Assessment Fee. Dr. Ammann showed Linden Hill as an example as there is discussion of the development of the Three Little Bakers golf course in their area. Ms. Zimmerman added that she lives in that area and has attended the meetings. Dr. Ammann stated that we have not heard of any vote that was made. One of the comments at the meetings is that there is no room in the schools for such development. That is a valid concern and there is a process for that in



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NCC. Before a developer can sell a house, the developer must have certification from the Dept. of Ed that there is room in the school for the proposed students. The developer of Three Little Bakers has already done this proactively. Some developers are ignorant of the law and are frantic to get their certification. DOE will ask the district and districts have been trained to say no. The developer then pays the VSA. Over the years, developers have gotten more sophisticated as they want to sell houses and not pay it. For the Three Little Bakers development, the schools would be Linden Hill, Skyline Middle School and Dickinson High School. They would ask us if our schools would have room based on the numbers we believe we will have. The first piece of the process is they tell us how many homes they plan on building. In State code, it is listed that you have to assume that there is one child for every two houses. People will argue that is not factual and they haven't demographically confirmed that in the past couple of years. It was done at one point, and that is the law. Since the Three Little Bakers developer talks of 240 houses, we assume there is 120 students coming from that development. We don't know what ages and what schools they would attend. They could be any grade, private school or charter school students. What we are allowed to do is assume that every one of those students will attend any one of the three schools serving that area. The developer can say that not every student can attend every school and that is cheating. But to be fair, home do have more than one child, how does this number say one child for two houses. The developer in this case has done this in anticipation of building. We have been contacted and said; no we do not have room in each of these schools for 120 new students. As long as one of those schools does not have room, the developer has to pay the VSA fee. In the case of Linden Hill, it comes to \$2.1 million.

There are arguments on this the same as in traffic studies. Developers will argue that there are a lot of factors that add to traffic but as soon as you go one car over a street, they are stuck paying for road improvements. They make the same argument with the VSA. Other developers came in earlier and didn't have to pay, but now the schools are more full and those developing later have to pay.

Ms. Rattenni asked if the VSA comes to the school district. Dr. Ammann stated the money is in a fund that DOE tracks. We can use it, but only for certain things that help our capacity. In a perfect world, if a development put a school over capacity, we would be able to take the money to add a wing or a new school. The thinking is that it is not fair to ask the community to vote to add to taxes to build a new school due it being driven by one developer.

There is always talk of developers getting together and trying to change the law. They often suggest there are positives for us. Right now, the funds have to be used for new construction. Right now, we're not doing new construction, so the funds stay in Dover. When we built Cooke Elementary, we were able to use some of the money that had accrued over the years. This \$2.1 million we can't use until we need to build a school. The developers wanted to lower the amount, but allow us to use it for anything. For example, in the lifespan of a building, your HVAC may give out and the money could be used to fix it. However, nothing has been done in changing the law. Ms. Rattenni added, that if we received a Certificate of Need for a new school, the money would be available.



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Dr. Ammann agreed. Building an addition to a school is a tough question. You can add a wing to an elementary school, but you cannot enlarge the nurse's office, the cafeteria, etc. Adding classrooms of students also adds students to hallways and common areas. So, it is something that can be done with the funds, but it isn't practical.

Ms. Zimmerman asked if there is a maximum number of choice students for a school. Dr. Ammann answered that yes, because it impacts class size. If you have 600 students in a school, that's 100 students per grade level K-5. If we have 90 students in one grade that means there are 10 spots for choice. There are nuances, though, due to class size. If you have 21 students and with 22 students, you earn a teacher, you accept the student. If you have 22 students and we take one choice child, with 23 students we don't earn another teacher, and we have to go for class size waiver. We spend a lot of time looking at choice not just school-by-school, but grade-by-grade and grade by grade for the future. If you have a large third grade, you will have a large fourth grade next year. If you have fewer in kindergarten, you can't fill it up, as you'll have those students for 6 years. When we make the choice acceptance for a kindergartener, that rolls over for the next 5 years. And there are siblings that come in after that. Dr. Ammann added that the only thing you can be sure of, is that we will be wrong somewhere, as you simply can't predict every new student. A family can leave with two children and a family move in with four.

There is chart in the hand out showing school capacity that was given to the Board. This shows two years of capacity. We show the current year and the upcoming year. By State code, we are to predict how many students we will have the next year. We use our September 30th count. It is a big date in Delaware and a figure that anyone can identify. We have nothing better to use to as our student number as students come and go throughout the year. We check that number against our school capacity. Some are shaded on the chart. It may be off, but we don't want it over 100%. The shaded parts are any school that is over 85% at this time. So it is a warning in making choice invitations. But these numbers from September 30th include choice students. So we do replace choice students as they move on to the middle school with kindergarteners if we have the room.

Dr. Ammann explained that some question if DOE has their formula, why do we have our own capacity figures. He stated that his staff walks through every school. Some examples are highlighted in the packet of things we look at differently. In fact, one thing we look at that DOE does not, DOE has changed their formula to include it. In Elementary, every classroom could have 24 students. And this makes no sense in this day and age of class size waivers. On one hand, they would say under 24 students and the class was underutilized, but, if you have more than 22 students in a class, you need a class size waiver. That doesn't make any sense. So we set our class size of K-3 at 22. Grades 4 and 5 can be 24. DOE has now changed K-3 to 22 for capacity.

We try to keep it consistent from year to year. If you don't see construction going on, you assume that the capacity is the same. We couldn't suddenly say the capacity had jumped from 600 to 700 without cause. We try to keep the numbers consistent even when DOE makes changes to the formula. Another difference is DOE has a standard of square footage for a classroom. It changes from year to year. They explain that for every 30



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square feet above that number, you can have another student. That is a terrible idea. Looking at Warner Elementary. It was built when space was inexpensive. It is a large, beautiful building with large classrooms. Why would we place 30 students in a classroom because it was bigger? A teacher would still have students to manage and papers to grade. Therefore, we don't abide by the extra students per square footage rule. Mr. Matthews stated that would make it horrible as it is not reflective of the work we are doing at Warner, and because you would give the wrong perception to the public. Dr. Ammann agreed that there are no empty classrooms at Warner.

Dr. Ammann stated that DOE looks at what an average classroom should be. In 2016, an average elementary classroom should be between 730 and 914 square feet. In 2017, they changed it. They look at construction costs and educational models, and they decided it should be bigger which decreases your capacity. For instance if they said 914 square feet and you had a 1,000 square foot classroom, you could add students. When they change the square footage stating it should be bigger, you don't have the extra room, which decreases the capacity. One of the things that accounts for them lowering their numbers is they tried to account for special needs students and the space they would need in the classroom. You have a class with many students with special needs; it should be a smaller class to give more individualized attention to the students. They said if it is a special ed classroom, it should only have 11 students. K-3 is 22, and 4 & 5 is 24. But they want any class with a special education student should be 11 children. That's unreasonable. We'd have to build a new school. We would agree that a classroom with several special ed students should have an extra teacher and smaller class size. Dr. Ammann stated that if we took a traditional classrooms and changed the capacity in schools that had a PreK rooms as they have been increasing. If we took a kindergarten classroom and made it a PreK room, we lowered the capacity of that room. Which decreases the capacity. When capacity was begun, there were no PreK classes.

Ms. Floore added that DOE is turning down and CN that includes PreK as it isn't part of the formula. Mr. Schwartz stated that Mote had the PreK program and others. Dr. Ammann stated that yes, we track them as well as an Autism program which is smaller than the formula.

Ms. Floore explained our buildings are very different from one another. On the finance side, there is a sweet spot for earning units and having full time specialists. That happens at 600 students and 30 units. You earn the principal and an assistant principal with 30 units. We're speaking to straight numbers, no Title 1, etc. 600 students and 30 units means you have 4-5 classes per grade. You have enough for a full time librarian, art teacher, talented and gifted and gym teacher as well as a guidance counselor. Christina faces this in their urban schools because the schools are physically smaller and don't earn units in the same way. So, if the school is smaller, it isn't earning the units. In Red Clay Highlands, Richey are similar and Mote is close as well. Expected enrollment at Mote is 376, and Highlands is 297. Earning rotations of teachers can be half that of a 600 student building. Space can be a limiting factor in a number of ways. There is no way to expand Highlands to earn an assistant principal so we supplement with grants, academic excellence units and others. Richey doesn't have a full time librarian. They had a half



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time one, but that person is now a full time in another school. The tentacles of capacity extend beyond class size.

Dr. Ammann added that we involve the principals in the review but we do not do a full review every year as the physical buildings haven't changed. Every couple of year we do a deeper look.

Mr. Schwartz asked how many schools earn 30 units. Ms. Floore answered that Baltz, Cooke, Forest Oak, and Heritage do. Highlands does not. Lewis is close. Linden Hill does. Marbrook is on the bubble. Mote does not. North Star and Richardson Park do. Richey and Shortlidge do not. Those schools will naturally struggle with staffing due to the simple configuration of the building and how many students are earning them units. When the funding formula was made they weren't taking into account the size of the building and this needs to change.

This year we were able to make class size waiver due to the Opportunity Grants. When the 300 students left, we didn't do a reduction in force. We were planning on the increase in special education students. We hired a significant number of staff for autism but at the same time we didn't cut the elementary classrooms. We didn't because we didn't see the decrease coming. The Opportunity Grants came through and this year we have the lowest class sizes that we've had in the 11 years Ms. Floore has worked for the district. In large part it came through the grants in the right places, like Richardson Park and Shortlidge where we needed it most. Ms. Rattenni commented that in large part the financial impact was minimized by the decrease in units and other funding opportunities. Ms. Floore answered that it will enable us to continue this next year. The Board has made clear it is a top priority. The State has let us know we need to make plans for this new funding. We can spend it on PreK, psychologists and social workers. Every district may do something different which makes it difficult during the evaluation piece. How do you measure them against each other in such a short time frame?

Mr. Schwartz asked if how funds are used through the buildings, it is decided at a building level. Ms. Floore explained that the law states that 98% of the units you earn must remain in the building in which they are earned so the principals make their decision from there. Our district also receives 63 academic excellence units to supplement. We can apply those units to the high needs areas. It is also how we use our Title 1 units. Looking at the charts, we can see how much we are spending per student, both federal, state and local, you can see there is at least \$2,500 more per student at Warner than you see at Linden Hill. Everyone is funded at the basic level, and then we take the local & tuition funds for the ELL program and that goes on top.

Mr. Schwartz asked about the charter school that closed during the year. How did that impact us? Ms. Floore stated that DOE kept the unit count open so that all of the students that came to Red Clay, we were able to count in unit count. Dr. Ammann stated that quite a few came to AI High School. There is also a period of time where parents are working and registration times. We as a district did a very good job of being



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accommodating to those families. But there were still those who needed to figure out schools as well as transportation.

Mr. Pappenhagen asked if the 300 student reduction, how does that compare with the normal variability of the last five years. Dr. Ammann stated that the year prior was 188. We do not have the other years at hand. Mr. Pappenhagen asked if the trend is down. Dr. Ammann answered that he would have to go back several years to compare and they are looking at that. Ms. Rattenni stated that a large number of the students were moving out of the country. She was wondering if it was choice and private school. Dr. Ammann answered that private school is hard to track as they don't have student ids listed with them as well as human error in the data. We figured we had 14 students leave for home schooling. There may be more, but we knew of the 14.

Mr. Schwartz stated that he has heard of New Castle County is having a shift of families moving. Ms. Floore added that she heard many families were moving to the Bear area. Dr. Ammann added that many families move to Appoquinimink. He has been working with the University of Delaware as they are studying this trend as well as birth rates. Mr. Pappenhagen added that we could reach out to Christiana Care as they do a lot of tracking in birth rates and trends and movements within the counties. Ms. Floore added that we have a good relationship with them.

Ms. Rattenni thanked Dr. Ammann for the presentation. There were no other questions.

IV. Monthly Expenditure Reports

Ms. Floore had distributed the December Expenditure Report. There is not a lot to report at this time. We are 50% through the year. We are also 13 of the 26 pays making us 50% through payroll as well. We are ahead of target in terms of revenues received and local funds received. On the state side we are slightly ahead from where we were last year. The numbers are skewed, like State Technology. The State give back was taken all from one source in the start of the year. Then we budget where we actually are taking the give backs. The State hasn't processed that piece as yet. They wait until September 30th. It is not reflected here. They took it all out of Division II. They will true that up but it isn't reflected here.

The good news is that no department is over on the expenditure side. We are at 47% expended and last year at this time was 46.4%. Special services is at 103%. That is our contract with the alternative school. They did some trainings for us. That is the only one over 100% and it is slight.

Because the Board has not voted on the FY 2019 Final Budget, we have not added those figures to our accounts and the expenditure report still shows the preliminary numbers. Next month it will read FY 19 Final Budget and will track against that.

Mr. Pappenhagen asked if there was any impact from the shut down in Washington. Ms. Floore stated that we haven't seen it yet. It is interesting as Dr. Ammann sent Ms. Floore



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an article in the local paper about Maryland collecting funds for school lunches. Dr. Ammann added that we've been told that they have money for our school nutrition program through March. If something happens and we shut down again, we will have enough for our expenses for three months (through June) before we need to go to Ms. Floore and ask for funding for the program. Ms. Floore doesn't know what impact they are seeing at the State level.

Mr. Schwartz made the motion to accept the December 2018 Expenditure Report and Ms. Zimmerman seconded. The motion carried.

V. Public Comment

There was no public comment. No emails were received via the CFRC page this month.

VI. Announcements

Ms. Floore gave the Committee an update on the Superintendent's search. It is scheduled to be announced at the February 13, 2019 Board Meeting. There will be an opportunity for the public to hear the candidates' presentations which are scheduled for February 11th and 12th.

Mr. Schwartz stated that the only place he has seen those meetings announced was in the Red Clay emails sent by Pati Nash in the Public Information Office. He felt a robo call should go out. Ms. Floore will work with Ms. Nash.

Mr. Matthews had questions regarding Federal Funds. Ms. Floore answered that we report only on the funding lines that are still open. FY 18 is active. Mr. Matthews asked if the grant ends in February, are the positions terminated; what impact does that have on us. Ms. Floore explained that the federal grants are on a federal fiscal year, rather than our fiscal year. Title 1 funding comes every year. We expend from the grant until it is spent down. We have 2018 money now and once that is finished, we will begin the 2019 funding. Last year they cut our IDEA funds by \$300,000. It pushed us from going into the new funds much sooner. It didn't mean we had to cut. We were really nervous when the Washington administration took over anticipating cuts. We have been pleased that nothing has happened yet.

The next meeting will be held Tuesday, February 12, 2019 in the Brandywine Springs School Teachers' Lounge at 6:30 PM.