



# Committee Transcript

**Red Clay Community Financial Review Committee  
October 9, 2018**

## **I. Minutes & Transcript**

The September 2018 Minutes and Transcript were reviewed. Ms. Thompson moved to accept the minutes and Ms. Zimmerman seconded. The motion carried. Due to scheduling conflicts, the presentation on Pre-K and Special Education early programs will be postponed.

## **II. Monthly Expenditure Report**

As a follow up to last month's meeting, Ms. Floore distributed the 3 Year Forecast that was presented to the Board of Education in August. The forecast shows that we were able to make the referendum money last through this year but will be forced to go to referendum again in 2020.

Ms. Floore distributed the September 2018 expenditure report. She explained that the first deposit of taxes has been received. This is not the larger of the deposits but the first early payments of taxes, which is in line with the projections. The Financial Position Report, which was reviewed last month, shows that we are right on schedule.

Ms. Floore pointed out that our revenues are 9.5%. Tuition revenue, however, has received 13%. The difference is they are two separate taxes. They are deposited in the different appropriations. We cannot place tuition funds in local funds. The reason is we have made our charter preload and part of the state charter financing process. They need to start their school year as well. Part of our carry forward is making sure we have enough to cover the preload to charters. That preload is 35% of the projected payments for the year. Ms. Zimmerman asked if the charters paid their teachers on a 12-month schedule. Ms. Floore answered that they have the 26 pay just like ours. If they had nothing to start the new school year with, they would need larger ending balances. The way the Delaware funding structure was set up for charters was that the sending districts would prefund them 35%.

When that charter bill is paid, it is not a payment but a revenue reduction. That is why our local revenue is a lower percentage than the tuition revenue. If we showed it as a payment, and DOE showed it as a payment, it would be double booking an expense in the State system. Several years ago, it was changed due to an audit finding. It is budgeted but we only see the net number.

Ms. Thompson asked when do we receive the rest of the tax money. Ms. Floore explained we will receive the lion share by the end of this month. The County agreed to process it well before month end. This is valid on those months with three pays in a month. Late payments come through all throughout the year.



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The two right columns are blank. We discovered that this report last year was not completed, as Ms. Floore was ill and out of the office. The expense part was done last year, but the revenue was not.

Our overall revenue is 59% is the same as last month is ahead of where we were. The State has prefunded us 90% in our salary line. Normally, it is 75%. We are ending the first quarter, early in the fiscal year. We are tracking where we should be. One of the lines checked very closely is Salary. We are at 7 out of 26 pays. There was a 3-pay month so far. We are slightly below 26%, 25.2% on local. What we do 3 times a year is pay EPER payments. That is coaches for fall sports, winter sports, and spring sports. Therefore, over the course of the year is the coaches are paid at three separate intervals. We normally are \$2.4 million a pay and it will spike to \$2.8 million on those pays. We haven't made the fall payments yet.

Ms. Thompson asked if EPER payments were only made three times a year and not in the regular paycheck. Ms. Floore explained that the sports and club EPER stipends are three times a year. We have in the teacher contract, all of the clubs listed out. If someone is going to professional development and it's offered after school and they earn EPER for it, that is given as they enter it. Otherwise, you have an EPER contract that is signed and you're not paid hourly, but a stipend. These are negotiated in the teacher contract. We have a lot of schools that do after school programs such as Odyssey of the Mind or after school tutoring. Those schools wrote strategic plan grants, which is the extra time match tax that was approved to cover the costs of the clubs. We have \$500,000 worth of after school activities happening from this program in addition to traditional sports and yearbooks, etc. If the program is tutoring each night, those teachers are putting in their hours and getting the hourly pay rather than a stipend. Football ticket takers also put their hours, but only receive non-instructional EPER of \$13.50/hr. vs. the \$28 per hour of instructional time.

There is nothing that is out of sync this early in the year. Ms. Thompson asked why the expenditure is high on the Board of Ed line. Ms. Floore explained that is the School Board Association membership cost.

Ms. Rattenni asked if the contingency builds from year to year. Ms. Floore explained that the contingency is an automatic set aside of a percentage of revenue used in case of emergency. We don't have a "rainy day fund" but this set aside is used in cases of a boiler or pipe issue. Last year we used it for the lawsuit. The goal is to spend nothing from the contingency by the end of the year. That would then contribute to the local balance. Ms. Rattenni asked if it is spent from the contingency line or is it moved elsewhere when it is spent? Ms. Floore explained that it would be listed there. At this point in 2018, the settlement had not been paid so the comparison won't show it.

Ms. Rattenni asked about the maintenance line. Ms. Floore explained that line of \$2.4 million is the every day expenses. The times we've used contingency is, for instance, you cannot encumber salaries. Gerri Marshall is in charge of Research and Assessment. Last year she had \$10,000 left in her budget to pay for test coordinators to attend



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training. She wanted to save the money as the test coordinators were not attending the training until July. We cannot encumber or reserve the funding, and she cannot carry it over so it had to expire. Her new budget did not have that funding, so we let the money expire, and spent it from contingency as there is no other line to spend it from. Ms. Zimmerman stated that there are schools that can carry over. Ms. Floore stated that school budgets can carry over 15%. If a school has \$10,000 leftover beyond their 15%, they can do an encumbrance. They can do a purchase order and reserve the funding. The problem is we cannot encumber salaries.

Ms. Thompson asked about the nurses' operating unit being higher than usual. Ms. Floore explained that they updated all of the defibulators in the schools this past summer.

This is the time of year we go into September 30<sup>th</sup> count. Budgets we look at closely as we don't have 100% of our funding for the year. Right now the Payroll Supervisor, Accounting Supervisor, HR Manager, Financial Analyst and Ms. Floore are reviewing school by school and reconciling the staff and the units. Making sure they are paid by the proper source; i.e., unit, tuition, match tax, etc. To insure that the staffing plan and the payroll reconciliation matches and how we are tracking it in a position-by-position basis. You can imagine how much work goes into 2,000 people and insuring their funding is out of the correct line is cumbersome. As we finalize our staffing plan, this is the time of year that we know our final unit count. We are 5 units over last year but down 300 students. Ms. Zimmerman asked if the information originally comes from the schools which line item. Ms. Floore answered that the schools don't understand the funding sources. They understand they have people and some may be funded by Title 1, as those people have to certify themselves in a time and effort program. In terms of funding, we have multiple lines with the new funds from the State. We have 6 K-3 basic reading teachers. We have 11 K-4 reading specialists at the high need schools. We have the RTI teachers, which are the old Minner teachers. Then we have tuition teachers, then we have the unit teachers and we have Title 1.

Ms. Zimmerman asked if at the school, they would code who they are. Ms. Floore answered that is done in her office. She works with the principals in the spring to decide the estimate of what we think the school will earn. We go through the summer and we go through the staffing plan. Right now, we go through the staffing plan reconciliation and see what people fit into each budget. We didn't know at the end of the year that we would even have opportunity grants. We have 11 and 6 equaling 17. We have to give back 13 from the state give back. They gave us almost exactly what we're giving back.

We're giving back some secretarial units and administrative units. They just wanted to tell us where to spend it whereas in the past, we just had to use the \$3 million.

Ms. Thompson asked if the fewer students but higher units is due to needs based students. Ms. Floore answered that is exactly the reason. We have intense needs for special education students and they are recognized in a higher category. We don't have tremendous unit growth, just 5. We now need fewer traditional teachers and more special education teachers. School by school is a complicated process as well as class size.



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Ms. Zimmerman asked that when the salaries are turned in for each school, we decipher which ones are which. Ms. Floore explained that we have a roster of staff. It is not on a salary-by-salary basis but on a person-by-person basis. For instance, we have new funding for K-3 basic special education. Ms. Zimmerman asked if the roster listed the teacher as special Ed. Ms. Floore answered that it categorizes further as special Ed or special Ed autism. There is extra funding in the autism program. Or we'll know if it's a speech therapist, educational diagnostician or psychologist. The Board approved a tax increase last year for full time EDs (educational diagnosticians) in every building. Those EDs we fund in part from the tuition tax. Ms. Zimmerman stated that at the start of the year is one amount of students and it can change in a couple of months. Ms. Floore explained that they do and what is done is balance of class size. In one instance, we had a teacher transfer to another district and our class sizes were such, that we could combine and move a teacher into 5<sup>th</sup> grade. It just so happened that the teacher left, we were in need of combining resources. We've had to do involuntary transfers in the past as well where they were overstaffed and understaffed elsewhere. That is the process they are going through right now. The Board will be asked to do the class size waiver at the November Board meeting.

Ms. Rattenni asked that the 300-student decrease was a combination of attrition and move out of district and move to charters. Ms. Floore stated anecdotally, the schools are reporting that the city residents are leaving to move to the Bear area. We saw a significant decline in A.I.DuPont High School. There are so many more options available now as well.

We did go through a process and extend beyond the September 30<sup>th</sup> unit count due to the closing of the Delaware Academy of Public Safety closed. There was a fair and Red Clay offered spots at AIHS or Dickinson and McKean. The idea was if they wanted to stay together as a senior class, Dr. Daugherty offered them to come, but there wasn't transportation so they couldn't. We did have several students register at AIHS and they extended the deadline for September 30<sup>th</sup> count so we could get the registrations in place. Ms. Floore will bring the count to the November meeting.

We are closing out the FY 2018 grants and starting the FY 2019 grants on the Federal funding. There have been no changes from last month. They cut our funding in IDEA so there is much less of a balance in IDEA than in Title 1 and Title 2. It does and doesn't impact us. We always have carry forward, so we'll be using our FY 2019 funding sooner than we usually do. We will see the usage reflected in next month's report.

Ms. Thompson asked if we will see an additional line item with the target grants. Ms. Floore stated that in year's past, they have given us the funding in State funds. Sometimes it is in Federal funds and you would see it on the Federal reports. Now, Warner and Highlands have set aside money. That means we carve out a portion of our Title 1 grant and we focus it toward our priority schools. It is not additional funding. We haven't seen the full financial update. The State has been going over targets, and schools and data, but we have not seen it. We don't know how we will receive the



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funding. Ms. Thompson thought we received \$300,000 each priority school. Ms. Floore responded that we did, but on top of that, they approved the plans at a higher level but it wasn't really any additional funds, it was our set aside funds. The committee may recall that Bill Doolittle sent out many emails asking what happened to the State money. There was State School Improvement money that was a line in the State budget. If there was money in a line item, why were they making schools use Title 1 funding? That is what his emails were all about. The answer was that the money was no longer in the state budget so we had to use Title 1. It was another state cut to funding.

Tuition we have 13.21%. There are carryovers for the tuition funds, and we need that money early. Those funds have been sufficient to fund the consortium, First State School, ELL, Meadowood and RPLC. Ms. Thompson asked what is the consortium. Ms. Floore explained that is for all of the students recommended for alternative placement. We buy seats. We pay the consortium for those seats. Ms. Thompson asked what is Unique Alternatives, other states. Ms. Floore explained that is the private placement for special education students we do not have the facilities to educate. They are extreme cases for special education, not expelled. \$3.7 million. That is not all local money. For private placements, the State funds 70% and local funds 30%. Our team goes to Dover and meets with the Interagency Collaborative Team which includes the Kids Department, the budget office, the Dept. of Health and Social Services as well as DOE. We present the case as to why the student cannot be educated in the school district. These are not expulsions as much as learning and behavioral disorders. Some can be local and not very expensive. Our team goes out to visit and monitor the progress. These are not decisions made by our district but by the IC Team. They are not an easy decision and the State is paying 70% of the bill. Ms. Rattenni asked that we budget the amount based on past experience. Ms. Floore agreed. The nice thing is we do get to know as the cases take so long. We know one is in the pipeline before it comes to a decision as it has to be documented all of the levels of intervention and actions taken and testing.

We are still finishing minor capital funding, as it is 2 year funding. Debt service is its own tax and its own payment schedule. It is not monthly; there are balloon payments as the state sells the bonds. It is a known budget as it is a 20-year cycle.

Meadowood and RPLC. Their local salaries on Meadowood is running high. That is something we will look at in the final budget. It is that their staffing model is such that they had to hire more staff and will it balance out as they earned more units. They do not have coaching staff or club staff, though they sometimes have hourly EPER. The fact that we are going through the reconciliation process now is beneficial in that if we have a staff member being charged to tuition that we now earned a unit for, we are able to make the change and save money.

Ms. Rattenni asked about substitutes for the special schools. Are they paid at a higher rate? Is this cost in the school cost or in the substitute line? Ms. Floore answered that they are budgeted centrally, not by school. If there is a flu epidemic, it could wipe out a large portion of staff and therefore a building's budget. In a large district, we monitor it closely. Ms. Smith, our HR Manager, emails the building management and monitors the



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absenteeism. Checking Mondays and Fridays, holiday times, etc. They are managed, but not penalized. We've had some transition issues going from one substitute vendor to another but it is important to remember our previous vendor also struggled with fill rates. One thing is that the more information the teacher puts in the request system, the better the responses are. There are only so many substitutes that have gone through the training to be a Meadowood substitute. The general Ed population is not eligible because of the toileting, feeding tubes, and special needs of the students. The vendor provides the training. The system is sophisticated enough to know that if the user has not received this training, the positions aren't available to them.

Because we have unfilled positions, you can see on the last page substitute line, only 4% expended and 14% expended and encumbered. That is on a \$1.7 million budget for the year. We negotiated a very aggressive rate with the vendor so we don't want to go over budget. But we told the union, we don't want to go under budget by not having the positions filled. The unfilled positions have nothing to do with budget cuts or funding. It is hiring qualified candidates and filling the positions. The union was part of the selection process and negotiations with the substitute vendor. Right now, they are trying to make a name for themselves. They were at all of the back to school nights with tables. They have yard signs in front of the schools about hiring. They are starting their own campaign. We encourage them to be a part of the school newsletters and PTA programs to find employees. There may be those who have the availability one day a week or more. It is not a career.

### **III. Property Assessments**

Just for information, Ms. Floore distributed the County report of pending assessment appeals. The Committee has discussed the fact that the assessed values in the district are decreasing. The list is those properties that are pending an appeal of their assessments. There are two parts. Some who don't pay their taxes while they are awaiting their appeal? If they lose, than they have to pay all of the back taxes. There are some people who pay and then appeal.

By district, these are significant amounts. For Red Clay, we have one for Barley Mill Plaza for \$32 million, which they are appealing \$10 million. There are several others. These will have significant ramifications. The County is going through their backlog. The County has it at stake as well but it is a citizen board and they are following code and the Supreme Court Ruling the committee discussed prior stating how the County must show depreciation.

Ms. Floore will keep the Committee up to date on the assessments and appeals.

### **IV. 3 Year Forecast**

Ms. Floore reiterated that we are able to put off a referendum for another year but cannot make it to 2021 on the current funding.



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This is good as we didn't want to go to referendum while in search for a new superintendent. Also, we are having a lot of growing pains with the transition to 3-tier transportation. Bus stops are fewer and further from the homes. More buses making more runs and the change in school start/end times.

Ms. Rattenni asked if there was a study on how many students are using the buses available. Ms. Floore answered that the buses are full. Ms. Floore added that for the first time Cab Calloway and Charter School of Wilmington are using the same buses. Many charter schools have their own bus lines and stops. Ms. Thompson added that the bus line for Odyssey Charter on 141 is a traffic issue.

## **V. Public Comment**

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

## **VI. Announcements**

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