

Brandywine School District
District Finance Committee

Minutes of the Meeting of July 8, 2026

Members Present: Chris Milionis, Ron Kimbrough, Jeff Viar, Chuck Landry, Victor Ferzetti

Members Absent: John Skrobot III, Carolyn Heckenstaller, Matt Auerbach

Other District Representatives Present: Daniel McCoy – Chief Financial Officer, Dr. Lisa Lawson – Superintendent

Members of the Public: Will Pollins

I. Approval of Minutes – June 10, 2026 Meeting

The June 10, 2026 minutes were reviewed. A motion to approve the minutes was raised by Mr. Landry and seconded by Mr. Kimbrough. The June minutes were approved unanimously.

II. June 30, 2026 Monthly Financial Report

Mr. McCoy presented the highlights of the June 30, 2026 Monthly Financial Report.

Revenue

- Transportation – additional State revenue of \$700,000
- Child nutrition – Colleen Carter increased revenue by 1.2 million from FY 2025 to FY 2026. The Committee asked if she was being recognized for her accomplishments.

Expenditures

- Local Salaries were over budget as they were last year. The following circumstances contributed:
 - Teacher salaries increased by 6% on the local side
 - Fewer higher-paid teachers retired
 - Benefits are more costly
 - Higher salaries pushed employees out of grants, local funds had to pick up these employees
- Student Support Services – in previous years student support expenditures had been covered by other budgets, so the budget for FY 2026 fell short. Now that there is a clear picture of what expenses should fall under student support, the budget will be adjusted for FY 2027.
- Special Education was over budget due to the issues below, but the additional funds expected from the FY 2027 tuition tax collections should keep BSD within budget next year.
 - Special education enrollment numbers increased
 - Needs have increased
 - Contracted services costs have increased

The vote for the tuition tax increase will come in October, and tax receipts will not be received until December/January due to the billing schedule.

- Substitute Services – these costs increased at a higher rate toward the end of the year and, in general, were significantly higher in FY 2026 than they were in FY 2025. Contributing factors listed below:
 - Kelly was able to fill more vacancies, so there was more coverage in the buildings.
 - Teacher absences have increased

Some thoughts about how to lower costs next year, per Dr. Lawson:

- Professional development absences may need to be curbed
- Adjusting the amount of BSD building substitutes that each school has according to their fill rates.

- Transportation – The State budgeted expenditure did not factor in the additional \$700,000 so it appears that they were over budget, but the funds were actually available. Additionally, the Local expenses decreased from last year, though wage and fuel expenses went up and homeless and specialized transportation costs increased.
- Concord and Carrcroft were over budget while some schools were well under budget.
 - Some instances are due to Principal changes. When a Principal is new to a school building, they are not as aware of the spending cycles and which expenses can be cut or increased.
 - The budget status will be included in the yearly Principal review.
 - Beginning FY 2027, the CFO will keep a closer watch on building spending and provide more guidance when necessary.

Cash Flow Analysis

- The final analysis for the year is not as positive as hoped, but not worse either. BSD still met the end-of-year balance benchmark of 8.8 million.

A motion to approve the June 30, 2026 Monthly Financial Report was raised by Mr. Landry and seconded by Mr. Kimbrough. The vote was unanimous.

III. Review of 2026-2027 Legislation Related to District Taxes

Mr. McCoy presented the updates in County policy:

- Legislation passed stating that tax rates can continue to be split (meaning commercial property owners will pay a higher percentage than residential property owners – see detailed explanation in October DFC minutes), but the limitations of the split were lowered to 1.85. BSD was slightly over that amount for FY 2026, so the adjustment will mean a slight increase for residential properties.
- The passing of House Bill 461 will allow school districts to reset their tax rates to factor in the various assessment changes, specifically those derived from the NCC Quality Control review.
- The districts can also reset their tax rates to revenue-neutral plus an average growth number (calculated from the growth experienced over the last 5 years). BSD's growth rate was .54%, equating to approximately \$400,000.
- Legislation did not pass the tax exemption for the lower-income / elderly population for which New Castle County school districts had lobbied.

IV. 2026-2027 Preliminary Budget

Mr. McCoy presented a draft of the preliminary budget for review. The Board will vote on the budget in August. Key points include the following:

Revenue

- BSD's interest income will decrease from last year due to later tax collections, while next year's tax bills will show a noticeable increase for residents.
- Discretionary state funds have been decreased to account for the potential of lower enrollment
- State funds – The State no longer mandates a yearly “give back,” so professional development, drivers ed, division 2 vocational funds, and unfilled units will stay with BSD. The unfilled units, then, can cover some of the special education-related services costs, and academic excellence funds can be used to offset increased substitute expenses.
- Tuition tax revenue is at 6.9 million more than last year, however much of that will be used to backfill FY 2026 special education expenses that were overbudget and to cover the additional classrooms and programs needed to serve the increasing student population with intensive and complex needs.
- If local funds are no longer used to cover expenses that should be paid with tuition money, the hope is that the local budget will begin to recover.
- Debt service tax rate is lower because it is serving to bolster tuition funds

- Federal funding is declining which is driven by a decrease in low-income residents in the district.

Expenditures

- Salary is set higher to cover State increases
- Most other budgets were lowered by 2% when possible, and if they were well under budget they were lowered by more
- District wide services budget was increased due to higher substitute costs
- Transportation was increased due to a large increase in State funds, not impacting the local allowance.
- There was an increase to student services budget because previous budgets had not estimated costs effectively. After reevaluation, the budget has been right-sized for.
- Building budgets changed along with enrollment, so their budget numbers are down, but they will likely go back up as enrollment increases closer to the preliminary budget hearings.

V. Revisiting Local Projections

- The ending balance next year is set to be 7 million, and 2.1 million in FY 2028. Factors contributing to projections and the question of whether to prepare for a referendum this spring:
 - No match tax will be available for technology in FY 2028
 - Kept .5% growth factor in taxes, but future construction projects may help
 - Unknown impact of new the new funding formula for schools, not likely to know how it will affect the budget until the summer of 2027, yet the Board and District would need 4 to 6 months to prepare for a referendum.
- Mr. McCoy noted that the amount of money BSD could gain is unknown, but it may be considerable so BSD would not want to ask more of its residents if it isn't absolutely necessary.
- Mr. Milionis stressed the necessity of making the Board aware of the dilemma.
- Mr. Landry suggested publicizing costs that would be cut to avoid a referendum

VI. FY24 Local Funds Audit Results

Mr. McCoy addressed the State's 2024 Local Funds Audit. The findings did not appear to be deserving of the criticism in the news and social media. BSD had only two strikes:

- purchases went over the threshold for one off-contract supplier
- Payroll and HR did not properly segregate their duties of entering data in PHRST

VII. Follow Up from Previous Meetings – no follow up outside of what was already discussed.

VIII. Follow Up for Future Meetings – The Committee will continue discussing the preliminary budget and track items that have been presented to the Board.

IX. Public Comment – no comment from the public.

All were in favor of ending the meeting at 6:24 pm. Mr. Landry motioned to adjourn, and Mr. Ferzetti seconded the motion.

This meeting was held in the Brandywine School District Administrative Office Board of Education conference room and via Teams.

Minutes respectfully submitted by Andrea Sisson, Business Office Associate Specialist.

The next DFC Meeting is scheduled for August 12, 2026 at 5:00pm.

