



Gateway Lab School Citizen's Budget Oversight Committee Minutes

DATE: Tuesday, January 20, 2015 Time 5:30 pm

LOCATION: Main Office – Gateway Lab School, Wilmington, DE 19808

I. **Come to Order:**

5:39 p.m.

In Attendance: Linda Smith, Dorcell Spence, Catherine Dolan, Pam Draper

Absent: Ray Pendley

Guest: Nathaniel Schwartz

II. **Approval of November Minutes**

- A. Ms. Draper moved to approve and accept the minutes as there is only one voting committee member at this meeting that attended the November meeting. The November minutes and financials have been provided to all CBOC and GLS Board Members.
- B. The committee discussed that with the move to quarterly meetings, the minutes would need to be distributed electronically for feedback and preliminary approval in order to post to the website. The financial reports are being distributed to CBOC members monthly for review and the Board receives the Budget Highlights and the web report monthly.
- C. Mr. Schwartz inquired about the purpose of going from monthly to quarterly meetings. Ms. Draper explained that the committee recently found out that holding quarterly meetings was an option, and because the school financials have been managed well, and the financials are reviewed by board members monthly, the CBOC voted to move to quarterly meetings. Special meetings could also be called at any time. In addition to the CBOC meeting, Ms. Dolan and Mrs. Draper meet 2-3 times per month on Tuesday mornings with Dorcell Spence to review the financials. That meeting is open to any CBOC or Board member as well.
- D. Ms. Spence added that weekly finance and CBOC meetings generally review the past month's activity, but beginning in March, planning begins for the upcoming FY budget

with the Unit Count process. We are now at the point where the final 2014-2015 budget will be presented to the Board for approval.

- E. Ms. Draper discussed setting up a time to meet with Mr. Schwartz to explain the various reports that are produced and distributed to committee members monthly.
- F. Ms. Draper asked Ms. Spence to review the December financials if there were no questions about the November activity.

III. Review of November and December 2014 Financials (Budget Highlights, Detailed Activity, Website Report) – D. Spence

- A. Ms. Spence reviewed the December Budget Highlights (see attached). Fifty percent of the year has passed. The Detailed Activity report provides the breakdown of each budgeted area. Currently there appears to be some salary savings. Not much EPER pay has been distributed to date, so that may be skewing the salary amount somewhat.
- B. One area being monitored is Building Maintenance which is currently 94% expended.
- C. Before Care is new this school year. Currently, nothing has been expended from those funds.
- D. Food service is forecast by activity to date. It is an in and out account.
- E. Ms. Smith asked about why no funds were showing on the Food Service line - 55641. Ms. Spence noted that the budget is showing that State and Local funds are not contributing to the Cafeteria budget at all. Currently the school does not need to use any of the school's operating funds, however contingency reserve money could be used if needed.
- F. Ms. Spence explained the Planning Budget and the fact that priority items are moved from the Preliminary Budget to the Planning Budget as assumptions become firm.
- G. Ms. Smith noted that the cafeteria cost were self-sustaining. Ms. Spence noted that was true except for salaries.
- H. Ms. Spence noted that the web report includes expenditures and encumbrances.
- I. Ms. Smith asked about the Medical Service line that shows 100% expenditure (55010). Ms. Spence explained that that line listed Federal dollars of \$4500.00 that had to be spent before it expired. The fund went to pay Therapy Source expenses.
- J. A discussion ensued about Cost Recovery. Ms. Spence noted that Cost Recovery funds were not in the budget yet, but a total of \$1759.53 as of the end of December. The funds come in quarterly.
- K. Ms. Spence briefly explained the monthly vendor activity page to Mr. Schwartz, which allows committee members to review what vendors were paid out of a specific account code.
- L. Ms. Smith noted that GLS is always slightly under in its percentage of funds expended monthly.
- M. Ms. Spence reviewed the Salary Policy handouts which included highlights and a rollup sheet. She noted that there is a part of the Financial Framework that looks at a school's spend vs. Cash Flow. It appeared that GLS was overspending beyond its cash flow, however the school provided evidence that funds were used for one-time renovation

purposes. Based on the review of the funds brought forward from the prior year, Ms. Spence is not convinced that providing an increase to salaries is sustainable. As such, the recommendation is to provide a one-time bonus to staff out of the contingency of \$140K set aside.

- N. A discussion ensued about other factors that affect the salary policy, like student enrollment, the school's decision to hold off on expansion, district school referendums, and other economic factors.
- O. There are two salary policy recommendations being put forth. One recommendation is to provide a 5% bonus across the board; another option is to provide a flat bonus based on position (Administrator, Teacher, Professional Staff, Paraprofessionals).
- P. Ms. Draper explained the rationale behind the two bonus recommendations. Considering that there has been no movement on the Teacher's salary schedule, Ms. Dolan and Ms. Draper felt that using a percentage of each staff member's salary to arrive at a bonus amount would be more fair to the teachers that had been at GLS the longest.
- Q. There was also a suggestion to increase each cell on the salary schedule by \$250. Ms. Spence concluded that amount might not be sustainable in future years.
- R. The committee discussed holding the bonus until the end of the school year or paying it immediately after approval. Ms. Spence noted that employees would pay heavy taxes if the bonus was given in one lump sum. Ms. Dolan recommended stretching the bonus over two pays. Ms. Smith thought that paying some of the bonus immediately and the balance at the end of the year to ensure retention.
- S. Mr. Schwartz asked if full-time contractors received a bonus as well. Contractors do not receive a bonus.
- T. The committee discussed the idea of using the salary schedule for hiring only and that expectations should be set that the staff will receive the best bonus that can be afforded annually.
- U. Mr. Schwartz asked about whether there were other financial incentives available. Ms. Dolan and Ms. Draper provided details about the Gateway Incentive Pay program that rewards teachers and staff that rewards innovation and new programming that benefits students.

IV. Finalize Budget for 2014-2015 – C. Dolan/P. Draper -

A. Approval of recommendation for SY2014-2015 salary increase

The committee agreed to recommend a bonus of 6.5% bonus payable over three pays. There will be no step increase for this year.

B. Approval of recommendation - final SY2014-2015 budget

The committee agreed to recommend that the Board approve the final budget as presented.

\$140,000 carried forward from 2013-2014 will be earmarked as the Strategic Planning contingency.

V. Recruiting new CBOC members - P. Draper

- A. The committee accepted the nomination of Cheryl Macey as a CBOC member. Cheryl is a financial analyst with DuPont.
- B. Board member, Nathaniel Schwartz also agreed to serve as a member of the CBOC.

VI. Strategic Planning Finance Update – P. Draper/C. Dolan

- A. Ms. Draper discussed the upcoming strategic planning meeting with DASL in which there will be a review of the school mission and vision, making sure it is aligned with the school's academic goals.

VII. Discussion of Preliminary Budget Planning for FY2016 – D. Spence/P. Draper

- A. Preliminary budget planning for FY2016 will begin in March. Ms. Spence shared a brief overview of the planning process with Mr. Schwartz.

Meeting adjourned: 6:55 p.m.

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Gateway Lab Budget Highlights:
For the Month Ending January 31, 2015

- 58.3% of the year is complete, while the Expenditure Detail Report reflects 52.4% of the budget for all funding sources has been expended. The Web Report reflects 52.7% of the budget for all funding sources has been obligated and expended.
- 15 of 26 payrolls have been expended for a ratio of 57.7%
 - State and Local Payrolls—based upon the time period completed 53.0% and 52.2% of salary and OEC have been expended.
- Expenditure Areas under review based upon current and future activity:
 - Legal (55020)—potential for new litigation
 - Building Maintenance (55507)
 - Building/Grounds/Repair (55500)
- Salary Policy
 - Approved Proposal:
 - 6.5% \$140,000.00
- Contingencies
 - Unallocated funds \$ 0.00
 - 2% Contingency \$ 85,108.00
- External Contingencies
 - Summer Pay \$394,395.00
 - Strategic Plan 195,664.00
 - Total \$590,059.00