

MINUTES
Committee of the Whole
April 30, 2001

The Penn Manor School Board met as a Committee of the Whole on the above date at 7:00 p.m. in the Board Room of the Manor Middle School. Present were Mr. Anderson, Mr. Fields, Dr. Frerichs, Ms. Herr, Mr. Herr, Mr. Kline, Mr. Kreider, Mrs. Wert, and Mrs. Withum (arriving at 7:16 p.m.). Present from the administrative staff were Dr. Campbell, Mr. Stewart, Mrs. Griffis, and Mr. Skrocki. Also in attendance were Mrs. Rhodes, and Dolores Warfel.

Mr. Herr asked if there were any Citizen's Comments. There were none at this time.

Mr. Herr asked the committee whether there were any additions or corrections to the Minutes of the April 9, 2001, Committee of the Whole Meeting. Hearing none, on a motion by Dr. Frerichs, a second by Mr. Kline, and a unanimous voice vote, the minutes were approved as printed.

Mr. Skrocki provided board members with a 2001/2002 Preliminary Budget Snapshot Summary. He informed board members that a zero tax increase was still being recommended. The total proposed budget is \$44,982,542 which amounts to a \$1,943,425 increase (4.5%). The millage rate would remain at 14.12 mills. Mr. Skrocki stated that there is a \$728,313 shortfall which will be made up via the fund balance. It is recommended that a district maintain a fund balance of 6%-12%. Penn Manor has a 5 million dollar fund balance which is at the high end of that scale. The budget is still being fine tuned but Mr. Skrocki stated that no additional changes will be made in the information presented this evening before the May 7 preliminary budget adoption. Changes will continue to be made between the time of the preliminary budget adoption and final budget adoption in June. The 30 day period between the preliminary and final adoption of the budget is for public review of and comments regarding the proposed budget. Mr. Skrocki informed those in attendance that a live web cast of the proposed budget will take place on Thursday, May 10. Residents will once again have the opportunity to view the web cast and submit any questions they might have. Highlights of the budget will also appear on the internet for review by interested parties. Mr. Skrocki reviewed category reports and revisions made to various areas of the budget

over the last two weeks. Ms. Herr asked if Penn Manor's tax base would be affected if S. S. Fisher moved their operation from the Penn Manor School District to Quarryville. Mr. Skrocki said the move would not affect Penn Manor as long as the facility it is bought or leased by another firm. Mr. Fields questioned the increase in the Long Range Maintenance Plan line item. Mr. Skrocki said \$350,000 of this amount is for replacing the heating system at Martic and \$20,000 is for an engineering study that is needed. He indicated that this work could be postponed but stated that this is an ideal time to have the work done as work must be completed over the summer and in order to have the job completed for next year he would recommend keeping it in the budget. Mr. Skrocki stated that the \$40,000 revision cited in the Long Range Plan is for the replacement of a water meter. He stated he would like to take this money from the Eshleman Capital Reserve Fund. Mr. Kreider questioned why the replacement of this meter was so expensive. Mr. Skrocki said he did not totally understand the reason for this expense but would be willing to share the documentation he received regarding this item with Mr. Kreider. Mr. Skrocki did add that the water meter pit upgrade is required by the Lancaster City Water Authority. Mr. Fields questioned the increase in hospitalization costs. Mr. Skrocki said the increase is due to increased reimbursement in health claims. He explained that the health care insurance consortium employs a health care consultant who looks at the claims submitted by a district over the past 12-24 months and then arrives at an expected rate for the upcoming year. The consultant provides a low number for the expected rate and a high number for the expected. The increase number being proposed in the budget is a mid-point of these two numbers. Mr. Skrocki said he will receive a second expected rate figure in early June which he anticipates will cause the budgeted number to come down from the number currently proposed. Mr. Kline asked if there is going to be a change in benefits. Mr. Skrocki indicated there would not be. Dr. Frerichs questioned the amount cited for tuition to Charter Schools. Mr. Skrocki indicated that Penn Manor formerly had nothing in the budget for Charter Schools but included this line item in anticipation of potential costs in this area.

Mrs. Wert provided information relating to the 2001/2002 Lancaster County Academy Budget. She indicated that benefits would be added for two part-time workers and there would be a 2.7% increase in the budget over last year. The contract with Park City Associates will end in 2007. Under the current contract there is a \$100 monthly increase each year until the end of the contract. The proposed budget is in the amount of \$232,700. Mr. Skrocki said Penn Manor will be billed \$16,500. This is not an increase over last year and will allow Penn Manor 10 slots. This item

was approved for placement on the May School Board Meeting Agenda on a motion by Dr. Frerichs, a second by Mrs. Withum, and a unanimous voice vote.

Dr. Campbell informed board members that Mrs. Griffis would be providing them with a Charter School update. He indicated that this update was being provided as a result of a previous board request. Mrs. Griffis then presented a slide presentation which provided information regarding Charter Schools and Cyber Charter Schools. She stated that a charter is a contract that allows educational services to be provided to students of specified ages or grade levels for a fixed period of time. Mrs. Griffis stated that she felt charters were a bad example of school reform. Charter schools have greater latitude in their operations than traditional public schools. Mr. Kreider asked why they have more latitude. Mrs. Griffis stated that the charters are set up based on their own interest. Act 22 defines PA's Charter School Law. Charter schools are promoted as a means of reducing the cost of public education. In fact, charters cost taxpayers more money with per pupil payments under the Charter School Law being greater than the instructional costs for students in traditional schools. Mrs. Griffis said a district's fixed costs do not decline when a student transfers to or is assigned to a charter school. Money paid to a charter school is a new expense - especially for home schooled or non-public school students. Mrs. Griffis informed those in attendance that there are 227 home schooled students and 418 non-public students in the district this school year. She said tuition is paid to a charter school by a public school when one of its students transfers or is assigned to the charter school. Under the current tuition figures, if an elementary student enrolled in a charter school, Penn Manor would pay them tuition of \$4,836. If a secondary student enrolled, the tuition rate would be \$5,067. Mrs. Griffis stated that currently no Penn Manor students attend a charter school. Charter schools trying to decide on a location often take into consideration the rate of tuition they would receive from public schools in the area when making their decision. Mrs. Griffis said that many charters are created by for-profit firms. She stated that charter schools may not be declared "empowerment schools" regardless of how low their students score on their PSSA. Charter schools also do not have to prepare improvement plans or be subjected to state takeover. Mrs. Griffis said charter schools do not have the same accountability as public schools. Ms. Herr stated that she has heard that school districts must maintain records of accountability for charter schools in their district. Also, school boards can deny a charter but there is little they can do to negotiate the terms of the charter once it is in place. Once a charter school has been established, the school district in which the charter school

resides must pay transportation costs for its students. These costs must be paid for resident students even if the charter school's year extends beyond the school district's school year. Current per pupil transportation cost in Penn Manor is \$397 for students residing within Penn Manor's boundaries. Mrs. Griffis stated that a State Appeals Board can overturn decisions made by a local district's school board. Regional charters may also be granted under Act 22. Only one school board in the region involved needs to approve the charter but all districts in the region would be affected. In fact, often other districts in a region are not notified of the approval of a regional charter school and are given no advance notice regarding financial liability. Another area of concern is that no school district may prohibit a charter school student from participating in their co-curricular activities. Mrs. Griffis then reviewed Cyber Charters. She said these charters allow a student to stay at home and receive all their instruction over the internet. Mrs. Griffis said litigation was filed on April 23, 2001, by PSBA and several school districts seeking an injunction to prevent withholding of subsidies from districts that do not agree to pay cyber schools for students who are enrolled in them. It was determined that cyber schools are home schooling programs which violates the provisions of Act 22 which says charter schools may not be formed for home schooled children. As cyber schools they also do not meet the provisions of the Public School Code for home schooling. Mrs. Griffis stated that while there is little accountability for a charter school there is even less for a cyber school. The above cited litigation is not meant to oppose the creation/operation of cyber programs, it is meant to prevent PDE from withholding state funds owed to districts that do not support spending their subsidies to underwrite cyber charters. If PDE were to withhold funds, a district would have to raise taxes to make up for the loss of those subsidies. Mrs. Griffis said there are 8 cyber charter schools in Pennsylvania which are all approved as charter schools. These cyber schools are targeting home schoolers. Lancaster County has one charter school and one cyber charter school. Mrs. Griffis said a cyber charter school located in Morrisville, Pennsylvania will be sending letters to Pennsylvania home schoolers this week. Another cyber charter in western Pennsylvania has a list of Lancaster County home schoolers with, reportedly, 200 Lancaster students on its waiting list. Mrs. Griffis said a cyber charter applied to Norristown School District in January, 2001 with projected enrollments of 16,000 students. Mrs. Griffis said the cost to Penn Manor if all 227 home schooling students enrolled in cyber schools would be \$766,983. She reminded board members that, while Penn Manor has had only one student attending a charter school, \$30,000 has been budgeted for the first time for the 2001/2002 school year. This would pay tuition for approximately nine students. Mrs. Griffis stated that the charter

school issue is a financial issue - not an educational one. Discussion ensued regarding policies dealing with charter schools. While Penn Manor has a policy in place, Ms. Herr suggested it might be wise to revisit this policy and determine if any changes are needed. Dr. Campbell said he will review our policy and get back to the board at either the May or June Board Meeting regarding this subject. Mrs. Griffis informed board members that the presentation they just viewed regarding charter schools can be found on the web page. Board members thanked Mrs. Griffis for her excellent presentation.

Mr. Skrocki reviewed the fact that the board authorized the renovation of Eshleman as an elementary school at the April Board Meeting with construction to start in June, 2002. Information which reviewed the total gross debt service payment from the 2001/2002 fiscal year through the 2015/2016 fiscal year was distributed. Mr. Skrocki said Penn Manor will be facing a 6.6 million dollar debt service through the 2008/2009 fiscal year. The debt service will drop to 4.25 million dollars for the 2009/2010 fiscal year and the drop to 2.25 million dollars for the 2010/2011 through 2013/2014 fiscal years with another drop to 1.75 million dollars for the 2014/2015 and 2015/2016 fiscal years. Mr. Skrocki said the cost to renovate Eshleman Elementary School will be 4.5 million dollars. He stated that the administration has started to look at how to fund this project. Mr. Skrocki discussed a bond issue as the means of financing the renovations. He reviewed the following three options for consideration when floating a 4.5 million dollar bond issue: 1) A flat 15 year bond issue with principal payments from \$245,000 to \$430,000 over the 15 years, interest paid of 1.9 million dollars and a pay back figure of 6.4 million dollars; 2) A flat 20 year bond issue with principal payments from \$155,000 to \$355,000 over the 20 years, interest paid in the amount of 2.7 million dollars, and a pay back figure of 7.2 million dollars; and 3) A 10 year modified wrap debt structure with principal payments from \$10,00 to \$1,830,000, interest paid of 1.8 million dollars, and a pay back figure of 6.3 million dollars. This option takes into consideration the drop in debt service in 2009/2010 and 2010/2011. Discussion ensued regarding the advantages and disadvantages of all three options. Mr. Skrocki said this information is being presented so that the board can provide him with feedback regarding what direction the district should take. When asked, he stated that he was not sure what the best recommendation would be but would be between option #1 and option #3. He stated that he would give the board time to review the options and ask them for direction at an upcoming meeting. He stated that he would like to do the issue before starting construction in order to take advantage of interest earnings. Discussion then took place regarding the

merits of having a zero tax increase for the upcoming budget year versus having a slight tax increase the next several years in order to pay cash for the renovation of Eshleman. Mr. Skrocki said the budget was underspent the last four years and this money was transferred to the Capital Reserve Fund which allowed the district to pay cash for the Letort project. Mr. Skrocki said there is \$400,000 in the budget for transfer to the Eshleman Elementary School Capital Reserve Fund. This is the first time a line item was budgeted for transfer to the Capital Reserve Fund. Penn Manor will still have over 5 million dollars in fund balances after this transfer. He stated that if a bond issue is done, this money would go toward the debt service. Mr. Skrocki stated that \$400,000 is planned for transfer to the Eshleman Elementary Capital Reserve Fund next year also. Concern was raised by board members that a larger increase would be required next year as a result of a zero increase now. Mr. Skrocki said that was not necessarily true. His main concern for next year is the employers share of retirement. If it goes up 2%-3% next year an increase could be necessary. He stated he will not know until November, 2001, what the employers retirement share will be for next year.

Mr. Skrocki reviewed the Activity and Athletic Accounts. He reminded board members that this information appears on the web page. Mr. Skrocki said the web site shows a balance of \$117,000 in the Student Account and \$66,000 in the Athletic Accounts at the end of March.

Mr. Stewart informed board members that the revised Administrative Performance Evaluation Form and Job Descriptions (minus the Elementary Principal job description which is in the same format as those attached) are being brought to the board for approval for placement on the May School Board Meeting Agenda. He said these documents are very similar to those already on file but have been revised to provide consistent formatting and to include position requirements (i.e., technology skills) that were not required when original job descriptions were done. Dr. Frerichs asked to have the job description for the Community Relations Coordinator formatted so that the information regarding personal attributes of the Community Relations Coordinator do not appear under the Reporting Status section. He asked that they be placed in the Qualifications section. Mr. Stewart said he would do so. Mrs. Withum stated that she would like to see more space available for comments on the evaluation form. Mr. Stewart said he would make that correction. The performance evaluation form was then discussed. Discussion ensued regarding when the evaluation form is used, how often administrators are evaluated, how salary ranges are established, advisability of using this form mid-year rather than at the end of the year,

and a review of steps taken when a professional employee does less than satisfactory work. Approval was granted for placement of these amended items on the May School Board Meeting Agenda on a motion by Ms. Herr, a second by Mr. Anderson, and a unanimous voice vote.

Mr. Stewart reviewed the bid information provided for the football field restoration. He stated that the administration was recommending the bid be awarded to Doug Lamb Construction, Inc. who was the low bidder on the project. Mr. Stewart said Mr. Nett has been checking on references for this firm and feels good about what he has ascertained. The field should be playable by August 15. Money for the resodding will come from the Athletic Capital Reserve Account. Ms. Herr stated a preference for having people with experience in school construction bid on projects going out for bid. She suggested having public school experience become part of the specifications. Mr. Skrocki stated that Doug Lamb will do the excavation and Dennis Coleman who is employed by Millersville University and has a lot of experience with sodding will be doing the turf work. Mr. Stewart asked for approval of this item for placement on the May School Board Meeting Agenda. This item was approved on a motion by Dr. Frerichs, a second by Mrs. Wert, and a unanimous voice vote. Mr. Anderson asked what happens when a bidder is low and you prefer a higher bidder. Mr. Stewart said if you don't go with the low bidder you must provide appropriate documentation and could face litigation. In fact, Mr. Frankhouser from Hartman, Underhill & Brubaker said you must go with the lowest bidder. Mr. Skrocki said that if you have had past experience with a contractor who messed up a bid, and you have documentation confirming that fact, you need not award a contract to them.

Mr. Herr asked for an update with regard to home school participation. Dr. Campbell said he will put this item on the May 7 Committee of the Whole Agenda. He said he is waiting for a response from the coaches as to their feelings regarding home school participation in co-curricular activities. Mr. Stewart said he got a mixed response from coaches who attended a meeting related to coaches salaries. He indicated that all coaches were not in attendance. It was determined that the issue to be discussed is home school participation in co-curricular activities only. Discussion ensued regarding the possibility of a home school participant taking the place of a Penn Manor student and whether or not PIAA establishes the number of students who may be on a team roster. Dr. Campbell said he would check into this issue. Dr. Frerichs said he would like a definition of what co-curricular means. Does it mean, music, plays, Odyssey of the Mind, athletics, etc.? Ms. Herr indicated she would like an opinion from George Brubaker.

Mrs. Wert referred to the letter from Mr. Reddig and the Band Boosters. She said it was very nice.

Mr. Reisinger, Mr. Skrocki, and Mrs. Rhoades were commended for their PASBO awards.

The committee adjourned to Executive Session at 8:56 p.m. on a motion by Mrs. Withum, a second by Ms. Herr, and a unanimous voice vote.