

MINUTES
Committee of the Whole
May 5, 2003

The Penn Manor School Board met as a Committee of the Whole at 7:04 p.m. in the Board Room of the Manor Middle School. Present were Mr. Anderson, Dr. Frerichs, Mr. C. Willis Herr, Mr. H. Thomas Herr, Mr. Kline, Mr. Kreider, Mr. Lyon, Mrs. Wert (arriving at 7:05 p.m.), and Mrs. Withum. Present from the administrative staff were Mr. Stewart, Mr. Skrocki, and Mrs. Griffis. Also in attendance were Mrs. Warfel and Mrs. Rhoades.

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

Mr. Willis Herr asked the committee whether there were any additions or corrections to the Minutes of the April 14, 2003, Committee of the Whole Meeting. Hearing none, on a motion by Mr. Lyon, a second by Mr. Kline, and a unanimous voice vote, the Minutes were approved as printed.

Mr. Skrocki reviewed the budget for 2002/2003. He stated that the initial plan was to use one million dollars from the fund balance to balance the 2002/2003 Budget. He stated that typically the district under spends expenses and brings in more revenue than expected. For 2002/2003 the district will come in \$993,800 under expenses due to among other things having fewer students enrolled in cyber schools than originally budgeted for, construction projects at Martic Elementary School and the high school tennis courts project which came in under bid and the fact that some of the costs involved were paid out of last year's budget, \$150,000 of budgetary reserve that was not needed, appraisal and legal fees for PP&L reassessment came in under budget with remaining money being transferred to an escrow account for PP&L refund, salaries, hospitalization and social security also came in under budget. Mr. Skrocki stated that special education came in over expended due to nursing expenses for an elementary student. Mr. Skrocki said revenues came in over the budgeted amount by 1.11 million dollars due to the one time money received from Letort Plancon J submission. This money will be added to the fund balance and then transferred to the Capital Reserve Fund with the

2003/2004 budget. Mr. Kline asked if the district would receive Plancon J money for the Eshleman project. Mr. Skrocki stated that approximately \$800,000 in expenses from that project would be eligible for cash reimbursement. Mr. Skrocki stated that the approximate \$120,000 cash reimbursement has not been included in the 2003/2004 budget. Mrs. Withum asked about the Governor's proposed tax reform that would force a district with more than an 8% fund balance to have a zero tax increase and how that would affect Penn Manor. Mr. Skrocki said that, if passed, it would have an impact on the budget. Assuming the passage of this tax reform, Penn Manor could be looking at a 19% tax increase in 2004/2005. Mr. Kline stated that this legislation could cause unnecessary spending to bring down the fund balance. Mrs. Wert asked if the legislations purpose is to protect taxpayers from districts hoarding their money. He stated that the auditors previously recommended maintaining a fund balance of 8-12% but are now recommending a fund balance beyond 12% due to the proposed legislation. Mr. Kline said he feels the proposed legislation hits at the heart of local control.

Mr. Skrocki updated the board with regard to the 2003/2004 budget. He said there have not been too many updates made to the budget since the April 14 Committee of the Whole Meeting. He stated that a 3.2 million dollar shortfall in the budget would occur if there were a zero tax increase. Mr. Skrocki informed board members that he is still recommending using 1.5 million dollars from the fund balance to balance the 2003/2004 budget. He reminded board members that the preliminary budget will be approved at the May 12 School Board Meeting with final budget adoption taking place at the June 12 School Board Meeting. The budget will continue to be "fine tuned" until its final adoption.

Mr. Skrocki reviewed five-year budget projection assumptions. He stated that while the fund balance at the end of the 2002/2003 fiscal year will be 20% the goal of the 5-year projections is to end with a 12% fund balance. Therefore, fund balance monies will be used over the next several years to lower the percentage. Mr. Skrocki stated that the figures presented assumed a 2% increase in building level budgets per year, a \$350,000 technology budget per year, an increase in the transportation budget of 3.5% per year, an increase of 2% in special education and federal subsidy, \$150,000 per year expenses for cyber school tuition, an increase of 3.5% per year in district salaries. He stated that the district's gross share of retirement will be the driving increase in future years with

a contribution rate of 1.15% in 2002/2003 that will increase to 22.01% in 2007/2008. Mr. Skrocki stated that the figures provided also assumed among other factors there were 8 individuals approved for professional development leaves per year, a constant daily substitute rate of \$100, replacement of one maintenance van and two student vans, \$25,000 of budgetary reserve per year, \$50,000 annual contribution to the cafeteria fund, a 96% collection rate for real estate taxes every year, no new debt service, a 15% historical increase in health care costs, and no large property assessment appeal reductions or increases. He reviewed projections for next year using 1.5 million dollars of the fund balance that was based on having a fund balance of 10 million dollars. Using these figures, the anticipated tax increase for 2003/2004 at this time would be 4.36%. There would be a 7.7 million dollar fund balance (15%) at the end of the 2003/2004 year if 1.5 million dollars of the fund balance was used. Mr. Skrocki stated that there is no money included in the budget calculations for basic education subsidy or special education subsidy. Mr. Skrocki said in order to remain at a 12% fund balance over the next five years would require using 1 million dollars of fund balance in 2004/2005 which would result in an 11.23% tax increase, using \$354,000 in 2005/2006 which would result in a 10.75% tax increase, adding \$462,000 in 2006/2007 which would result in a 10.07% tax increase, and adding \$973,000 in 2007/2008 which would result in a 7.95% tax increase. Mr. Skrocki stated that using more fund balance money would bring an anticipated tax increase down. He reviewed using two million dollars from the fund balance to balance the 2003/2004 budget. He stated that if two million dollars from the fund balance was used to balance the 2003/2004 budget it would necessitate one year of a big millage tax increase which would appear as a 15.31% increase in 2004/2005. The millage increase would then decrease yearly with a tax increase of 6.26% anticipated in the final five-year period ending with 2007/2008. Mrs. Withum asked how long a district could operate with a 12% fund balance. Mr. Skrocki said that in Penn Manor's case the district could operate for approximately 90 days. He stated that some districts not having a healthy fund balance would have to get TRANS to pay their bills under Governor Rendell's proposed budget. Mr. Kreider asked where Penn Manor stands with regard to fund balance when compared to other districts in the county. Mr. Skrocki said Penn Manor has the highest fund balance in the county with Hempfield and Solanco having fund balances close to Penn Manor's. He stated that the School District of Lancaster is the only district with a negative fund balance. The average fund balance for school

districts in Lancaster County is four million dollars. The Homestead Exemption was discussed. Mr. Skrocki said school districts would operate as usual the first year if this legislation passed. The State would then issue refund checks sometime in February and March with this refund being taxable. The second year the school district would implement the Homestead Exemption. He stated that the people who would get hit the hardest by this legislation would be the renters who do not qualify for the exemption since they do not own a home. Mr. Thomas Herr asked if landlords would qualify for the Homestead Exemption. Mr. Skrocki said they would not because businesses do not qualify for the Homestead Exemption. Dr. Frerichs asked if Penn Manor could be put in a position of having to rescind their budget if the State budget is finalized after the district budget is passed. Mr. Stewart said timing issues are going to be critical. Mr. Skrocki explained that Penn Manor taxpayers will receive tax bills on July 1. He stated that if the State budget was passed after Penn Manor's budget was adopted and the tax bills had been mailed out, it could mean reissuing of the tax bills and generation of refunds to taxpayers who had paid their bills early. Dr. Frerichs suggested talking to Representatives Armstrong, True and Boyd regarding the potential impact of the Governor's budget.

Mr. Skrocki reviewed health care costs. He stated that a 27% increase in health care costs is anticipated for next year. He reviewed how the health care budget is derived and explained expected claims that come from the consultant and maximum claims. Mr. Skrocki stated that 542 employees/1183 members are covered by Penn Manor's health care. Mr. Skrocki said very few districts reach the maximum amount of claims in a year. Mr. Kreider asked how much the reinsurance premium will go up next year. Mr. Skrocki said an increase of 20% is anticipated. He said the deductible would be raised from \$125,000 to \$150,000.

Mrs. Griffis reminded board members that the pay rate for ESL teachers was raised to \$29 per hour this school year. She stated that the district now employs six part-time ESL teachers who work up to 5 3/4 hours per day. Mrs. Griffis stated that since the ESL teachers are now paid as professionals they must be given benefits due to the fact that professionals working more than three hours per day qualify for benefits. Mrs. Griffis stated that the administration would like to hire two full-time ESL teachers for the 2003/2004 school year rather than having six part-time teachers. This would result in a savings of approximately \$64,000.

One of these individuals would be housed at Hambright Elementary School due to the number of ESL students in that building and the other individual would be a “floating” person who would teach ESL students in the other district buildings. Mrs. Griffis said beginning with the 2004/2005 school year ESL teachers must be certified and will be eligible for reimbursement for credits the same as other professional staff members. Dr. Frerichs asked if two ESL teachers would be needed in 2004/2005. Mrs. Griffis stated that ESL students are often transient and the numbers are hard to predict. Mrs. Griffis requested approval for placement of the hiring of two ESL teachers for the 2003/2004 school year on the May School Board Meeting Agenda. Approval was granted on a motion by Mrs. Withum, a second by Mr. Kreider and a unanimous voice vote.

Mr. Stewart reviewed new positions proposed for the 2003/2004 school year. He reminded the board that permission to post these positions and begin interviews was granted at the April School Board Meeting. Mr. Stewart said there will be a reduction of two elementary level positions for 2003/2004. Salaries for the new positions assumed step 2 and a Master’s Degree at \$40,675. The positions being requested are a full time, 10-months high school counselor, a full-time middle school technology teacher (a reduction of technology room technicians will occur in 2003/2004), an additional high school English teacher being added to facilitate smaller class size, a .5 high school teacher as yet unspecified by subject, a 10-month secretary to the Athletic Director, a .25 special education secretary/receptionist for central office summer employment, a .17 high school science teacher position which will extend a current part-time position, a .5 Family & Consumer Science teacher (switched from Foreign Language due to class enrollment requests), a full-time high school math teacher, a full time middle school emotional support teacher and middle school emotional support aide for the Emotional Support class Penn Manor will be taking over from the I.U. (resulting in a reduction to I.U. costs), a senior groundskeeper, two full-time ESL teachers (reduction of 6 part-time ESL staff members), and a part-time custodian at Eshleman Elementary School. Mr. Stewart said the cost for the new positions proposed for 2003/2004 would be \$415,286. Dr. Frerichs asked why the salaries are estimated at step 2, Master’s Degree. Mr. Stewart said this is standard practice and is worst case scenario for employment costs. Mr. Stewart asked for approval for placement of these new positions on the May School Board Meeting Agenda. Approval was granted on a motion by Mrs. Wert, a second by Mr. Lyon, and a unanimous voice vote.

Mr. Stewart presented each board member with a Life Time Activity Pass. The passes were developed by Mrs. Rhoades. Mr. Stewart said they will also be given to Wall of Honor recipients.

Mr. Stewart reviewed a letter from Representative Katie True. He stated that Representative True would like to have a board member serve as a contact person. Fellow board members approved Dr. Frerichs as this individual.

Mr. Stewart reviewed two referendums he recently received and forwarded to board members for input regarding their interest in further discussion or response to them. He indicated he has not pursued further action with these referendums due to the fact that he had a response from only one board member. Mr. Stewart asked for clarification with regard to handling such documents. After discussion it was agreed by board members that such items will not be placed on an agenda for discussion unless a majority of board members respond to Mr. Stewart expressing an interest in doing so.

Mr. Skrocki reviewed Student Activity and Athletic Account information for those in attendance. He reminded board members that this information can be found on the web page and is updated quarterly.

Mr. Stewart informed board members of the need for maintaining two first grade classes at Letort for the 2003/2004 school year. He stated that this request was being made due to increasing kindergarten enrollments in the northern portion of the school district and a desire to maintain lower class size. As a result of this additional first grade at Letort student reassignments were being recommended for 27 students going from kindergarten into first grade in the northern elementary schools for the 2003/2004 school year. The reassignments under consideration would involve moving the following students: 9 Hambright students to Central Manor, 4 Hambright students to Eshleman, 4 Eshleman students to Letort, and 10 Central Manor students to Letort. None of these students have siblings in elementary school. Mr. Stewart stated that the bulk of the reassigned students live in what are currently “gray” areas of the district (areas where students could be assigned to one or more elementary school). Mr. Stewart stated that the families will be informed their child would be moved via a telephone call from the principal and a follow-up

letter from him. He stated that reassignment is never a desirable choice but that the reassignment of kindergarten students historically goes very well. Students going from kindergarten into a first grade class find themselves joining kindergarten students from other sessions and first graders who have enrolled from day care situations. Board members approved the reassignment of students. Mr. Stewart asked board members to direct any questions they may receive regarding reassignment of students to him. He reviewed the following current kindergarten enrollments: Central Manor/48 students, Conestoga/21 students, Eshleman/35 students, Hambright/37 students, Letort/37 students, Martic/31 students, and Pequea/33 students. Kindergarten enrollments have been decreasing in southern elementary schools. There are currently a total of 5 half-day kindergarten sessions scheduled for Martic, Pequea, and Conestoga Elementary Schools with classes ranging from 15 to 21 students. Mr. Stewart stated that there is the possibility of adding an additional half-day session in August at one of these buildings if a large number of kindergarten students enroll over the summer. This could necessitate reassignment of incoming kindergarten students in the southern end of the district. In anticipation of the possibility of reassignment Mr. Stewart informed board members that he drafted a letter to be included in kindergarten packets of Pequea, Conestoga, and Martic parents informing them of possible reassignments. Mr. Stewart stated that often 30-35 students are enrolled between kindergarten and first grade. The bulk of these students will enroll in northern elementary schools. Mr. Stewart reviewed enrollment figures from 1994 to 2003 that indicated a steady decline in enrollments.

Mr. Stewart reviewed the fact that two administrative positions were approved by the board two years ago (Dana Edwards at Manor Middle School and Patricia Pearson {60%} currently at Letort) to be in place during the construction of Eshleman and Letort. Mr. Stewart said he was recommending these two positions now be made permanent. Dr. Frerichs asked if any thought is being given to making Mrs. Pearson full-time. Mr. Stewart said Mrs. Pearson does not want to be full-time at this point in time but said he anticipates making this a full-time position possibly at some time in the future. The board approved making these two positions permanent and approved placement of this item on the May School Board Meeting Agenda on a motion by Mr. Kline, a second by Mr. Thomas Herr, and a unanimous voice vote.

Mr. Stewart reviewed a proposed extended substitute pay practice. The proposed policy would pay a daily rate of \$100 with no fringe benefits for teachers working less than 45 consecutive days in one position. If a teacher works 45 consecutive days in one position the rate will be \$135 per day with no fringe benefits. The \$135 rate would be retroactive to the first day of assignment to the original position and will continue for any consecutive days following the 45th day. Mr. Stewart said past practice is that a teacher who taught 45 consecutive days in one position and immediately went into another position would have their pay revert back to the \$100 daily rate. He stated that long-term substitute teachers (teacher employed in a professional position who are hired with the expectation of working one semester or more) are paid a per diem rate equal to the starting salary for the applicable credit column divided by the number of teacher days in a school year. Benefits are provided according to the Negotiated Agreement. Mr. Stewart asked for approval to place this item on the May School Board Meeting. Approval for placement of the extended substitute pay practice on the May School Board Meeting was granted on a motion by Dr. Frerichs, a second by Mr. Lyon, and a unanimous voice vote.

Mr. Stewart informed board members that he was requesting approval for continued membership in PSBA. He reviewed benefits derived from this membership. He stated there is an increase in the fee over last year. Mr. Skrocki informed board members the increase amounts to approximately \$400. He stated that PSBA dues are driven by the market value of the school district. Approval was granted for placement of this item on the May School Board Meeting Agenda on a motion by Mrs. Withum, a second by Mr. Lyon, and a unanimous voice vote.

Mr. Stewart reviewed the Wrap Around Program that is going to be held at Central Manor next year. He said the YWCA will operate the program and bus the students. Currently 16 youngsters are enrolled. Mr. Stewart stated that the YWCA is considering having a southern Wrap Around Program but there is not enough interest at the present time. Dr. Frerichs asked if Penn Manor would benefit from full-day kindergarten money available in the Governor's budget if passed. Mrs. Withum recommended looking into this concept. Mr. Stewart said Penn Manor would need eight additional classrooms for a full-day program. This is space that is currently not available. Mr. Stewart said if space would become available he would support looking into a full-day program. He stated that he is

exploring whether extended day kindergarten programs would qualify for reimbursement. Mr. Kline said he believes there is still some question as to whether students benefit from full-day kindergarten. Mr. Stewart said that it true. He said it depends on what experiences and exposure a student has prior to coming to kindergarten.

Mr. Stewart reviewed a draft of a Consent Agenda being presented as a result of board member interest. He said he discussed this concept with Mr. Brubaker, Penn Manor's solicitor, and there are no legal restraints involved with using this type of agenda. Mr. Stewart recommended using the Consent Agenda at the May 12 School Board Meeting. Mrs. Withum recommended trying this concept for several months to determine if the board wishes to use this type of procedure in the future. Board members agreed.

Mrs. Warfel read a Thank You note from Mrs. Beverly Longenecker, secondary professional employee, thanking the board for her retirement gift. She also read a letter written to Mr. C. Willis Herr, Board President, from a Penn Manor resident stating safety concerns and the possibility of weapons being brought into school buildings via students carrying backpacks and book bags. After discussion, it was determined that the board wished Mr. Stewart to respond to the individual indicating that they do not wish to curtail the carrying of backpacks or book bags at this time.

Dr. Frerichs suggested that information relating to how a citizen could address the board be added to the bottom of each Committee of the Whole and School Board Meeting Agenda. Board members agreed with this suggestion. Mr. Stewart said the information would be added commencing with the next agenda.

The Committee of the Whole adjourned to Executive Session at 8:53 p.m. on a motion by Mr. Kline, a second by Mr. Anderson, and a unanimous voice vote.