

Minutes
Committee of the Whole
April 4, 2005

The Penn Manor School Board met as a Committee of the Whole at 7:05 p.m. in the Board Room at Manor Middle School. Present were Mr. DeLuca, Dr. Frerichs, Mrs. Friedman, Mr. Geist, Mr. C. Willis Herr, Mr. Kreider, Mr. Lyon, Mr. Rintz and Mrs. Wert. Present from the administrative staff were Mr. Stewart, Mrs. Griffis, Mr. Johnston and Mr. Skrocki. Also in attendance were Penn Manor Residents, Mrs. Knapp, Mrs. Rhoades and Mrs. Howard.

Mr. Herr asked if there were any Citizen's Comments. Mr. Jay Clark, 1055 Hearthstone Rd., Lancaster, addressed the board regarding the decision of the due process hearing.

Mr. Herr asked the committee whether there were any additions or corrections to the Minutes of the March 7, 2005, Committee of the Whole Meeting. Hearing none, on a motion by Dr. Frerichs a second by Mr. DeLuca, and a unanimous voice vote, the Minutes were approved as printed.

Mrs. Rhoades showed a video from WGAL's "Learning Matters" program. She explained that Mr. Jim Zeigler was disappointed with the test results in his Marketing and Law class. He realized he had not gotten across the principles of marketing and felt it was important that the students understand the principles. Based on Donald Trump's "The Apprentice" television program, Mr. Ziegler developed an assignment for the class. He gave the class the assignment to develop a complete marketing plan. Mr. Zeigler divided the class into three teams. He picked the project managers for the teams and the managers picked their teams. The teams developed a full marketing plan, chose a name and a product to sell. The team who sold the most won the competition and could keep the profit. Anne Shannon, from WGAL, filmed the students in action selling pens, CDs and gum. The winning team, APEX, won and kept their profit of \$222.

Mr. Johnston stated that the County Assessors office has been conducting reassessment of all properties in the district. He reviewed previous reassessments and stated the reassessment needs to be done every 7 to 8 years. He explained that in theory the reassessment keeps the assessed value of the property pegged to the market value. Mr. Johnston reviewed the change in total assessments within the county and within Penn Manor. He explained the calculation of the new tax reassessment millage rate. Mr. Herr inquired if the assessment was done to increase taxes. Mr. Johnston responded that it was meant to be revenue neutral. Mrs. Wert inquired how far in advance the reassessment is announced. Mr. Johnston stated that the reassessment is done every 7 or 8 years.

Mr. Johnston presented a health care analysis and projections report. He explained how the district works with Stoudt Advisors to help determine how to budget for health care. Mr. Johnston reviewed the healthcare costs for the current year. He explained the process for estimating healthcare for the budget. For 2005-06 \$5.9 million has been budgeted which is an increase of 27.3% over the current year. Mr. Johnston reviewed a historical graph of the health care costs for the past five years and the history of large claims for the

past 3 years. Mr. DeLuca inquired if healthcare is an exception under Act 72. Mr. Johnston reviewed future considerations for health care costs. The negotiated contract has been extended through 2008 and includes increased employee and retiree contributions, increased deductibles and office co-pay and a mandatory generic program. He said HealthAmerica has a wellness component to promote healthy employees. They also have an excellent case management system to maintain claims. Mr. Kreider inquired about the cost of reinsurance. Mr. Skrocki explained that he is on a committee, with the IU consortium, that will be reviewing bids submitted for reinsurance. Some additional questions were asked for clarification.

Mr. Johnston presented the preliminary 2005-06 budget. He stated that the formal presentation will be on April 11. In his power point presentation he reviewed the 2004-05 local, state and federal revenues. Building level, functional level, salary and benefits expenditures were explained. A review of the 2004-05 expenditures indicated there were savings in the telephone, transportation, miscellaneous in-service programs, alternative schools, salaries, healthcare, social security, retirement costs and retirement bonuses. Increased costs occurred in special education, charter/cyber school, building maintenance, utilities, athletics, dental, income protections, tuition reimbursement and grants/programs. Mr. Johnston reported not as much will be taken from the fund balance as originally anticipated. He reviewed and explained the designation of the fund balance. Mr. Johnston said is trying to manage the fund balance to get it to the 8% limit. Projections show that almost one-half million dollars will be used from the fund balance this year leaving a total of 8.4 million. Mr. Johnston noted that the designation of the fund balance does require board approval and substantiation. It is also subject to annual review. He said when the final 2005-06 budget is presented a recommendation for a designation of a portion of the fund balance will also be recommended. Some questions were asked about the fund balance for clarification. The projected 2005-06 budget was reviewed. Projected total revenues amount to \$50,882,174 and projected total expenditures amount to \$54,367,209. The excess of revenue over expenditures amounts to \$3,485,035. He said \$1,590,957 will be used from the fund balance leaving a shortfall of \$1,894,078. At this time a tax increase of 7% would be needed to balance the budget. Mr. Johnston discussed the worksheet listing specific categories in the proposed budget. He reviewed the list of assumptions he uses for developing the 5 year budget. The goal is to prudently lower the fund balance reserves over the 5 year period to end with a fund balance that approximates 8% of expenditures. He stated it is assumed that tax reform will not be implemented during the projection period, there will be no legislation for referendum and \$1,000,000 will be added to fund balance annually through unexpended budget and unanticipated revenues. Mr. Johnston also highlighted some assumptions on expenses and revenues. Questions were asked for clarification. Mr. Herr stated that he is not comfortable with the proposed 7% increase. Mr. Johnston responded he is anticipating a change in the numbers which will hopefully lower the percentage of increase. Mr. Johnston explained that the final budget vote is scheduled for May 23 the same night the Act 72 vote is scheduled. Should the board decide not to opt in to Act 72 on May 23, the budget vote could be tabled until June 9 to allow more time to work on final figures for the budget. Mr. Stewart explained that some staffing changes have been made from the original requests that were submitted a couple of weeks ago. To help answer taxpayer questions, Dr. Frerichs requested a list of specific budget areas that

contribute to a percentage increase. The board agreed they would like to see a 4-5% increase. Mr. Johnston concluded his report by reviewing a fund balance management graph.

Mr. Stewart reviewed the recommendations concerning random drug testing in the district. He stated that in conversation and research he has concluded that random drug testing consideration should not be done rapidly, but over a course of time. Also, a significant voice from the community should be included. He proposed forming a committee that would research the issue, review the facts and make a recommendation to the board. He explained the committee structure and time line. It was concluded that Mr. Stewart could proceed to form a committee. Mrs. Johnna Friedman and Mr. DeLuca volunteered to be on the committee. Dr. Frerichs suggested that this study be used as a public relation tool to communicate the district comprehensive drug plan to the community. The committee format was discussed and suggestions made.

Mrs. Griffis reported that she attended a meeting in Harrisburg on Adequate Yearly Progress (AYP) changes. She said that the Pennsylvania Department of Education is negotiating with the U. S. Department of Education for PA assessment changes. She reviewed the timetable for PSSA for science, technology, ecology and environment. Mrs. Griffis stated the performance targets, the criteria used to measure progress, will remain the same. Also, the participation rate target and graduation rate will remain the same. She stated the threshold, the progress demonstrated within each target, is 80% for this year. She also said that next year the graduation rate will be tracked using a cohort. Mrs. Griffis explained the calculation. She explained that this year 54% of students must be proficient in reading and 45% proficient in math. Each school has the potential of 41 targets: target 1, attendance or graduation; targets 2 to 21, participation (district plus each measurable subgroup in reading and math); and targets 22 to 41, performance (district, plus each measurable subgroup in reading and math.) She reviewed the two proposed changes for Pennsylvania. She said the changes are designed to assure that a district will not be labeled as failing if one measurable subgroup does not make AYP. The goal is to identify schools that are truly failing. She explained that the new minimum N for district AYP in the IEP and LEP subgroups. She also explained school districts will now be measured by a grade span. A district meets AYP for a subject if at least one of the three grade spans meets its overall threshold. Mrs. Griffis reviewed the enhancements that DRC has made to help the districts understand if they made the threshold. She stated the information will be posted on the DRC website. The new participation rate changes from PDE were reviewed. She also reviewed the appeals changes. Mrs. Griffis stated that the NCLB requirements do not apply to court/agency placements of students to private institutions unless the student has an IEP. Questions were asked for clarification.

Mr. Stewart stated a revision to the tuition policy for students is being presented for placement on the agenda. He said the change reads, "When a significant hardship is documented, the superintendent, in cooperation with the Administrative Assistant for Business, may structure an adjusted schedule of payments." It allows for the tuition to be made on a payment schedule rather than in a lump sum. Approval for placement of this item on the April School Board Meeting Agenda was approved on a motion by Mr. Geist, a second by Mr. DeLuca and a unanimous voice vote.

Mr. Stewart presented the school board meeting calendar for the September 2005 – September 2006 for review and placement on the agenda. He pointed out that August 29 is the first student day and inquired if that would be a problem for any board members. It was concluded that it would not be a problem for any board members to conduct a meeting on August 29. Approval for placement of this item on the April School Board Meeting Agenda was approved on a motion by Mrs. Friedman, a second by Mr. Lyon and a unanimous voice vote.

Mr. Stewart reviewed the Lancaster County Career and Technology budget. He stated that each one of the career and technology centers has an available 90 acre site. Brownstown CTC has created three different plans for a community, with residential buildings constructed by the students, on a portion of the acreage on their property. He explained that some of the CTC budget areas are actually derived from averaging the costs of all the districts that are served by the CTC. Salary increases and benefit packages are averaged not negotiated with the staff. The salary increase is 3.85%. He stated that a 6.5% increase in the budget is requested. Some contributing factors to the budget increase include healthcare, retirement and maintenance costs. Mr. Stewart stated that the budget includes one new staff member in the medical field. Mr. Kreider said that he felt the CTC was frugal with their money. He also said Brownstown CTC is utilizing 20 acres on the property for building for increased revenue for a few years. Approval for placement of this item on the April School Board Meeting Agenda was approved on a motion by Mr. Lyon, a second by Dr. Frerichs and a unanimous voice vote.

Mr. Stewart reviewed a chart listing the number of paid holidays for 12 month employees for districts in the IU. Currently Penn Manor 12 month employees receive 9 paid holidays which is on the low end of the chart. Mr. Stewart is proposing a holiday schedule for 12 month employees increasing the number of paid holidays to 10. Mr. Rintz inquired if Mr. Johnston had an estimated cost. Mr. Johnston responded that this would not increase the budget just the loss of one day of productivity. Approval for placement of this item on the April School Board Meeting Agenda was approved on a motion by Mrs. Wert, a second by Mr. DeLuca and a unanimous voice vote.

Mrs. Griffis reviewed the list of textbook requests from the various departments. She stated the learning support textbooks are requested in an effort to parallel the regular curriculum. She explained that the high school Ag book is for the new course, the American Government book is for the high school AP course which can also be purchased by the students. She stated the books and evaluation sheets will be available for review for a month. Dr. Frerichs inquired about the number of books being ordered. Approval for placement of this item on the May School Board Meeting Agenda was approved on a motion by Mr. Lyon, a second by Mrs. Friedman and a unanimous voice vote.

Mr. Skrocki reported there is currently a vacancy in the high school for the head custodian. To reflect the current responsibilities, he felt this was a good opportunity to revise the job description for that position. He stated that the majority of the job description is the same. A couple of changes include changing the position from a salary

to an hourly classification. The responsibility of calling substitutes for a vacancy has been removed since that is being done in the Director of Building and Ground's office. Approval for placement of this item on the April School Board Meeting Agenda was approved on a motion by Mr. Lyon, a second by Mrs. Friedman and a unanimous voice vote.

Mr. Skrocki stated that last month the board approved the agreement for a new procurement card with PNC bank. Currently, there is a district user agreement being used for procurement cards. He explained the proposed Procurement Card Board Policy formalizes the structure for procurement cards. Employees will still sign the user agreement. Approval for placement of this item on the April School Board Meeting Agenda for a "first reading" was approved on a motion by Dr. Frerichs, a second by Mr. DeLuca and a unanimous voice vote

Dr. Frerichs reported that the IU support staff has unionized. The vote was 217 to 276 with 167 people not voting. The outcome was determined by the majority of the people voting.

Mr. Stewart reminded the board of the Governor's Webcast on Tuesday evening in the board room. He reported that on Friday night he heard Dr. McNairy address the girls at Manor Middle School for "Girls Night Out." He said he was impressed that the President of the University would take the time out to speak to middle school students. Mr. Stewart is still looking for a group to conduct an enrollment study. He reported that the kindergarten enrollment is approximately 20 students less than last year at this time. Mr. Stewart stated that on Monday night he will be talking about pupil reassignment. He distributed a paper explaining the reasons for the reassignment for the board's review.

The Committee of the Whole adjourned at 9:08 p.m. on a motion by Mr. Lyon, a second by Mrs. Wert, and a unanimous voice vote.