

FINANCE COMMITTEE MEETING MINUTES

March 19, 2012

6:30 p.m.

Board members in attendance: Barbara Hartford (chairperson), Gwen Semmens, Ruth Dierolf, Dr. Ron Christman (6:40), Steve Elsier (6:45)

Administrators in attendance: Dr. Dion Betts, Rob Scoboria, David Szablowski, Johnna Weller, Steve Katch

Public in attendance: 3

Mrs. Hartford called the meeting to order at 6:33 p.m.

We pledged allegiance to the flag and observed a moment of silence.

Public comment: Mrs. Curry asked if the cost savings for Cyber School involves only students that are currently enrolled in Cyber School.

Dr. Betts said that cabinet is working diligently on creating a balanced budget, as well as alternate revenue sources and cost-savings options.

Cyber Charter Financial Projections Review and Recommendations

Mr. Szablowski presented the financial projections for cost-savings related to cyber charter schooling in a working document that reflects the expenses and projected savings. He explained the existing costs of cyber as compared to the expense of offering the courses through Bridges and K12. Mrs. Dierolf asked if six courses would be the maximum for an individual student. Mrs. Hartford asked if students could take extra classes and progress at a faster pace. Mr. Szablowski explained that the number of courses that is presented in the spreadsheet reflect the typical course-load of a student in their secondary career, because students take an average of six courses per year over four-years.

Grades 7-12 would be offered through Bridges, and Grades K-6 through the K12 Education platform. All programs will be facilitated through Chris Harrington, as per last month's presentation.

Mrs. Hartford asked for clarification of the cost of K12 courses for our students in Grades K-6. Dr. Betts explained that there are many details that need to be worked out related to the specific courses that students would take through K12.

Mr. Szablowski described the financial aspects of Years 2 and 3 of cyber education, based upon the projected figures in the document.

Mrs. Hartford asked about the financial implications of using the services of Bridges for expansion to hybrid learning options. Dr. Betts explained that the hybrid learning opportunities for students will be offered through our already-existing courses and teachers. Hybrid learning opportunities will be infused into our day-to-day instructional delivery as appropriate. The costs incurred for using a Blackboard platform and professional development will be part of the contract with Bridges, but the bulk of the Bridges' consulting fee will be related to cyber courses for students.

Mrs. Hartford asked how we would arrange professional development for our teachers. Mrs. Weller will work with Chris Harrington to design a professional development plan.

Mr. Elsier commented that it is important for us to keep in mind that we can't project the cost avoidance that will be realized by offering these options to our students. He conveyed that this is the right direction to go because cyber learning is becoming more popular.

Real Estate Tax Installment Payments

Mr. Szablowski gave information about real estate installment plans. Currently the District allows only qualified Homestead/Farmstead properties the opportunity to pay their real estate taxes in three equal installments as provided under Act 1 of 2006. Legislation was passed that requires the same installment options be made available to small businesses with less than 50 employees. Because it is unmanageable to identify which businesses have less than 50 employees, the vast majority of School Districts in the Commonwealth are offering the same installment payment options for all taxpayers effective July 1. Mr. Szablowski recommended the same for Boyertown. Mr. Elsier asked if this will present a cash flow issue for the district. Mr. Szablowski identified that this should not impact the district other than increased record-keeping for the tax collectors. The Board will be asked to adopt the installment changes later this year prior to the tax bills being printed and mailed.

Budget Comparison Review

Mr. Szablowski presented the Budget comparison from February 2010-11 and February 2011-12. He highlighted an increase in revenue collection this year, as well as the impact of increased costs of cyber charter this year. Overall the results are positive through February.

Market Value/Tax Equalization History

Mr. Szablowski then presented a comparison of market value over the last ten years, which demonstrates and overall increase in property value across the district. Montgomery County has consistently realized a higher rate of increase than Berks County based on the increased market value added to Montgomery County. Market Value drives the share of revenue needed from each County and the tax rate is established by dividing the assessed property values of each respective county into the prorated revenue by market share to establish the equalized tax millage.

Mr. Christman asked if the district has the details of the implications of using the same tax rate for both counties. The Board members discussed with Mr. Szablowski some benefits and drawbacks of having a flat tax rate. Mr. Elsier asked about the student enrollment by county. Mr. Scoboria responded that the student enrollment mirrors the percentages of property value (approximately 60% Montgomery, and 40% Berks). Mr. Elsier commented about the benefit of having a five-year plan and looking at various ways to generate revenue. Dr. Betts concurred that it is necessary to look at creative ideas, but until the legislation improves the process for funding schools, we will continue to be challenged. Mrs. Dierolf asked about other districts that encompass multiple counties. Further information on the two methods of tax equalization was requested by the Committee.

Maintenance Truck Bid Review

Mr. Szablowski reviewed the bids for pick-up trucks from four auto dealers. These bids included the option of putting an advertisement on the truck. There was no pricing change offered in exchange for the advertising appearing on the vehicles. The Facilities Committee will make a recommendation for purchase.

2012-13 Budget Discussion

The 2012-13 Budget was presented by Mr. Szablowski with a Power Point presentation.

- Mrs. Dierolf asked how local businesses would know about the opportunity for advertising. The Board suggested that the district put out an RFP for local advertising.
- Mrs. Semmens asked when we will know which BCTC math teachers will be identified. Mr. Katch responded that there are some issues that need to be resolved before those teachers are identified.
- Mr. Elsier asked if we have confirmed the need for three bubble classes at the elementary level.

Mr. Scoboria responded in the affirmative, and referenced the unknown enrollment of incoming kindergarteners. Currently, approximately 400 students have registered for kindergarten, which appears to be typical at this point.

- Mrs. Hartford asked for clarification about the 2.8% salary increase for employees based upon the CPI-U Index. Mr. Szablowski explained that the classified evaluation plan allows the School Board to set the rate of increase, which last year was set at 0%. Mrs. Hartford asked for an administrative recommendation and the response was that the CPI-U for Philadelphia wage earners has always been the index used by the District and was being recommended.
- Mrs. Semmens asked for an estimated cost of the 2.5 teacher sabbatical leaves. Mr. Szablowski responded that each full-time teacher sabbatical would cost the district approximately \$20,000 each, depending upon their health-care benefits. Each employee on sabbatical receives one-half of their salary, with the District paying the PSERS contribution on 100% of the salary, and the employee would continue to receive all their benefits. The positions would be filled with Long-Term Subs at a cost of approximately \$40,000 with full benefits. Mr. Katch explained that March 1 was the deadline for teachers to submit a request for a sabbatical, so there will be no more requests for next year.
- In regard to the budgeted wage increases, Mrs. Hartford asked which employees are considered “technicians.” Mr. Szablowski explained that they are technology support technicians and staff nurses.
- Mr. Elsier asked if this budget presentation reflects the savings of our potential cyber school. Mr. Szablowski said that it does not, but it could be included after the adoption of a District-run Cyber option is adopted at Tuesday’s Board meeting.
- Mrs. Hartford asked for clarification about the \$35,000 reduction in “Administrative Software” expenditures. Mr. Szablowski will verify this with Scott Major.
- Mrs. Hartford commented about the examination of teaching positions as they become vacant. Dr. Betts stated that it is administration’s intent to keep any budget cuts as far away from students as possible.
- Mr. Christman asked if the RtII program has had or will have an impact on special education referrals. Mr. Scoboria responded that our percentage of special education students did not change based upon the December Child Count.
- Mrs. Dierolf asked for clarification as to why the district is spending money on a feasibility study when we are discussing tax increases and examining the tax equalization. Dr. Betts responded that the administration believes that we need to know more about our classroom capacity and identify our needs. This does not necessarily mean that we will be looking at a building project. Mrs. Dierolf asked if we might consider redistricting. Dr. Betts replied affirmatively.
- Mrs. Hartford asked if we were looking at creative ways to balance the budget. For example, can we look at things differently, such as reducing hours worked in the summer? Dr. Betts conveyed that administration is closely examining each position that becomes open. Additionally, extra duties are being assigned, such as the role of cyber liaison to principals.

Financing Opportunity

Mr. Szablowski said that there is an opportunity to refinance the existing 2005 General Obligation Bonds. He explained the process for refinancing, could generate a potential six-figure savings. He recommended that a formal presentation on this type of re-funding be scheduled for the upcoming April 3 meeting. Mrs. Dierolf and Mrs. Hartford would like to see a three-year projection of the potential cost savings.

Mrs. Hartford asked if the Board had any requests or questions for administration. Mr. Elsier asked Mr. Szablowski for clarification about the refinancing and reinvesting implications. Mr. Szablowski said that the formal presentation on April 3 will provide specific information and details from the experts.

Public Comment: Mrs. Curry asked about the cost associated with a firm that would handle the refinancing. She also asked if the future administrative role of cyber coordinator could be handled by the third assistant principal at the high school.

Mrs. Hartford adjourned the meeting at 9:21 p.m.