

UNIONVILLE-CHADDS FORD SCHOOL DISTRICT
740 Unionville Road
Kennett Square, PA 19348
Telephone: (610) 347-0970; FAX: (610) 347-0976
Web Site - www.ucfsd.org

<p>SCHOOL BOARD BUDGET HEARING Minutes May 5, 2008</p>

The budget hearing of the Unionville-Chadds Ford Board of School Directors was held on Monday, May 5, 2008 in the Unionville High School Large Group Instruction room. Mr. Murray called the meeting to order at 7:00 p.m.

The following members were present: Edward Murray, President, Kathleen Brown, Karen Halstead, Dr. Paul Price, Dr. Corinne Sweeney, Timotha Trigg, and Edward Wandersee. Also present were Sharon E. Parker, District Superintendent, Sharon Allen-Spann, Kenneth Batchelor, Robert Cochran, Dominick Guiseppe, Rich Hug, Rick Hostetler, John Nolen, Dr. John Sanville, Jim Fulginiti, Bruce Vosburgh, Gail Wolfel, community residents, members of the press, and Denise Miller, recording secretary.

Superintendent Parker referred to the time capsules in the budget, snapshots in time of what we value. It reflects the needs assessments of our programs, facilities and staffing, and has been meticulously completed to include the priorities in the district. We have many dreams and visions but, as a public institution, we must have boundaries that are reflected in our budget. The mandates with which we must comply are included as a prioritization of the needs within them.

Ms. Parker reflected on the difficult economic times (gas costs, etc.), stating that we are well aware of the environmental impact on our budget. She commented about the abundance of information out in the public regarding our mandates for ADA (Americans with Disabilities Act) and IDEA (Individuals with Disabilities in Education Act) compliance. They understand the challenges we must face.

The mandates keep coming (i.e. special needs students, graduation competency, etc.) via decisions made by others. Safe Schools presents an increased need for student and site management personnel. The population growth has increased our needs for instructional and support staff, space, transportation costs and other operations. Our community is more informed because of our discussions on redistricting.

Robert Cochran, Director of Business and Operations, provided an overview of the 2008-09 General Fund Budget. The budget can be reviewed on the district website or by hard copy at the District Office.

He referred to the expenditure budget as a legal document we cannot exceed. We aim to be in the 98-99% range of our actual spend. Mr. Cochran discussed the following points in the budget overview:

▪ Total Revenues -	\$67,486,749	6.52%
▪ Total Expenditures -	<u>67,630,478</u>	5.52%
▪ Operating Deficit -	(143,729)	
▪ Beginning Fund Balance -	<u>3,166,451</u>	Est.
▪ Ending Fund Balance -	<u>3,022,722</u>	4.47%

CALL TO ORDER

**MEMBERS
PRESENT**

**COMMENTS
FROM
SUPT. PARKER**

**Budget
Reflection &
Response**

**2008-09 General
Fund Preliminary
Budget**

Budget Overview

Mr. Cochran commented regarding the Board's approval of the preliminary budget at the January 14, 2008 Work Session. It was submitted to Harrisburg and approved as a preliminary budget.

He reviewed the expenditure increase summary as follows:

Salaries:		
New Positions	\$ 855,926	
Existing Positions (net of retirements)	<u>1,563,845</u>	\$2,419,771
Benefits:		
New Positions	340,473	
Medical / Dental	464,520	
PSERS (net of Rate Stabilization)	(165,253)	
Other	<u>56,693</u>	696,451
Curriculum & Instruction		222,791
Building Allocations		21,986
Special Education		94,592
Debt Service		(184,946)
Occ. Ed., IU & Other Education		33,868
Other Areas		<u>230,634</u>
TOTAL		<u>\$3,535,147</u>

The Expenditure Summary was outlined:

- Personnel Costs
 - Central Salaries & Benefits 73.17%
 - Other Categories 0.75%
- Debt Service - 10.59%
- Special Education
 - Continues to be a significant Portion at 3.32%
 - Continues to be the most volatile category
- Fuels/Utilities - 2.61%
- Building Allocations - 1.98%
- Buildings/Grounds, Transportation - 2.50%
- Curriculum, Technology, Pupil Services - 2.22%
- Other - 3.61%

Mr. Cochran indicated that the increase in medical/dental costs is a lower figure than in past years. The PSERS Fund (retirement) will include \$512,441 that will go into a reserve fund to hedge anticipated increases in 2012-13.

The Curriculum and Instruction budget is based on the curriculum cycle and includes an increase this year (decrease in 2007-08). This area has changed from what the Board received on April 14th. Ken Batchelor and his staff trimmed \$27,000 out of this area.

Debt Service funds were utilized to purchase the Stevens property. In the Special Education area, Jim Molleca and his department are commended for their excellent effort in managing the budget over the past three years. This area continues to be the most volatile in the budget, where one student can have a significant impact.

2008-09 General Fund Preliminary Budget (Continued)

Expenditure Summary

Central Salaries were reviewed:

- 76.60% - Direct Educational Delivery & Student Services
- 12.00% - Buildings & Grounds and Transportation
- 7.18% - Administration
- 2.38% - Net New Positions

Mr. Cochran outlined the salary history from 2002-03 through 2008-09 for the professional, administrative, and support staff categories. Salaries include costs for the Collective Bargaining Agreement plus 1.25% for preparation level moves.

Additional positions include:

- Professional Staff – Elementary IST, Special Education & Guidance; Additional Pre-First Class; UHS Major Subject Areas & Special Education; Psychologist; Speech; Four Reserves
- Administration – Full-time Athletic Director; Staff Adjustments
- Support Staff – Elementary 1-to-1 and Classroom Paraprofessionals; UHS Special Education Classroom Paraprofessional; UHS Greeter/Senior Volunteer Program; Health Room Technician; Staff Adjustments
- No New Supplemental Contracts

Mr. Cochran commented regarding the Pennsylvania Department of Education's change in their interpretation for completion of special education evaluations from 60 school days to 60 calendar days. This puts a lot more pressure and burden on the psychologists. One of two requested positions for psychologists has been included in the budget and will be reviewed midway through the school year. Ms. Parker commented about this fast-moving, unfunded mandate that changed the rules of compliance.

Mr. Cochran stated that the special education position was part-time at the elementary level. The four reserve positions were included for classrooms at the elementary schools that are on the line for class size. The decision was made to include four reserve positions this year, using one of them, and retaining two to three positions.

Ms. Parker commented about Dennis White's retirement and discussion about the Athletic Director position as a grade 7-12 or district-wide position. This would be someone who possesses Administrative Certification. She thanked the Board for allowing her to make mid-year staff adjustments last year. The administrative staff adjustments she is considering for next year would represent a cost savings to the district. Ms. Parker will discuss them with the Board in Executive Session.

Superintendent Parker stated that the 4.5 support staff positions are directly related to special education needs at the elementary level. The high school position is for a special education classroom paraprofessional. The security greeter would work with security personnel so there is always a person present. The funds may be used for a Senior Volunteer Program (\$500 would be provided for up to 50 hours of work). The Health Room Technician would be a district-wide position that also handles mandates (i.e. scoliosis screening). Mrs. Allen-Spann stated that this individual would also provide substitute coverage and cover field trips.

Mr. Cochran indicated that there were no supplemental contract changes in this budget. The results of the committee discussions will be reviewed for impact in the 2009-10 budget.

In response to Mrs. Trigg's question regarding the 4.5 paraprofessional positions, Mrs. Allen-Spann stated that two positions would assist early intervention students coming to the program. The other positions are for students moving forward, where paraprofessional coverage may have to be adjusted to meet IEP's.

Mr. Cochran reviewed the staffing levels:

	<u>Professional FTE</u>
2007-08 Staffing	321.6
Net New Positions	<u>8.2</u>
	329.8
Reserves	<u>4.0</u>
	333.8

He reviewed a chart regarding the benefits history:

- Either Contractual or Statutory
- Medical / Prescription
 - 2008-09 is the fourth year of self-funding medical / Rx (first time for single-digit increases)
 - Medical up 5.00%
 - Rx up 9.12%
- PSERS (PA School Employees Retirement System)
 - 4.76% vs. 7.13% (down 33.2%)
 - PDE recommends 7.13%
 - Used 6.20% (previous projection for 2008-09)
 - Transfer \$512,441 to PSERS Rate Stabilization Fund
 - SB-826 would establish a floor of 7.20% for 2008-09 (being discussed in Senate now)

Mr. Wandersee stated that this may not actually be done because of priorities.

Mr. Cochran outlined the revenue summary:

▪ Local Revenues -	\$58,573,068	86.79%
▪ State Revenues -	8,710,980	12.91%
▪ Federal/Other Revenues -	202,701	0.30%

He stated that, for the most part, everything is driven out of real estate since U-CF is a low aid-ratio district (.15). Our federal revenue has jumped over the past years because of Title I funding.

The millage impact from 2001-02 through 2008-09 and current impact were reviewed:

	<u>Chester Co.</u>	<u>Delaware Co.</u>
Current Millage -	21.57	18.48
Proposed Millage -	22.53	21.14
Percentage Change -	4.45%	14.39%
Impact on Average Home-	\$262.97	\$622.61
Estimated State Gaming Funds Offset to Qualified Homestead Properties	\$232.81	\$232.81

**2008-09 General
Fund Preliminary
Budget
(Continued)**

Staffing Levels

Benefits History

**Revenue
Summary**

Millage Impact

The net impact of the gaming funds on our budget is zero. Mr. Cochran reviewed the swing between Chester and Delaware county millage rates, with the lowest spread of 0.06 percentage points in the late 1990's to the highest spread of 9.94 percentage points now.

Assessed Value changes from 2001-02 through 2008-09 were reviewed. Mr. Cochran commented regarding the eight-figure growth in Pocopson Township (Riverside at Chadds Ford). The overall assessment growth was 2.13% (2.46% in Chester County; 0.86% in Delaware County). The significant difference from last year is impacting the millage split in Delaware County.

Mr. Cochran showed a chart indicating the market value changes in Delaware County from 1999-00 (17.930%) through 2007-08 (19.491%). Market values are determined by the State Tax Equalization Board (STEB) each year. Board members discussed their concerns regarding the inequity in millage rate calculations in multi-county school districts. Mr. Wandersee stated that he was not criticizing Mr. Cochran but has criticized these procedures for years and cannot get anyone to do anything about it.

The millage changes from 2001-02 through 2008-09 were reviewed. Mr. Cochran outlined the factors related to these changes:

- Market value ratio change
- Assessed value growth
- Expenditures growth
- Other revenues growth
- Targeted fund balance

He stated that the six-year average annual increase to the average assessed value homes were \$196.96 (Chester County) and \$202.18 (Delaware County).

The millage history from 2001-02 through 2008-09 was reviewed for both counties, showing the result of the swing in market values.

Mr. Cochran reviewed the fund balance for 2001-02 through 2008-09, including the ending balance and percent of expenditures. The following points were made:

- 2008-09 Ending at 4.47%
- Maximum budgeted ending fund balance is 8%, effective 2005-06
- Majority of budgeted deficit spending is based on conservative budgeting practices
- Fund balance consideration does not include amounts in the Capital Reserve Fund, Healthcare Trust Fund, Debt Service Reserve Fund or the PSERS Rate Stabilization Fund.

Debt Service Reserve Funds were utilized for the purchase of the Stevens property. Without reserves, funds would be included in unreserved, undesignated fund balance. In response to Mrs. Trigg's question, Mr. Cochran stated that the district paid fair market value for the Stevens property. It is being used for farming in exchange for mowing.

**2008-09 General
Fund Preliminary
Budget
(Continued)**

**Assessed Value
Changes**

**Market Value
Changes**

Millage Changes

Millage History

Fund Balance

Mr. Cochran reviewed information regarding the Act 1 legislation:

- Millage increases limited by Index
 - 2008-09 Index is 4.4%
 - Exceptions are based on dollars and are applied disproportionately in multi-county situations
- U-CFSD applied for and received approval for Exceptions
 - Special Education - \$144,771
- PDE approved millages
 - Chester County – 22.53 mills
 - Delaware County – 21.14 mills

The breakdown (published Friday, May 2, 2008) of the State Gaming Property Tax Relief was reviewed. Unionville-Chadds Ford would receive \$1,488,572.07 divided among 6,394 homesteads at \$232.81 per homestead. The state posted these figures but did not certify the numbers to us. Ms. Parker stated that we do not receive advance word on these funds. The \$233 per approved homestead will likely change.

In response to Mrs. Brown's question, Mr. Cochran stated that people can sign up for the homestead exemption at any time but they would receive the funds for next year. The window to file exemptions is January and February. We are required by law to send mailings to residents twice. There are about 9,000 tax parcels but vacant land is not included. Mr. Murray stated that we are one of the highest for participation in Chester County (~82%).

In response to Mrs. Trigg's question as to whether this is a generous year, Mr. Wandersee stated that the indication from Harrisburg is that there are still six to seven gambling parlors coming on-line, which would provide additional tax relief money. Dr. Sweeney stated that there is no reason to think it will be anything but more revenue. Slots have been around in other states for a number of years.

Mr. Cochran stated that the May 6 budget meeting is cancelled in deference to the Facilities Committee meeting scheduled that evening. The final budget will be posted at the Work Session on May 12, 2008 and posted on the district website. Final budget adoption is scheduled for the June 16, 2008 Board meeting.

Ms. Parker extended her thanks to Mr. Cochran and Mr. Guiseppe for their work on the budget. Mr. Cochran thanked the administrators who came here this evening in support of the process and to answer questions.

Public Comments

Bruce Yelton, Pocopson Township resident, inquired as to how the reserve funds would be managed. Mr. Cochran responded that they will be invested using the PLGIT trust and the PSDLAF fund, as well as local bank funds. Mr. Yelton encouraged the Board to recommend that farmsteads receive a tax credit. Mr. Cochran stated that the individual would have to reside on the farm property.

Holly Manzone, Pocopson Township resident, asked whether the fund balance was a sort of savings account for unexpected things and how it worked. Mr. Cochran stated that the fund balance is a cushion toward significant unanticipated issues. It included some contingency positions in Jim Molleca's budget. We have the budgetary reserve amount to cover the entire budget, should we get any unanticipated changes after approval of the budget.

**2008-09 General
Fund Preliminary
Budget
(Continued)**

Act 1

**State Gaming
Property Tax
Relief**

**Budget Adoption
Schedule**

**RESIDENTS'
COMMENTS**

Ms. Parker stated that we held three positions in budgetary reserve last year and are looking at four positions this year. A good portion of these positions went to paraprofessionals as driven by IEP's. By mid-year, we had to use them for teachers.

In response to Mrs. Manzone's question, Mr. Cochran stated that the state does not provide additional funds for these mandates. We receive a 1.5-2% increase typically that does not keep pace with the increases.

Mr. Murray commented about funds that are available for full-day kindergarten. We would receive the funds one year and not for subsequent years. Mr. Cochran also referred to IST (Instructional Support Team) positions that we were required to have. We were given \$29,000 for each teacher and then the funding ceased. The mandate to keep IST stopped but no one would do away with it.

Mr. Wandersee stated that we are receiving less of our total budget from the state. Mr. Murray mentioned that we received \$40,000 more than last year from the basic subsidy. Mr. Cochran commented that they are also looking at a decrease in the Transportation subsidy.

Keith Knauss, East Marlborough Township resident, inquired about staffing growth at 3.8% this year and student growth at 1.8%. He stated that the full-time professional staff growth rate should be the same as the student growth rate, if unfunded mandates in special education were removed.

Ms. Parker stated that it would be a fascinating exercise, and one in which we could engage. At the high school level where students have free election of courses, we cannot easily do that math (A.P. courses, etc.). Mr. Cochran said 2.4 positions (of 8.2) were for full-time core courses in the high school. The balance were for LTL, IST, and guidance positions that were all very unique situations. Dr. Sanville added that part of the staffing additions are also for the language arts and math mastery courses (PSSA).

Ms. Parker commented about the careful review of our curriculum in comparison to other school districts. Our curriculum is more limited and limiting (i.e. foreign language, the sciences, math). We want to expand our core opportunities for students. We will continue these discussions in Curriculum Committee meetings.

Mr. Knauss asked whether any budgetary reserve funds were put away for what might happen at the high school in this budget (funding under the cap). Mr. Cochran stated that funds were not in this budget since it was prepared in the January/February timeframe. Some funds were set aside in the Debt Service Reserve in the past, which was used this year to purchase the Stevens property without incurring debt.

Mr. Cochran stated that approximately \$160,000 was placed in reserve in 2008-09. We also reviewed redoing our debt service for better rates, and those funds are placed in a hedge fund as well. Ms. Parker mentioned that there has not been strategic talk of funds for the high school project. We have prepared an honorable budget. Our eyes have been focused on the increasing costs of gas, legal fees for the cost of shared voices in the district, etc. We must have a budget that is fluid and addresses the needs of the community.

Mrs. Brown inquired about whether the estimated mileage (Transportation) for 2008-09 was the same as 2007-08, when the 2006-07 figure was higher. Mr. Cochran referred to the Revenue section of the budget (p. 19), stating that we use the 2006-07 actual mileage, which has varied over the last four years. This is carried forward for the current mileage calculation.

Mrs. Trigg asked whether fuels were negotiated in advance. Mr. Cochran reviewed the bidding process with Chester County Intermediate Unit where we look to lock in our cost for the subsequent fiscal year.

Mr. Murray commented about the PSERS COLA legislation where it looked like an additional amount would be added for employees in the entire state. He asked whether we anticipated that it would pass and we would have an increased number. Mr. Cochran stated that it has been anticipated and is done every five years typically. If so, we would see the impact of that late in 2009 for the following fiscal year.

Mrs. Brown asked about the non-central control points, technology equipment (p. 12) where we spent less than budgeted. She inquired as to what we did not do with those funds. Mr. Cochran responded that this represented the difference in how the state distinguishes between new equipment and replacement equipment. Mr. Hug stated that the monies were spent differently from the budget to how it was spent.

Mr. Murray asked whether we were budgeting more conservatively from 2007-08 to 2008-09 for Title I funds. Mr. Cochran stated that 2007-08 was the first year we received Title I monies. We were eligible in 2006-07 if we carried it over. Mr. Batchelor commented regarding the state's allowance for us to do this once every five years. The amount is an estimate from the state and could vary.

Mrs. Halstead commented about the change in student fees from \$32,000 to \$60,000 and asked whether this was for sports fees. Mr. Cochran responded that it includes those fees and parking fees. We also began charging for field trip transportation in 2007-08. Mrs. Halstead mentioned the decrease in detention fees for Patton Middle School. She inquired about the community services expenditure. Mr. Cochran explained that this represented costs for crossing guards.

In response to Mrs. Halstead's question, Mr. Cochran stated that the decrease in Energy Management Program expenditures is due to the payoff of our debt to Energy Management, Inc. We are still working with them via our on-site energy managers.

Mrs. Halstead inquired about the expenditure categories for incarcerated education and adjudicated youth. Mr. Cochran stated that the incarcerated youth represents both juvenile detention facilities as well as the education of juveniles incarcerated in an adult facility. The adjudicated youth costs represent juveniles in another placement here or anywhere else, where we are the home district. We contract with the Chester County Intermediate Unit for the instruction.

Mrs. Halstead complimented the administration for the decreased cost of the administrative retreat. Ms. Parker stated that they will be at the University of Pennsylvania this summer. The Operations staff will meet with instructors at the

Wharton Business School. The Curriculum staff will meet with members of the Psychology Department staff at Penn.

In response to Mrs. Halstead's questions, Mr. Cochran stated that we are contracting for Driver Education (student fee). Mr. Vosburgh responded to Mrs. Halstead's question about the increase for middle school dances and events, stating that workers at games, clocks, etc. are included in that category.

Mrs. Halstead asked about the possibility of having in-school detention instead of out-of-school. Mr. Fulginiti stated that he would not be in favor of that idea since it would minimize the impact on the whole family dealing with these issues.

Mrs. Halstead requested that we look at another gifted support teacher at the high school to assure compliance.

Mr. Wandersee congratulated Mr. Cochran for his work with the staff on this budget. He praised Ms. Parker for another outstanding, well thought-out budget. Mr. Cochran thanked Ms. Parker, Mr. Batchelor, and the staff members. He commented about the addition of 8.2 FTE positions, and Mrs. Allen-Spann mentioned the initial request of 50.5. Ms. Parker stated that the team met at the Bus Garage until the number became lower. Mr. Cochran affirmed the group effort. Mr. Wandersee congratulated the whole team. It speaks well of the operation and is right on the mark.

Mrs. Trigg stated that the budget looks good. The question she is receiving is why we don't trim the budget by \$2 million to make it more manageable in Delaware County. Mr. Cochran stated that if we trimmed it from 4.45% to 0% in Chester County, it would still be at 10% in Delaware County. You would see a reduction but it would not get it down to what you consider to be a manageable range.

Mr. Cochran stated that anything we would trim from this budget would not reduce the budget but would be toward the debt service. You wouldn't see a change in the 14.39% (Delaware County) vs. 4.45% (Chester County). He referred to discussions regarding advance planning with the previous Board to set additional funds aside so we had \$500,000 this year and an additional \$500,000 next year. This is where we are, and we must take every dollar we can get under the index and place it in budgetary reserve. Mr. Wandersee mentioned the state regulation being based upon market value and assessed valuation as to why Chadds Ford gets the swing in rates.

Ms. Parker stated that guidance staff from the middle school would be assisting with students at the high school tomorrow. She commented about the death of UHS teacher, Carrie Dickmann's daughter, Kristen. Ms. Parker extended thanks to Mr. Fulginiti for the very fine work done at the high school during this time of sadness.

The meeting was adjourned at 8:25 p.m.

Respectfully submitted,

Kathleen M. Brown
Secretary

**BOARD
MEMBERS'
COMMENTS
(Continued)**

**MEETING
ADJOURNED**

3.a.9 rev.