

UNIONVILLE-CHADDS FORD SCHOOL DISTRICT
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<p>SCHOOL BOARD BUDGET MEETING</p> <p>Minutes May 7, 2007</p>

The budget meeting of the Unionville-Chadds Ford School Board was held on Monday, May 7, 2007 in the Unionville High School Large Group Instruction room. Mr. Murray called the meeting to order at 7:02 p.m.

The following members were present: Curt Baker, President, Bruce Swayze, Vice-President, Kathleen Brown, Karen Halstead, Ed Murray, Dr. Corinne Sweeney, Timotha Trigg, Edward Wandersee, and Dr. Therese West. Also present were Sharon E. Parker, District Superintendent, Dr. Brenda O'Hern, Clif Beaver, Robert Cochran, Dominick Guisepe, Rich Hug, Rick Hostetler, Thomas Marinelli, John Nolen, Jim Fulginiti, Bruce Vosburgh, Gail Wolfel, community residents, members of the press, and Denise Miller, recording secretary.

Superintendent Parker commented about the impact of external mandates on the budget and the commitment to legal compliance. The budget reflects current needs and expenses to expand those needs. Ms. Parker stated that there would be time for comments from the Board, community, and administration.

Robert Cochran, Director of Business and Operations, provided an overview of the 2007-08 General Fund Budget that included minor changes from the budget that had been presented in April. Copies were made available to the public during this meeting and the information is also available on the website.

Mr. Cochran commented about the snapshots and time capsules of the budget, including values, vision, assessments, priorities, external mandates, compliance, resources, and environmental expenses (economy vs. economics).

▪ Total Revenues -	\$63,343,542	6.53%
▪ Total Expenditures -	<u>64,083,781</u>	4.54%
▪ Operating Deficit -	(740,239)	
▪ Beginning Fund Balance -	<u>3,605,968</u>	Est.
▪ Ending Fund Balance -	<u>2,864,729</u>	4.47%

CALL TO ORDER

MEMBERS PRESENT

COMMENTS FROM SUPT. PARKER

2007-08 GENERAL FUND BUDGET PRESENTATION – ROBERT COCHRAN

Mr. Cochran commented regarding the Board's approval of the preliminary budget at the February 12, 2007 Work Session. It was submitted to Harrisburg and approved as a preliminary budget.

He reviewed the expenditure increase summary as follows:

Salaries:		
New Positions	\$ 349,544	
Existing Positions (net of retirements)	<u>1,208,508</u>	\$1,558,052
Benefits:		
New Positions	110,436	
Medical / Dental	964,167	
PSERS	303,450	
Other	<u>(25,541)</u>	1,352,512
Curriculum & Instruction		(568,485)
Transportation		62,193
Special Education		259,846
Debt Service		(38,560)
Occ. Ed., IU & Other Education		76,933
Other Areas		<u>80,327</u>
TOTAL		<u>\$2,782,818</u>

Mr. Cochran commented about salaries being the biggest cost in education. Costs for benefits and special education continue to grow. The projected jump for PSERS (retirement) is over 20% in 2013. The decrease in Curriculum & Instruction is due to the renormalization back to our typical level to avoid these spikes down the road (special area courses).

Mr. Cochran outlined the expenditure summary:

- Personnel Costs - 72.36%
- Debt Service - 11.46%
- Special Education - 3.35%
- Fuels/Utilities - 2.70%
- Building Allocations - 2.03%
- Buildings/Grounds, Transportation - 2.58%
- Curriculum, Technology, Pupil Services - 1.97%
- Other - 3.54%

He stated that more than 90% of the budget is set by outside sources or existing agreements.

Central Salaries were reviewed:

- 78.07% - Direct Educational Delivery & Student Services
- 12.28% - Buildings & Grounds and Transportation
- 6.88% - Administration
- 1.04% - Net New Positions

Mr. Cochran outlined the salary history from 2001-02 through 2007-08 for the professional, administrative, and support staff categories. He stated that positions were reviewed/changed to utilize resources differently. Mr. Marinelli commented about the new UHS Dean of Students position being seen as a critical need at this point. Superintendent Parker stated that this position is quite common in comparable districts. The recommendation is for at least one position, which would be staffed by someone who is beginning it for the first time here. The peer coaching and staff development positions will now be incorporated into current administrative job positions. These are difficult decisions to make but we are looking at ways that we can each shoulder opportunities differently.

Staffing levels were reviewed:

	<u>Professional FTE</u>	<u>Support FTE</u>	<u>Support Part-Time</u>
2006-07 Staffing	313.2	233.0	67.0
Position Transfers	3.0	(3.0)	
Net New Positions	<u>1.7</u>	<u>3.0</u>	<u>(1.0)</u>
	317.9	233.0	66.0
Reserves	<u>3.0</u>	<u>-</u>	<u>-</u>
	320.9	233.0	66.0

He reviewed a chart regarding the benefits history:

- Either Contractual or Statutory
- Medical / Prescription
 - 2007-08 is the third year of self-funding medical / Rx
 - Medical up 10.00%
 - Rx up 5.00%
- PSERS (PA School Employees Retirement System)
 - 7.13% vs. 6.46% (up 10.4%)

Mr. Cochran showed a slide that outlined the revenue summary:

- Local Revenues - \$54,542,223 86.11%
- State Revenues - 8,716,026 13.76%
- Federal/Other Revenues - 85,293 0.13%

He discussed the millage impact from 2001-02 through 2007-08 and the current impact as follows:

	<u>Chester Co.</u>	<u>Delaware Co.</u>
Current Millage -	20.49	18.81
Proposed Millage -	21.57	18.48
Percentage Change -	5.27%	(1.75%)
Impact on Average Home-	\$295.84	(\$77.24)

Mr. Cochran commented about the eight-figure growth that continues in Chadds Ford (the Estates at Chadds Ford). The Chester County growth has slowed for now (Riverside at Chadds Ford). He reviewed charts that depicted the market value changes in both Chester and Delaware counties from 2001-02 through 2007-08. In reviewing the millage changes, Mr. Cochran noted:

- Factor of:
 - Market Value Ratio Change
 - Assessed Value Growth
 - Expenditures Growth
 - Other Revenues Growth
 - Targeted Fund Balance
- Difference in Change Has Varied:
 - Low 0.06% Percentage Points 1997-98
 - High 8.44% Percentage Points 1993-94

He showed a chart that indicated the millage history from 2001-02 through 2007-08 for the two counties.

Mr. Baker commented about the absence of the State budget that is contingent on a 1% increase in sales tax. Mr. Cochran stated that we would need to utilize our fund balance for any such shortfalls. This is a good reason to maintain a healthy fund balance. Mr. Cochran reviewed two additional reserves effective 2005-06:

- Debt Service Reserve
- Healthcare Reserve

Without reserves, funds would be included in Unreserved, Undesignated Fund Balance. These funds would guard against unseen expenditures.

The following points were made with regard to fund balance:

- 2007-08 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 capital reserve or construction funds

A chart depicted the ending fund balance and percent of expenditures for the period from 2001 through 2008.

Superintendent Parker stated that we expect to use the three reserve positions. All it takes is a family moving in over the summer who is entitled to special services. We are also looking at ways to staff intelligently and specifically, and in filling jobs responsibly. We are looking in the area of safety and security. You will also hear about a retired seniors volunteer program for

**2007-08 General
Fund
Preliminary
Budget
(Continued)**

people who would receive a \$500 tax credit. Ms. Parker stated that the budget reflects mandated services for special education children, as well as safe schools initiatives. Escalated fuel costs have also impacted the transportation budget, including an impact on textbooks for delivery services. Mr. Cochran reviewed additional items reflected in the budget:

State & Federal Mandates -	Increased need for special education staff and services
Mandates & Safe Schools Initiatives -	Increased need for services for at-risk students
Safe Schools Initiative -	Increased need for student and site management personnel
Population Growth -	Increased need for instructional and support staff
Environmental Economy -	Escalating costs of most everything else

Mr. Cochran discussed the following points regarding the Act 1 legislation:

- Millage Increase Limited by Index
 - 2007-08 index is 3.4%
 - Exceptions are based on dollars and are applied disproportionately in multi-county situations
- U-CFSD Applied for and Approved Exceptions
 - Special Education - \$158,898
 - Health Care-Related Benefits - \$325,085
 - Retirement Contribution - \$122,670
- Maximum PDE-Approved Millages
 - Chester County – 21.57 mills
 - Delaware County – 18.48 mills

He outlined the tax shift impact on the budget:

	<u>No Vote</u>	<u>Yes Vote</u>
Real Estate Taxes	\$48,374,009	\$42,376,591
Act 1 Income Taxes	-	6,119,814
All Other Revenue	<u>14,969,533</u>	<u>14,969,533</u>
	<u>\$63,343,542</u>	<u>\$63,465,938</u>
Tax Collection Costs	\$ -	\$ 122,396
All Other Expenditures	<u>64,083,781</u>	<u>64,083,781</u>
	<u>\$64,083,781</u>	<u>\$64,206,177</u>

Mr. Cochran discussed the impact of the Primary Election vote on May 15th on the budget (community input to shift to an Earned Income Tax –EIT - from the present school tax base). He stated that the District newsletter contains articles regarding both the budget and Act 1.

He reviewed the tax shift impact on taxpayers as follows:

Household Earned Income	Renters Working Outside of Philadelphia	Renters Working In Philadelphia	Owners Working Outside of Philadelphia	Owners Working in Philadelphia
\$ -	\$ -	\$ -	\$ (990)	\$ (990)
\$ 75,000	\$ 750	\$ -	\$ (240)	\$ (990)
\$150,000	\$ 1,500	\$ -	\$ 510	\$ (990)
\$250,000	\$ 2,500	\$ -	\$ 1,510	\$ (990)

Mr. Cochran stated that renters would not receive a credit under the Homestead Relief Act. If someone has not signed up for the Homestead Relief Act, they must apply for the 2008-09 year during the application window (January – March 1). He commented that the amount of credit could decrease each year as the number of homesteads increases.

He confirmed Mr. Wandersee’s comment regarding farmstead owners who would receive a double credit (homestead and farmstead credits).

Mr. Cochran reviewed the budget adoption schedule:

- Budget Hearings
 - Tuesday, May 8 (if needed) and Wednesday, May 9 (if needed) at 7:00 PM in the UHS LGI Room
- Post/Present Proposed Final Budget
 - Monday, May 14 at 7:00 PM (Board Work Session, UHS Library)
- Approve Final Budget
 - Monday, June 18 at 7:30 PM (Board Regular Meeting, UHS LGI Room)

Public Comments

Ms. Parker requested comments from community members.

Keith Knauss, East Marlborough Township resident, inquired about whether the Assistant to the Superintendent position was removed from the budget for next year. Ms. Parker confirmed that it had been removed.

Carol Catanese, Pennsbury Township resident, commented about having seen programs being funded in her former school district. She stated that she had received an e-mail from someone regarding the poor quality of musical instruments.

**RESIDENTS’
COMMENTS**

Ms. Parker stated that our budget is based on initial input from the building budget, staff chairs, and administrative people with overarching responsibility. She commented that there had been no directive to the administration to cut monies for the music program. When the special areas were reviewed a couple of weeks ago, the needs were reviewed.

Mr. Cochran stated that we also receive special requests based on needs that come up. Three to four years ago, the high school said a number of the band instruments they provide are not typically purchased by students and additional funds were put into the budget for that purpose. Building allocations are there for many of those areas.

In response to Frank McGrail's question, East Marlborough Township resident, Mr. Cochran stated that if defined contributions were currently taxable at the state level, they would continue to be taxable. Annuities on retirements would not be taxable.

Mr. Murray inquired about the status of interim real estate revenue. Mr. Cochran stated that interim taxes include additions to homes or newly completed homes. A notice is received from the county indicating the old and new home values. The district issues a tax bill for the pro-rated share of taxes. That amount is the fluctuation or swing (instability), which ranges from a high of \$1.3 million in 2003-04 to a low of \$550,000 this year. Two large developments under construction currently include the Estates at Chadds Ford and Riverside.

If Act 1 is approved, relief money would immediately be given to taxpayers on July 1st. Mr. Murray commented about the impact of waiting until April to collect revenues. Mr. Cochran doesn't believe that Unionville-Chadds Ford would have a major cash deficit during those times because we have an adequate cash flow process in place. Many districts will have to borrow money for payroll, etc. We should not be in that position with \$6 million out of \$48 million in revenue. We will also implement procedures to begin collecting the Earned Income Tax as quickly as possible. The process would be reviewed at the end of the year.

Mr. Murray requested comments from Board members.

In response to Mrs. Brown's question, Mr. Cochran stated that we are working with the Intermediate Unit to recuperate monies for juveniles who are incarcerated in our area. The I.U. educates the children and we must bill individual districts directly. We have to add an accounts receivable model and are reviewing current software.

**RESIDENTS'
COMMENTS
(Continued)**

**BOARD
MEMBERS'
COMMENTS
(Continued)**

Dr. West inquired about curriculum expenditures and control points. Dr. O'Hern stated that we are in phase two of our three-year plan for the special areas. This year was not a big year for revisions. Next year we will have language arts and science that will include the selection of books in the fall/spring of 2007-08. She reviewed the breakdown of the Curriculum and Instruction budget. There is a big need from this budget (\$110,000), which includes physical education, art, band, and strings at the elementary level.

In response to Mr. Baker's question about the 77% increase for the purchase of special education services (Object Code 500), Mr. Cochran stated that it is based on the composition of students. Jim Molleca, Director of Special Education, puts together a very detailed schedule of students and where their needs will be for next year. He tries to make sure we are adequately covered in those areas.

Mr. Baker inquired about adequate funding for the systems upgrade (Business Services 2500). Mr. Cochran stated that this was budgeted over a two-year period, and Mr. Guiseppe is doing a fantastic job on this project. Accounts Payable and General Ledger are included in year one (2007-08 budget). Payroll and Human Resources are included in year two (2008-09).

Mr. Baker asked about adequate services in the budget to implement the variety of information technology projects that are significantly backlogged now. Superintendent Parker stated that we don't have the staffing to meet current goals in the department. We are looking internally, and if it's determined that a person is not available, someone will be hired. Rich Hug, Director of Technology, stated that he agreed but is reluctant to say he needs more help. Mr. Baker commented that it should be included in the posted budget if needed, rather than being brought forth later.

Mrs. Trigg suggested that the following items be kept in mind:

- Dean of Students (high school) - don't currently have the position; Ms. Parker feels really strongly about it. Could we try a part-time position?
- Trainer (middle school) – Could this be a part-time position?
- Substitute Teacher Expenses – We have been asking teachers to expend more time in their classrooms. The amount is higher than what was posted. Ms. Parker stated that she believes we would rather have teachers in the classroom. We are looking at adjusting the culture outside of the school day where we would see a shifting of funds outside of the substitute line. She thanked Mrs. Trigg for making these points.

In response to Mr. Murray's question, Mr. Cochran stated that the large increase in the Transportation budget area is due to the purchase of five full-size buses this year (vs. two full-size buses, two Sprinter vans, and three 9-passenger vans last year). Costs to bus to private schools and for our 4,000 students are also a factor. We will continue to maintain at that level or more in years to come.

Mr. Wandersee stated that Sharon Parker should be congratulated for the budget, along with Bob Cochran. This is his fifth budget, and in reflecting on their approach, they have looked into finding different ways to fit the staff and move around internally to absorb new workloads. This is the lowest spending increase we have seen in eight years. He doesn't feel it is all because of Act 1 but due to having a staff on board now that is looking at ways we can do things differently and save. He supports the budget and their efforts on it.

Ms. Parker thanked Mr. Wandersee for the deeply moving comments. She stated that ten administrators in the room tonight have faced the transition of leadership, etc.

Mr. Murray asked about the need to meet on May 8th and 9th. Mr. Cochran stated that there was no need to vote on May 14th since the preliminary budget had been adopted in February, 2007.

Mr. Baker stated that the budget would become available for public review the day after the Board meeting. We will vote on the final budget adoption at the Board meeting on June 18th.

Dr. West thanked Ms. Parker and Mr. Marinelli for having answered her personnel questions earlier. Superintendent Parker encourages questions from the Board prior to meetings. She thanked Mr. Marinelli for providing the background information.

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

Respectfully submitted,

Kathleen M. Brown
Secretary

**BOARD
MEMBERS'
COMMENTS
(Continued)**

**MEETING
ADJOURNED**