



Board of School Directors Committee Meetings Minutes Virtual Meeting - Wednesday, April 15, 2020

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Board Members: Courtney Barbieri, Nick Braccio, Bill Brong, Matt Holliday, Ken Keith, Tom Kwiatkowski, Stephen Nelson, and Donna Scheuren

Board Members absent: Janet Flisak

Others in attendance: Frank Gallagher, Christopher Hey, Katie Kennedy-Reilly, Brian Pawling, Megan Zweiback

Superintendent Gallagher welcomed everyone to the virtual meeting and introduced Finance Committee Chairperson Mrs. Donna Schuereen

1. Finance Committee

Mrs. Scheuren called the meeting to order at 6:30 P.M.

Director of Business Affairs, Mr. Pawling announced the agenda items 1.1, 1.2 and 1.4 as they all related to district legal representation. Mrs. Scheuren indicated acknowledgement that none of the rates had changed from previous years agreements.

It was agreed upon by the Committee and Board members to move agenda items 1.1, 1.2 and 1.4 forward for Board action on April 30, 2020.

1.1 Approve Fox Rothschild as District Solicitor for 2020-2021

1.2 Approve HIPAA Business Associate Agreement with Fox Rothschild for 2020-2021

1.3 Approve the 2020-2021 North Montco Technical Career Center Budget

Mr. Pawling indicated that the Board is required to approve the annual NMTCC budget. Overall, the sending districts' tuition contribution is remaining the same, of which SASD's share is decreasing by \$91,642.

Dr. Gallagher noted that the decrease was similar to last year and remains in line with our current enrollment.

Mr. Kwiatkowski inquired about enrollment totals for the past school years and asked about the number of students who may be wait-listed. He also asked for the specific departments which are being wait-listed. Dr. Gallagher responded that he would obtain those numbers and report to the Board.

1.4 Approve Sweet Stevens Katz & Williams as District Special Education Counsel for 2020-2021

1.5 Approve 2020-2021 Proposed Final Budget

Mr. Pawling announced that in accordance with the Special Session Act 1 of 2006, the Administration recommends approval of the 2020-2021 Proposed Final General Fund Budget. The Board further directs the Administration to make the Proposed Final General Budget document available on its website in the form required by the Department of Education.

Mr. Pawling outlined the Act 1 timeline which requires that the *Proposed* Final Budget be reviewed this evening and approved on April 30, 2020. Upon approval on April 30, 2020, the *Proposed* Final Budget will be made available for public inspection for at least 30 days. The timeline dictates that the Final General Budget be presented and adopted by June 30, 2020.

Mr. Pawling indicated that the Proposed Final General Fund Budget being presented this evening has assumptions and projections based upon the most current data available to the school district. The information contained within is anticipated to change as the budget continues to be refined over the course of the next two months.

Mr. Pawling shared his screen which projected a slide presentation that represented the 2020-2021 Proposed Budget and Covid-19 impact. Mr. Pawling noted that prior to the school closure, the 2019-2020 budget had been trending positive on the revenue side citing local real estate collections, EIT, a real estate settlement agreement with Arbour Square, Safe Schools grants and rental subsidy incomes. The expenditure side of the budget had also been trending slightly lower.

Mr. Pawling shared a slide that listed specific budget concerns and their impact as associated with the Covid-19 pandemic. Those concerns included local, state and federal revenue. Locally, the current school year budget is anticipating a downward in local taxes, and reductions of interest earnings, activity fees, and rental and community education income. On the State level, Mr. Pawling indicated that the Basic and Special Education Funding should remain as anticipated. Federal revenue should also continue as expected, and the timing of CARES funding and its requirements are subject to change.

Mr. Pawling briefly outlined those same revenue expectations as they will relate to the preparation of the 2020-2021 budget. He cited local revenue decline, State revenue reductions, and possible reductions to federally funded Title and medical Access programs.

A slide was shown reflecting expenditure impacts for the 2019-2020 and 2020-2021 school year budgets. Expenditures that are impacted include salaries and benefits, services and tuition, supplies and equipment and debt service.

Mr. Pawling presented a slide that highlighted several budget scenarios with tax percentage increases and results. He noted several future considerations that will impact budget preparation; those considerations include monitoring the global economy and trends, advocating for state and federal funding to offset revenue losses, and continuing to review budget for additional expenditure reductions. Mr. Pawling also noted that federal monies while not predictable, typically would flow through the individual states for release to school districts.

Dr. Gallagher commented that he receives daily updates from State Representatives and while the remaining months of this school year appear to be acceptable, future years will be challenging. He also indicated that the school district has already applied for many of the grants that are being made available in an effort to mitigate the current situation. Dr. Gallagher also stated that we have two months of work before the 2020-2021 final budget needs to be approved.

Mr. Pawling indicated that a mandate waiver was available that would permit the use of capital reserve monies to purchase technology to preserve and maintain current education strategies and structure. He noted that in light of the fact that the school district did not have any large capital projects scheduled, this could be a valuable resource to the district.

Mrs. Scheuren led a discussion on the budget presentation inquiring on several items including real estate assessment appeals, Plan Con (rental) subsidy and state grants. Mrs. Scheuren also inquired about district health care costs and impact to the budget. Mr. Pawling noted that current health care costs could be trending lower, however actual savings have yet to be quantified. Mrs. Scheuren also inquired about Charter School enrollment and tuition costs. Dr. Gallagher responded that Charter School Reform legislation remains strong in the Commonwealth. He noted that new discussions are occurring about the per student costs for cyber-charter students; since all schools have moved to an on-line model, it has become obvious that costs being paid by public schools to charters appears to be more than necessary.

A brief discussion was held on the collection of real estate taxes and the flexibility that the school district may be able to offer its residents. Mr. Pawling stated the current collection calendar with discount and penalty dates. He noted that while the district may be able to extend the discount period, the deadline for collection cannot be extended beyond the December 31 date. Mr. Pawling also indicated that the school district has a 91% collection rate during the discount period. Mrs. Scheuren inquired about the state creating a six-month budget instead of a full year and Mr. Pawling responded that our budget structure is fixed, and we will need to see how the state budget proposal impacts the District.

Dr. Gallagher noted that we may need to add additional Finance Committee meetings to review the proposed budget prior to its adoption. He also noted that it is possible that formal budget adoption could move beyond the current schedule of June 18 to sometimes between that date and June 30, 2020. Mr. Holliday inquired about the administrative recommendation this evening and Dr. Gallagher responded that the Administration is recommending a 2.6% tax increase. Mr. Pawling commented that even with a 2.6% increase it will be challenging to find the current shortfall. Mr. Pawling indicated that the use of the fund balance may be needed.

Mr. Holliday and Mr. Nelson thanked Mr. Pawling for the thorough budget presentation and expressed their concerns and sensitivity of a possible tax increase to our taxpayers at this time. Mr. Kwiatkowski also expressed his concerns and Mr. Pawling responded that there is room for expenditure decreases including staff reductions and retirements. Director of Human Resources, Dr. Hey responded that he has already reduced his staffing recommendations and is awaiting notifications from teachers anticipating retirement, which could result in a possible \$1M savings.

Mr. Brong asked about possible savings from the district fuel purchases and Mr. Pawling indicated that our consortium bid for the 2019-2020 school year has already been realized, however 2020-2021 costs would be lessened as a result of unused gallons in this school year, which will carry over. Mrs. Barbieri and Mr. Braccio also thanked Mr. Pawling for the preparation of a proposed budget in a challenging climate. Mr. Braccio acknowledged the rapidly changing environment and encouraged a discount extension on real estate taxes.

Mrs. Scheuren acknowledged Mr. Pawling's use of trends and projections in creating tonight's presentation. She noted that there is still ample time to continue to work on the budget before its final adoption. The Committee and the Board agreed to move the Proposed Final Budget for action on April 30, 2020.

Mr. Pawling asked for Board approval to apply for the waiver that would allow for use of capital funds to maintain our educational goals and the Board gave verbal approval to do so.

Dr. Gallagher announced that the district had received several questions through its email system regarding the school calendar and end-of-year activities. He indicated that those items are currently under discussion by administration and using guidance from the State, will be answered in future district communication.

Mrs. Scheuren adjourned the Finance Committee Meeting at 8:00 P.M.

Respectfully Submitted,



Brian R. Pawling
Board Secretary/Director of Business Affairs