

NO: XVIII
Minutes of the
Board of School Directors
DERRY TOWNSHIP SCHOOL DISTRICT
Hershey, PA 17033

April 26, 2010

OPENING ITEMS

1.01 Call to Order

A meeting of the Board of School Directors, Derry Township School District was held on Monday, April 26, 2010, in the District Office Board Room. Dr. William Parrish, Board President, called the meeting to order at 7:02 p.m.

1.02 Roll Call

Directors Present: Mrs. Beulah Chabal
Dr. Donna Cronin
Dr. Henry Donahue
Mr. John Gräb
Dr. Mary Beth Hagan
Mr. Chris Morelli
Dr. William Parrish
Mrs. Ellen Sheffey
Mr. Charles Stover

Superintendent: Dr. Linda Brewer

Secretary: Mr. Stephen Rineer

Solicitor: Brian F. Jackson

Student Representative: None Present

Press: Mr. Drew J. Weidman THE SUN

Representatives of the Administrative Staff: Mr. Dan Tredinnick, Dr. Bernie Kepler, Mr. Ed Consalo, Mr. David Yarian, Mr. Joe McFarland, Mr. Sam Elias, Ms. Jackie Castleman, Ms. Joy MacKenzie, Mr. Mike Murphy, Ms. Sue King, Ms. Lori Dixon, Dr. David Lillenstein, Ms. Lisa M. Sviben Miller, Mr. Greg Hummel, and Mr. Al Harding.

Representatives of the Staff and Community: Cindy Hertz, Bunny Hottenstein, Pennie Koehler, Heidi Eby, Bruce Hancock, Grace Gawron, Leona Gawron, Peter L. Gawron, Cynthia Lynch, John B. N. Dunn, and Anna Larsen Gawel.

1.03 Flag Salute

Mr. Stover led those gathered in the Salute to the American Flag.

REVIEW AND APPROVAL OF MINUTES

2.01 Approval of April 12, 2010 School Board Meeting Minutes

A motion was made by Mrs. Chabal and seconded by Mr. Morelli to approve the minutes of the April 12, 2010 School Board meeting.

Mr. Stover: I'd like to note Article 6.01 under Delegates Reports. The first Delegate Report was Dauphin County Technical report and the second report the title is incorrect. It should be Derry Township Tax Association Report by Mrs. Sheffey. Actually, both of them are listed as 6.01, so the Dauphin County Technical School report should be 6.01 and the Derry Township Tax Association report should be 6.02. Just want to prove to you that I do read those things.

Dr. Parrish: Very good. Any other discussion?

All Board members present signified by a Yes vote.

MOTION CARRIED

INFORMATION AND PROPOSALS

3.01 Announcement of Executive Session

Dr. Parrish: I'd like to announce the Board did meet in Executive Session prior to this meeting to discuss matters of employment and personnel.

3.02 Recognition of Citizens (Agenda Items)

Brandon Marino: Is the issue of the status of German on tonight's agenda?

Dr. Brewer: Yes.

Dr. Parrish: It's part of the preliminary budget, yes, so you could address that if you like.

Brandon Marino: I personally, as a student, feel that any kind of attempt to diminish or even get rid of the German department is an attack on the cultural identity and the heritage of this community.

Dr. Parrish: Thank you. Any other comments?

Cindy Lynch: Would that also include indoor track?

Dr. Brewer: Yes. That's part of the preliminary budget.

Cindy Lynch: Sorry about that. I just wanted to bring to the meeting, we have three separate petitions right here with over 150 signatures that state, and there are student and parent signatures, that indoor track should be made a co-ed varsity sport at Hershey High School. It represents approximately 1% of the Athletic Department budget at a cost of \$4,100 (translating in a per participant estimated cost of only \$68.33 per athlete per season). That was figured out based on 60 students at the \$4,100. If a 1% cut to the athletic budget is needed, we support spending that 1% cut across all sports so that no one sport or group of athletes are severely affected. So that's what the petition says. I made copies of two of the petitions and can gladly drop them off at the office tomorrow, because you can copy the one.

Another thing I'd like to do is present to Dr. Brewer a Right to Know request.

Dr. Parrish: Okay, that's fine. Thank you. Should that be directed to administration?

Dr. Brewer: We intend to look at that this week.

Dr. Parrish: Okay. Very good. Any other public comments?

Courtney Boehmer: We put around a petition supporting the German program that you had wanted to cut and it says on the petition that everyone who signs are concerned citizens who urge our leaders to act now to reconsider eliminating the German program. There are over 150 signatures.

Dr. Parrish: Thank you. You can give those to Mr. Rineer. That's fine. Any other comments tonight?

Dr. Cronin: Can we ask a question of the people making the comments to clarify? No?

Dr. Parrish: I don't think so, not by Rule of Order, we're not. Anybody else? Please feel free. If not, we'll move forward then.

3.03 Student Representatives' Report

Dr. Parrish: Looks like our student representatives are home studying, because we don't see anybody here, so we'll pass that tonight.

3.04 Standing Committee Report

Mr. Gräb: I will defer to my esteemed colleague Mrs. Sheffey.

Mrs. Sheffey: The Joint Finance/General Services Committee met this afternoon and we had one agenda item and that was to review the bids that we had received for Phase 1 of the Master Plan. I'll just give an overview and if you all have specific questions, please ask.

I'll start with the easy one. The middle school library, cafeteria, and interior courtyard were all unanimous in our recommendation. Five of us are in support of moving forward with that work and doing the smaller of the two proposals for the interior site work. I'll give you total costs at the end.

The second area we looked at was the elementary, LGI/music room. We are not in consensus on that. Three of us are in support of moving forward with that project, two are against, and it came in much higher than anticipated. That's the main reason for the against votes.

The third area we looked at was the site work which is mainly the traffic flow issues. Again, we're not in consensus on that. John, I think I got this right. As we looked at the high school parking lot, two of the five were for the high school parking lot.

Mr. Gräb: That is correct.

Mrs. Sheffey: Thank you. And three were opposed to the high school parking lot. Then, the ECC bus corral, four were in support of the ECC bus corral and one was opposed.

The total cost if we move forward with the majority recommendation will be approximately \$9 million dollars, \$4.7 million would be for the middle school construction, \$850,000 for the elementary school, LGI/music room, and then the site work would be approximately \$2.1 million, because I have to back out the parking, bringing us to a grand total of \$7.7 million, but you have to then add in your soft costs and contingencies and that brought us up to the \$9 million.

Last meeting, we had a presentation from Lou Verdelli and he talked to us about what various new monies would do to our debt service load. If we go for the \$9 million total, we will be able to lower our debt service by approximately \$53,000 a year, but I need to say these are numbers from two weeks ago. There's a lot of pressure right now on

municipal bond rates, so that number may be lower, but I think the majority recommendation is to move forward with everything that we've been discussing except for the high school parking lot – a total of \$9 million dollars and we would be able to lower our debt service by about \$50,000 a year. Did I get everything, John?

Mr. Gräb: You know as capable as I am, I could not have done a better job.

Mrs. Sheffey: Thank you, John. Questions? Because it was a two hour meeting last week and an hour and a half meeting tonight. That was a lot in just 5 minutes, so if anybody has questions, please.

Dr. Donahue: You said at the end the \$9 million did not include the parking lot; does it include the elementary music room?

Mrs. Sheffey: Yes, it does. The high school parking lot is approximately \$100,000. That is not included, because there was not majority support for that.

Dr. Parrish: This was the lot to the left of the building, correct?

Mrs. Sheffey: Correct. The faculty/visitor parking.

Mrs. Chabal: It parallels 322.

Dr. Cronin: I just want to preface . . .

Mrs. Sheffey: It does not parallel 322, now it's going to be in front – it was moved.

Dr. Parrish: It was by Homestead.

Mr. Gräb: It parallels Homestead Road, Beulah.

Mrs. Chabal: And that still is not approved?

Mrs. Sheffey: The majority is not recommending it, but Wednesday night, I'm sorry I should have added for the audience. Wednesday night we will have a special Board meeting to accept bids. Depending upon what the four remaining Board members decide, we could move forward with that.

Dr. Cronin: I just want to clarify the LGI voting which was three affirmative, two negative. My affirmative was prefaced by - if we can save money in other areas, because it came in so high and that's why I voted no for the standing recommendation for the ECC bus corral, because I wanted to spend the money on the LGI and not the bus corral.

Dr. Donahue: Can you give me some background on the \$100,000 for the high school parking, small amount out of \$9 million dollars? What were the Committee's concerns those that had negative?

Mrs. Sheffey: Well, I was a negative vote, so I can say I'm not convinced that we need this parking. I think that there are alternatives to building a parking lot. I think that actually summarizes everybody's "no" vote.

Dr. Donahue: I'm sorry, just a process question, when we vote on Wednesday, that will be on the budget with or without the parking lot?

Mrs. Sheffey: Well, it's going to be complicated, because of how we did that. What we did was we did the whole project and then we had deductions, because you will get a lower price by bidding the whole project and then you deduct, so you'll vote on whether or not to deduct . . .

Dr. Donahue: The \$100,000 in this case.

Mrs. Sheffey: Yes.

Dr. Donahue: But not the . . .

Mrs. Sheffey: Also the ECC bus corral. You could vote to not . . .

Mr. Gräb: And the music room.

Mrs. Sheffey: Well, the music room is accepted – a separate. We have three bids. We have the site work bid and then you can vote to deduct from the total site work bid.

Dr. Brewer: We have four.

Male Voice: We have four.

Dr. Brewer: Because the faculty parking was a deduct bid, the LGI is a separate bid.

Mrs. Sheffey: Separate bid.

Dr. Brewer: The elementary bus corral is a separate bid and then the middle school is a separate bid.

Mr. Consalo: In fact, there were three bids that you have. You go to the LGI. The LGI had one alternate – the alternate was the canopy, which you voted not to do, so you would have the LGI to vote as it is without the canopy, because we pretty much dropped that. The middle school had three alternates – one was to do the courtyard as full, the other one was to do half the courtyard, and the third alternate was for the boiler to be added to the oven. The parking lot, you had deductions. You had three deductions,

one was the bus corral and the ECC elementary, the other was the faculty parking at the ECC, and the other one was the faculty parking at the high school. Those are the other three alternates you have.

Dr. Brewer: We'll work with the Solicitor to craft this and get it out to you tomorrow, but we're going to have to call the question on every one of these.

Mrs. Sheffey: And it's complicated, because the way we bid it, it was the way to get the best price, but it makes it a little more complicated.

Dr. Parrish: Anybody else have comments/questions? I have a couple. The ECC, for the LGI room, how many square feet is that?

Dr. Kepler: The elementary LGI, correct me if I'm wrong, 3,400?

Dr. Parrish: So, about \$20,000 per square foot? A little more?

Mr. Stover: There needs to be an explanation to that. The reason that the costs are higher is because of the structural changes that need to be made to the existing building for . . . we can either go into detail with it now or we can do it on Wednesday night, but it's not fair to say that we're paying an exorbitant price per square footage based on that room alone. We need to make structural changes to our existing building, for instance, to support the weight of snow and to raise the roof line.

Mr. Consalo: You pretty much covered it right there.

Mrs. Sheffey: Can we put the slide up, Lin or was that the architect's slide?

Mr. Consalo: That was the architect's computer. The way it's set up, since the roof is so high there are three elevations. There are two existing roof elevations. The engineer has required us take part of the roof back on the existing roof, add more structural steel in there, and that's what brought it up, because they are actually pulling part of the roof back, putting steel in there, replacing the roof and that's what jumped it up for what the problem was.

Dr. Parrish: That would be required if we did not build that room?

Mr. Consalo: That's correct. If we decide not to do the LGI, we don't have to do anything else. That's up to what you want to do.

Dr. Parrish: Lin, exactly how tight is it? I mean, that's a big expense for 3,000 square feet.

Dr. Brewer: Here's one of the unintended consequences. As you know, we are doing a transfer of entities for an autistic support class which actually saves us, probably about \$150,000 a year because we bring our kids back to the school, plus we can have some

others pay tuition for their kids to come to our school. We have more flexibility to create a hub of a learning support environment by doing the music room which would allow us to bring more special needs classes back. Now, in addition to that, we certainly want to continue to consider leasing the space downstairs here that has been vacated by the Foundation and they have offered it to us at a very competitive price and we would like to bring all those offices that are already in the middle of the elementary over here. It is going to be much more of a challenge. I mean, we definitely would have to develop a contingency plan. However, we are all very frustrated with that price. None of us wanted to spend a million dollars for a music room. We wanted to spend about a half million. So, it is a concern. We can address this more on Wednesday when we look at the bids. I don't know that we're ever going to be in a situation where we're going to have a better economic environment to do the work that needs to be done. One of the points that was being made tonight is, in hindsight, it looks like mistakes that we didn't go ahead with certain kinds of things. I think John, in particular, could speak to that because he was on the Board at that time. It would undoubtedly cost us much more, and some of our citizen advisors were making that point, that we're going to get into probably an inflationary spiral with the demands on construction over the next couple of years that will make it difficult to go back and do any of these things.

Mr. Stover: Bill, I will note that we did challenge the architects: is there another place; is there another area that we could do this cheaper?

Dr. Parrish: That was my next question.

Mr. Stover: Is there another way that we could avoid these costs and to accomplish everything that they want to accomplish with that space it needs to be where it is and they didn't see any other options.

Dr. Donahue: Sorry, I had one other question, two other, I guess. So, to make sure I'm clear on this, the combined Finance and General Services approved (the majority approved) all of these with the exception of the parking lot?

Mrs. Sheffey: I would say recommended.

Dr. Donahue: My other question is – any savings that we do on this will not be realized because we're floating a bond for this anyway, right? Is that correct? In that, we'll just be borrowing less.

Mrs. Sheffey: We would borrow less.

Dr. Donahue: Not that we're borrowing the same and putting it somewhere else?

Mrs. Sheffey: If we did not do the LGI, we could lower the bond financing by almost an additional million, which would save us another \$40,000 annually in debt service.

Dr. Donahue: Okay, thank you.

Dr. Brewer: Remember, we're also refinancing another bond and that really is where our savings is coming from because we are looking for a much lower interest rate.

Mr. Stover: Would it be possible to get an update on the bond rates for Wednesday night? Something closer to what it is now, as opposed to two weeks ago?

Mrs. Sheffey: He should be able to check the rates.

Dr. Brewer: We can ask Lou where we're at with that.

Dr. Parrish: Just to clarify something you said, Lin, because it could be misconstrued. You said there would never be a better time economically to do this. I think you're referring to bond rates and how cheap they are, not the general economy, because I can just see that showing up somewhere.

Dr. Brewer: Yes, thank you.

Dr. Parrish: Now is the time to do this because the economy is so great.

Mr. Gräb: It's a combination of the existing bond rates and the bids that came in were somewhat substantially lower than what we had anticipated. I think we looked at \$1.3 million dollars for the Early Childhood bus corral and it came in at \$600,000. Okay? So, across the board the bids that we had anticipated came in lower than what were projected.

Dr. Brewer: I don't think we'd even be talking about not doing the LGI, because we never considered not doing it until we were shocked by this price, but on the other hand, all the other prices came in so much lower, we're still below what our original estimate was of \$10 million.

Mrs. Sheffey: Can I clarify? The traffic flow, the site work is what we're calling it, which came in lower. The middle school did not come in lower.

Mr. Consalo: It came in about \$600,000 lower than I thought when you compare it to what it was. The parking lot you're talking about, we had estimated it at \$238,000. I came in to \$101,000, just to give you an idea of what it was.

Dr. Parrish: Well, it's something for each of us to think about. This will be up for vote on Wednesday, so I'd give it some more thought and come prepared with your questions.

Mr. Morelli: Thanks, Bill. Can you talk again about this space here and how we could use it? Like everyone else, we're going to be a lot closer to one million dollars than a half million dollars. It's a lot of money, and I don't believe in borrowing money just because the rates are good. I could go out and get a Honda right now for 0% and 0%

and 0%, but I still have to pay \$400 or \$500 a month for 5 years. If we didn't do that, what could we do with the existing space over there and this space down below?

Dr. Brewer: Well, if we don't do the music room, in my estimation, we absolutely must do the space downstairs (Granada) because of the transfer of entity situation. We would not be in a position to transfer any more special education classes or take on any other programs if we don't do the music room. The reasons we would like to have the space downstairs, which was offered to us through a sublease of the Hershey Foundation who moved over to the museum is (a) they already have archive space down there that is ready to receive our archived information which we've outgrown. We have archive space over here that we've completely outgrown it and it would be environmentally ready, and (b) we would want to bring over the special education department and the psychological services department that are housed right now in the elementary school and bring them over here and house them here, (c) we would move the technology department, which is upstairs, downstairs, and we would move the print shop downstairs which would then be right next to where it receives all the materials anyhow. The space downstairs is ready to go. We'll have to spend a little bit, but not a lot, particularly since you hopefully are going to approve the carpenter to acclimate the space for downstairs. Then, we will get it at a very good rate, actually below what the Foundation is being charged.

Mr. Morelli: And if we move special education, psychological services over here, what would that do to their level of service? Would it be the same, would it improve it?

Dr. Brewer: Well, remember . . .

Mr. Morelli: I'm assuming it wouldn't hurt it.

Dr. Brewer: No, we do not believe it would hurt it. It would bring the Director of Special Education over here, along with her secretary. At one time, they were in this building. All of their vast materials that they have would have to come over here. The Director of Psychological Services and another secretary would come over here. The psych interns we would probably still keep over there. Those directors are all over the campus and actually all over the county in any case. The secretaries can be stationary anywhere.

Mr. Morelli: Does anyone know the number of students that participate in music versus the total number of students in the elementary school?

Dr. Brewer: Lori has that.

Ms. Dixon: Lori Dixon, Elementary Principal. As I said during the work session, we're actually suffering from our own success, because in our elementary music program, over 85% of our 5th grade students participate in one of the large ensembles, band, chorus, or orchestra. We have 5 ensembles of 4th and 5th grade band or 4th and 5th grade orchestra, and 5th grade chorus. None of which can practice in our designated

band room, because there are too many students. We have absolutely gutted that room. We've taken the cabinets out of it, we've done everything so that we can put as many rows of chairs in that room as possible. This current school year, nobody can practice in there. So, I have 5 ensembles that must use our multipurpose room along with all of the other activities that go on in there in terms of our PTO programs and I shared earlier that we use every space we have. We bumped some Phys-Ed classes out of auxiliary gym this week, because our spring PTO needs a place to house all of the skids of things that have been sold when we had to use the auxiliary gym. We bumped our Phys-Ed class out of there as well. During the school day, our cafeterias are maxed out in terms of non-lunch times or before 11. We have meetings in there. We wait until after 1:45, we have meeting in there. The need for the music space is critical. The real win for it is the freeing up of that music space which is right smack dab in the middle of the elementary building to put in what we're calling the learning support hub. We can take those music programs out of the main part of the building which used to not have classrooms, it used just be the library, the gymnasium, and some computer labs. There's now three classrooms actually that sit on that hallway where we have the jazz band and everybody playing throughout the day. So, to move those music classrooms out of there and put them down in what used to be the kindergarten wing, reclaim that space in the middle really gives us some flexibility to program for our special needs, to more creatively use our classrooms. You heard Dr. Brewer talk about the class we're bringing back. We freed up space for that thinking that we could take some of those existing learning support classrooms and put them together in a hub, better utilize staff, and do some cross grade level kinds of things. It really is a domino effect and there is positive aspects for not only the music program, but for our special education program and how we schedule things at the elementary school.

Mr. Morelli: Thank you, Lori.

Dr. Parrish: How many office spaces are we talking about moving over here? If we were to move all of our support – just two offices is all that would be?

Mrs. Sheffey: Plus secretarial staff.

Dr. Brewer: The secretaries have office space and then there's room where they house their records. If you can envision when you go into the elementary school where the former elementary offices used to be when you walked in. It would have been where Donna Patrick and Mrs. Lane were, that whole area was reconfigured for the special education and psych services and that's what would be reclaimed.

Dr. Parrish: And not enough square footage to remodel into a large enough music room, I would assume?

Dr. Brewer: No.

Dr. Kepler: What it can do is, we currently have some reading specialists who work with smaller groups of students who are filling, I believe, two full size classrooms that can be

moved to a smaller space where they're meeting with 5 students at a time and we're recouping a few classrooms by that move.

Mr. Stover: Mr. President, I would just leave you with this, that as a member of the General Services committee and looking at this for approximately two-plus years, that if we don't approve this, we're still going to have a problem. This Board is going to have to solve the problem, so if it comes back to General Services, I'm not really sure what we're going to do other than redo the plan that we already have a later date. We have the funding now at the lower cost, so that's the argument. Where do we go from here if we don't approve it?

Dr. Parrish: Okay. Thanks, Chuck. Any other comments?

Dr. Cronin: I'm just going to reiterate what I said in General Services. I believe that we've exhausted possibilities for this, even though it's not the ideal location; that we're fitting a square peg into a round hole, as Ellen said. I definitely agree. It's not perfect and the increased cost is a little frustrating, but it is curricular and it will involve so many students, I am hoping that we can do it by taking money from other areas, I don't think, are as cut and dry, such as the smaller parking lot or the high expense of the bus corral for the ECC. If we could do that, solve the safety concerns at a lower price, I'd rather spend money on the LGI music room than for parking lots if at all possible.

Mr. Morelli: I tend to agree with that. Again, we have the same issue with a \$4,000 indoor track program that we're trying to decide do we want to cut a program or do we want to save that and try to find \$4,000 somewhere else. This is a million dollars. If we're committed to it and we've done a lot of work, you know, and we need this. I'm all for it, but I would like to get that million dollars back just like I hope we get the \$4,000 back some other way if we bring back the track program, because it's a balancing act. That's what we're here for and that's what future Boards will be here for. We gotta do it. A million dollars, to me, is a lot of money. If we want to spend a million, we need to figure out where to get it. Thanks, Bill.

Dr. Parrish: Thanks. Any comments? We can continue this discussion Wednesday, so we'll move forward. The presentation tonight by Dr. Brewer is our proposed preliminary budget.

3.05 Presentation - Proposed Preliminary Budget.

Dr. Brewer: Thank you, Mr. President. Tonight we are going to present the 2010-11 proposed budget. The process has been a long one, with numerous meetings of the Finance Committee, General Services Committee, and joint meetings of those two Committees, as well as meetings with the Human Resources Standing Committee.

Detailed information has been provided to you in a binder. It gives you a summary of expenditures and revenues in narrative form. There are many appendices that provide

you with expenditure line items by objects. In addition, we have provided you copies of the presentations that led to this preliminary budget. Tonight, we are going to highlight the operating expenditures history. We're going to show you those expenditures by function and by object. We're going to show you the impact of the major operating expenditures and as a subset of those major expenditures; we're going to specifically discuss the impact of PSERS.

In light of the April 28th special board meeting to accept bids, we want to show you the history of debt service to total expenditures from 1999 to the present. We will show you expenditures savings related to the positions we are proposing not to fill, and then moving from expenditures to revenues, we'll show you the comparison from this year's budget to the proposed budget and a five year history of revenues. The operating expenditures will be compared to operating revenues for a 5-year period; and then we will propose a preliminary budget that will be voted on on May 10. No, I actually think that it will be May 25, I guess it would be. It needs to be on display for 30 days. The budget will then be on public review until you vote for the final budget on June 28.

As always, the budget process begins with an analysis of educational programs, which is an ongoing dialogue between staff, administrators, the administrative team, Board of Education, and parents. The cost of those educational programs are identified; along with revenues to fund them.

The bottom line of this year's budget is flat revenues and the looming PSERS crisis. You will see that expenditures have been contained; but we cannot control the flat revenues or the PSERS spike. For that reason, we will explain why a 2.9% tax increase is being recommended.

First, expenditures. This shows the operating expenses for 5 years, plus the projected expenditures for next year's budget. Four years of the expenditures (2005-06 through 2008-09) are actual, audited expenditures. The current year's expenditures will not be audited until November 2010, so that figure is, of course, the budgeted amount. For the 2010-2011 school year we are projecting operational expenditures at \$51.46 million, which represents an increase over the current budget of 2.52%.

Expenditures by "function" describes the "why" of budget expenditures. The proportion of our dollar has not appreciatively changed over the last several years.

Instruction remains the largest expenditure, which includes salary and benefits for instructional staff, classroom supplies, and text books, to name a few.

Debt service is significant, though manageable. As you know, the debt service is expected to decrease slightly through the refinancing and sale of new monies to fund construction projects due to the favorable bond market. So, by the time we arrive at the final budget, the debt service figure will change slightly.

Almost 51 cents on the dollar of our expenditures are related to instruction, while 33 cents on the dollar are related to support staff, 14 cents to debt service and 1.9 cents to student/community services and fund transfers.

The function of support services, by the way, represents all the activities and services which provide administrative, technical and logistical support to enhance instructional programs. This would include pupil services (such as guidance counselors), support for instructional staff (such as librarians, staff development, tuition reimbursement), administration (including auditor, tax collection, legal services, as well as administrators).

If functions are the “why” of expenditures, objects are the “what of expenditures.” You can see from this pie chart that 63% of the operating budget is accounted for in salaries and benefits.

This slide shows major impacts of dollar increase from 2009-2010 to the proposed budget for 2010-2011. Salaries and wages will always be a major impact in real dollars, because roughly 550 employees are in the District. But, there was some cost-containment in the HEA collective bargaining agreement you ratified last year with an average salary increase of 2.7, compared to 4% for the previous five years. In addition, we continue to realize savings from the unusually large number of retirees in June 2008 and this spring. With 11 retirees this year, we continue cost savings. Medical benefits will always have a major impact; but we have been controlling them with some cost-containment with the Collective Bargaining Agreement, as well. Special education costs, here and everywhere continue to rise; this is an old song you’ve heard from me for many years; but we were, under this current budget, able to place 50% of the IDEA stimulus monies in special education to offset the expenditure. Next year, we can’t, because most of the stimulus monies will be phasing out; but with the transfer of entity for the elementary autistic support class that we just discussed, that will help. We will have some relative savings. Tuitions to cyber schools and HACC increases continue to concern us.

As you know, we have established a “carve out” of the general fund to create a retirement stabilization fund. We continued to budget at the 7.13% rate from 2007-2008 for the last two years; and as a result, when we funded that carve out at one million dollars, it’s now risen to \$2.06 million. You can see from this chart that the state funded the retirement rate based on 4.76% and 4.78% for those same two years.

For the 2010-2011 budget, the Governor is equivocating. We have been told by PSERS to figure on 8.22%, but the Governor’s amount is slightly lower. We are not sure until they pass that were the state budget will land. Remember, the reason that’s important is because the state reimburses the District for ½ of the budgeted amount that is passed by the legislature. This is a “wait and see” situation.

As we indicated last year, if the economic condition continues, the projected contribution rate for the 2012-13 school year will be 29.22% (which is about 10% higher than the astronomical rate that we gave you last year.

For us, that represents 5.3 million dollars, not including the state subsidy. Net of the 50% state subsidy, real estate taxes would increase by 1.37 mills just to fund the increase in the retirement system. This situation has deteriorated since we spoke about an 11.23% for the 2012-2013 school year during last year's presentation. Because we have the stabilization fund and we have seen how that has grown, for next year and the next year after that, we will be able to fund it. In fact, I would like us to pass out a worksheet – it's called the Retirement Rate Stabilization Designation. You will see from that that we can offset the difference for 2010-2011. This year, we'll be proposing to take \$259,000 out of that fund and then for 2011-2012, we can fund the difference as well, which would take \$847,000 out of the fund. By 2012-2013, we've exhausted the fund. We can take out \$975,000, but then we still have to add more money to that. Of course, then we will have exhausted it by 2013-2014 and beyond. As I said in the beginning, one of the stories in this 2.9% increase is the PSERS rate. In two weeks, Tim Alwine will be coming to our Board meeting and, as our work session topic we will be discussing PSERS, some solutions that are being bantered about out there, and based on that discussion, a resolution will be offered to the Board to see if you want to sign on and have it pass for the second meeting in May asking the legislature to take some action.

This is a slide that you've never seen before, but I thought it was pertinent, particularly with us about to go to a bond sale. It's important as you decide the scope of the project for Wednesday. This slide makes the assumption that all projects are funded; and depending on what you decide, it could be a little different than this. You can see, that despite borrowing new monies, with our favorable refinancing and our excellent bond rating, and how quickly we retire debt, even with construction that has been necessary due to growth, the relationship between total expenditures and debt service has actually decreased from the high point of almost 20% in 1999 to 13.60% being projected for 2011. I thought that would be a helpful slide to you for context.

At the end of the 2007-2008 school year, we had 10 retirees and at the end of the 2008-2009, we had 6. This year we have another significant number of retirees, and using a step 3 replacement schedule, we estimate a positive variance of \$308,000. The configuration of retirees this year has provided us an opportunity to realize some significant cost-savings without placing jobs in jeopardy or violating our guidelines about class size. These cost-savings include the following. This is something for which we will need you to vote on the preliminary budget to go forward.

A list of limited service contracts that we are not filling was given to you some time ago. This figure does include winter track, which has been under much discussion over the last couple of weeks. In a moment, I want to talk to you about a solution that HR came up with to solve this. Before I get to that, this does include two less elementary teachers. We can decrease a 1st and 4th grade position without compromising our class

size guidelines because of the configuration of retirees that we have, it does not jeopardize any existing staff positions. We are also having 1/2 less high school social studies position. Again, this is a configuration due to losing a high school teacher due to retirement [tape ends] . . . a German teacher from a full time German position to ½ time German and ½ time social studies, which is some of the discussion we've also been having.

Combining German and then decreasing the coop position from full time to half time allows us to go down another full time equivalent for the savings that you see.

Then we talked about the transfer of entities earlier that our autistic children in the elementary school would come to us instead of going out to other placements and we also would be able to take on other students. The transfer of entity that we're showing here is \$44,000 after we would have hired the teacher, outfitted the class, hired the teacher assistant, but it does not include the fact that we also would be bringing in at least two consortium students that would pay us tuition. That's where we get to \$150,000. Even if we did not bring in any other children with tuition, we would still be saving that amount of money.

Combined, with all these efforts, we're saving about \$500,000.

Now, let's turn back to winter track for a moment. I said we were in consultation with the Human Resources Standing Committee about this issue. This is what we are recommending:

- For the 2010-2011 budget winter track would remain in the budget as a limited service contract for the coach. Sam Elias has provided a list of cuts across the board for each sport to pay for the reinstatement of this position and the associated costs. The HR committee asked him to cut only 50% of the proposed cuts. He had shown us about \$8,000 and they asked him to cut about \$4,000. So, for example, instead of cutting girls' tennis \$250, it will be cut by \$125. Of course, those would be things like tennis balls, because there are certain things that you can't cut like transportation and umpires.
- For the 2011-2012 budget we are proposing that winter track would revert to a club sport, similar to ice hockey, in that we would pay for the transportation, the fees, the facilities, of course would be available, but the coaching salary would be paid through club fees.

That's the proposal that is on the table.

Overall, expenditures are projected at \$51.46 million, which, as I said earlier, represents a 2.52% increase over this year's budget which we think is very good.

I do think that we should pause at this point to talk about German and winter track and these positions, because this slide is pivotal to where we are suggesting the whole

budget should be. I would like to ask your permission if we could come to an agreement tonight that some personnel items could be placed on the May 10 agenda, so that we remain competitive and we can get the hiring done that we need to get done. I would not prefer to wait until May 25, when you approve the preliminary budget. Basically, what we would be asking you is, at the May 10th meeting, to approve transfer of elementary positions so that people with existing positions might transfer out of 1st and 4th grade. It would just be a transfer. We also would want to go forward with the transfer of the German coop technology coach knowing that that entails a half time social studies reduction and knowing that by doing that on May 10, you then are saying, yes we are going forward with the plan for German, which for next year, to remind you, would be that incoming 6th graders would not have German, but any child that is taking German 7th through 12th grade would continue to be able to stay in the German course and then the next year it would be 8th through 12th and so on. It would take many years to phase it out, but that would be the plan. The other thing that we would like to get permission to go forward on is the carpenter because if we do go ahead with subletting Granada, then we could right now get that little bit of work done that needs to be done and, of course, we would bring the carpenter in until June, but it would be helpful to go ahead. So, I do think before we get into revenues, it would be the time to discuss this.

Dr. Parrish: Comments?

Dr. Cronin: I'm looking at the big picture. I'm looking at numbers. I'm remembering that Ellen said that if we reduced our debt service from the 9 million borrowing for the building project to \$8 million, we could save \$40,000 in our debt service. I'm seeing that German is about \$40,000 and we heard from the German teachers last meeting and students this meeting, I don't like the idea of cutting a curriculum program personally if we can save it in other ways. I'll say it again, parking lots. In addition, I really hate to see another sport doomed to the status of club sport. It's almost an oxymoron to me. It's almost a way of saying you're a sport, but we're going to call you a club so we don't have to have some responsibility whereas it's sport. A sport is a sport is a sport and if we relegate it to club then I think we're – I hate to see that. I would rather see it the way it is when it's only \$4,000 and continue to cut it across the board sharing the cost amongst all of the sports. So, for all the sports we're going to cut like tennis by \$125 this year, have them do it every year and keep winter track the way it is because it does involve so many kids in the winter when there isn't something else to do. That's where I'm looking at in terms of the big picture is not to cut a student sport or a language opportunity for incoming students if we can do it in another way.

Mrs. Sheffey: Lin, can you talk a little bit about the foreign language program. I know that, maybe it would be better if Joe address this; the foreign language program in its entirety is going to be reviewed next year or over the summer. I think the timing of this is unfortunate, but if we were to wait for the outcome of that review and the outcome of that review said to eliminate German and put something else in its place, it would result in somebody losing a job. I think right now we can do this without cutting a person, is that correct?

Dr. Brewer: Yes.

Mrs. Sheffey: So that's the unfortunate timing – that the vacancy will exist due to a retirement, but they can move into – and if we wait until after the foreign language total review is done, that opportunity won't exist. Is that correct?

Dr. Brewer: Remember the numbers in the middle school are not very high. Joe, maybe you can say what happens in the high school.

Mr. McFarland: For the middle school, when you look at the numbers in 8th and 7th and currently 6th, they are reduced. I don't know exactly, I think there are 17 currently in 7th grade taking German and 12 in 6th grade?

Mrs. Sheffey: I have the numbers.

Mr. McFarland: There's a higher number in 8th grade, so it's progressively reducing in the middle school. We have talked about at the middle school level needing to evaluate what foreign language looks like – whether it be more of an exploratory, but don't lock into a language so early on. That's something that because of personnel situations now is the time to make that decision to look at that.

Dr. Donahue: Lin, if you were to make the reduction in the German program and not realize the \$44,000 in savings, where would that \$44,000 come from?

Dr. Brewer: Well, I don't quite see comparing debt service to an ongoing staffing expenditure. You retire debt, so I don't know if you can grab \$44,000 . . .

Dr. Donahue: I mean disregarding debt service. Let's say we're going to do everything you suggested as far as debt services and the projects that the General Services has recommended and we did not realize that \$44,000. Would there be somewhere – realize that savings – in other words, I guess my question is, is the budget that tight?

Dr. Brewer: We could show you a budget that is not balanced. When we get to the final slide, what we're going to show you is that when we take out the \$300,000 in contingency, we take out the \$259,000 from the retirement stabilization, there was one other thing.

Mrs. Sheffey: Capital.

Dr. Brewer: We are down to revenues and expenditures only being off by \$71,000, which is balanced. I mean last year, we were off about \$700,000.

Dr. Donahue: I guess my naïve argument, if you left the German program in, we'd still be balanced.

Dr. Brewer: Well, yes, because instead of being off \$71,000 now you'd be off about \$100,000.

Dr. Donahue: I guess that's my question. Is \$100,000 off a balanced budget?

Dr. Brewer: I could not argue that you make a significant point, but what I will argue is that if we don't do it this year, we're not going to be in a situation to preserve staff if the decision is ever made again. I'd like to point out that we are still extremely fortunate compared to those all around us. If you look at what's happening nationally, class sizes are going up to 50. People are losing their jobs and we are talking about a small measured step to bring in a balanced budget with a very – we don't ever like a tax increase, but this is not a big tax increase. That's the balance of this. We've been in the fortunate position in this school District to add programs, to always adjust to enrollment and keep class sizes where we'd like to have them because our revenues have always increased. Every year, that I've been here, our revenues came in above projections because of growth, because of the economy doing well. We do not believe that's going to happen next year. Maybe we'll be wrong. Maybe interest rates will increase. Maybe the world will suddenly change, but we felt, and I thought we were doing this at your direction that we need to look for some places that you could consider cutting in to expenditures. We went back to every administrator and asked them for additional cuts in their operating budgets. This was not easy. If you remember, when we came to you in January, we were in a 1.4 million dollar deficit. The story is revenues are flat and the PSERS crisis is looming. So, I feel like there's been a lot of progress and now we're down to the very hard decisions of what you want to do.

Dr. Kepler: If I can jump in there to further add why a big piece of that budget is fairly neutral tonight – expenditures versus revenue – is our ability this year to pay forward items. That's a tune of nearly \$700,000, removing those expenditures from next year's budget just based on the good graces of this year's budget. Moving forward, many of those expenditures are things that are needed on an annual basis - \$350,000 of technology hardware purchase that we're buying now removing those expenditures from next year while in 2011-2012, 2012-2013, those same types of expenditures are going to be there again. If we don't have money to pay forward, we're now not looking at \$100,000, we're looking at \$450,000. We just have to be conscious as to how we look at that balanced budget.

Dr. Donahue: I want to emphasize that the Finance Committee and the administration has really worked diligently to whittle this down. These are just, as you understand, very difficult decisions for Board members to make to cut a program. I guess I had a question for Ellen. Has the Finance Committee recommended this or is that just still in the process?

Mrs. Sheffey: Yes.

Dr. Donahue: The recommendation from the Finance Committee is what we see up there?

Dr. Brewer: And Human Resources.

Dr. Donahue: And Human Resources. Thank you.

Dr. Cronin: I just want to make one other comment. Since I've been on the Board, I've been hearing that we have to go with the experts and I know even Mr. Consalo mentioned at the last meeting that when Lori Dixon says that we need the LGI, I'm going to believe the administrators. When I heard the German teachers, I really think that they're the experts. When language teachers came in, and it's unfortunate that the timing is bad, we may find ourselves this summer saying, oh well German is part of our decision making process. So, not only do I think we're doing it prematurely, but we're not going with what our experts told us in terms of the language. I don't know enough about language to say what language should be taught, but when they came in that was important to me to say, yes, that's what the experts say. When it comes to limited service contracts, I know several of us, I know myself specifically said, what is the standard for all the limited service contracts for coaching and was told, there are no guidelines, but we want to worry about safety. It seems like we kind of went along with that that we need these many four coaches or three coaches or seven coaches per sport. I feel like I'm getting mixed messages, but I want to stay pure and say if the experts say that we need German, that we stick with it, and if the athletic department says we need four coaches, fine, but I don't want to listen to one and not the other. I want to make sure that that rings clear, because I don't believe – I think we're robbing from the language department to allow more limited services contracts. I know that's not a pure comparison, but in my mind, that's what I'm looking at up here.

Dr. Brewer: That's simply not accurate.

Dr. Cronin: That's how I'm looking at it. That's my accuracy when I have to make this decision.

Dr. Brewer: The limited service contracts compared to the academic program. We looked at everything this year. We looked at limited services contracts. We looked at academics. We looked at supplies and so on. We looked at where we could reasonably stay within the class size guidelines and where our configuration of retirements were that we would not be cutting existing staff. That's how we made the recommendations that we made. You know? When coaches say that they need four staff, they have a particular area that they're looking at. When a German teacher or a math teacher or a science teacher says they need more science or they need more math within the context of what their expertise is, that is true, but we need to look at the whole picture. We are looking at flat revenues and we are looking at the PSERS crisis. So, if the goal is to try to have small incremental tax increases or none at all and to be able to fund all expenditures, we are at the point where we have to look at programs, which is what your charge was to us. So, we have done that. What I'm saying to you is if you want reinstitute German, we can do that. We will not be in a situation to again cut

it without affecting staff and then we will not have a balanced budget. That's the decision you have to make.

Mrs. Sheffey: Lin, is it fair to say, Joe, I think you'll be in charge of the foreign language review, if the outcome of that foreign language review is that, boy, we made a mistake. We should have kept German. The German teacher will still be employed in the District and that's an option that we could easily go back to if that's the outcome.

Mr. McFarland: That is correct and if I can just clarify that work will not occur this summer.

Mrs. Sheffey: Oh, sorry.

Mr. McFarland: It will be next year, because we'll need to contact other schools and look at programs.

Mrs. Sheffey: But it would be done next school year.

Mr. McFarland: Correct.

Mrs. Sheffey: So, if the outcome is we made a mistake. We should have kept German. The German teacher is still employed in the District and it's an option to go back. It would just be one 6th grade class.

Dr. Brewer: Next year, we still have German 7th through 12th grade.

Mrs. Sheffey: Yes. So, it's just one 6th grade class.

Mr. McFarland: It's really looking at foreign languages and how foreign languages are delivered in the middle school.

Dr. Brewer: There's some question when we do this analysis of foreign language whether or not there should be some offerings with other kinds of languages and some of those languages we won't be able to even find teachers for. You know what happened to Latin. I think as a part of that analysis we also have to look at some alternative ways of bringing in the languages.

Mr. Stover: Lin, it seems to me that this situation with the language is really going to play out by itself. In other words, if we don't have the numbers at the 6th grade level, likely we're not going to gain numbers, because if somebody doesn't take German I, they're not going to take German II and this thing is just going to kind of dwindle down to the point where we're going to be making this decision at some point. The problem's going to be that we would probably likely have to cut staff at the time where you're trying to say we have an opportune moment. I think we've struck a little bit of a balance here by saying that if after the review we find that we've changed our mind, then we can change our mind. But, this should very much be on the table.

The second point is, I was unable to attend the last meeting. I was traveling, but I did take the time to read the minutes and I would like to congratulate the people that came out to talk about the winter track program, because I thought they articulated their feelings very well. In lieu of everything that we're doing, I'd like to know how you people feel now about the solution that we've put forward, but I look at everything that we're doing and \$4,000, I think we can afford to do this. I think it does affect some people that don't have, especially the girls, that don't have choices with other sports. I just think we're quibbling over \$4,000 and people have demonstrated that you want this in place and I'd like to keep it.

Dr. Parrish: To that end, I think that it's probably worth Sam clarifying why he made that decision. Let me sort of summarize it and correct me if I'm wrong. If you look at winter track, it's in some ways like an off season sport for the off season for the kids who run serious track and cross country in the spring and the fall. If you look at the way the practices are held, they're not quite as regimented, is that correct? Even though there's a large number of students who participate, I think there are only, are there two organized practices per week? If you look at sports in general and you consider the off season programs that we have and other major sports such as basketball, football, wrestling, whatever, all of those programs run off season. All the sports run off season programs. This is really the only sport in your budget in which we have significant personnel costs is really what it boils down to. There are significant personnel costs associated with winter track that aren't associated with the other sports for their off season programs. That, I think, played a large part into this, correct? Is that right? Is that how you summarized it to the HR Committee?

Dr. Cronin: But off season is casual and not required, because it's against PIAA policy for a sport to actually be together with a coach in the off season, isn't that right?

Mr. Elias: That's not true.

Dr. Parrish: No, that's entirely true. Our football teams and basketball teams go to camps.

Dr. Cronin: I know there were certain dates that they could or could not practice.

Mr. Elias: That was years ago. The PIAA allows full participation as long as the coaches announce to the kids that it's voluntary. It can't be mandatory. They can't hold it against them if they don't show up for a particular workout.

Dr. Cronin: Gotcha. So, it's not mandatory.

Dr. Parrish: That was the rationale. I think everybody needs to understand the rationale behind that, because we'll talk about it later in post-executive session and HR issues.

Mr. Stover: I would like to articulate that I'm not going against Sam's decision, because we directed Sam to look at an area to cut and that was the one that he chose so I understand that if we're going to move forward in attempts to make money, he made the logical best decision based on his expertise and I respect that.

Dr. Parrish: Any other comments?

Mr. Morelli: I'd like to commend the administration for coming up with these savings. They were directed to do it by us. They did a lot of work. All of the schools came up with some savings and Sam for the sports programs too. I mean \$500,000 is a lot of money. I know proposing we're proposing a \$51 million dollar budget and I've had a bunch of folks say to me in the last week or two, what's \$4,000? Well, if you're not working right now, \$4,000 is a lot, \$500,000 is a lot of money too. Some folks have to work about 15 years to make that much money gross. We've directed the administration to make these cuts and I'd like to see us continue to work with these numbers. Do what we can, if we can save German or the track program, fine, but I don't want to – I'd like to see if we could continue to keep the numbers we have and a balanced budget. Like Dr. Brewer said, the first cut, we were \$1.8 million dollars away, a lot of work has gone in with the Finance Committee. A lot of folks in the public have helped us – Mr. Dunn, Ms. Hottenstein. None of us take this lightly and I don't think anyone does on this whole Board. We are listening to the experts. The experts of the administration, the high school principals, they're the ones that came up with these numbers – not us. I'm comfortable with it. Again, I'm open for suggestions on saving whatever we can if we have time and we can come up with it. We don't pass the budget until the end of June, right? I just had one further question for Steve and that is we're talking about revenues and being flat and the expectation is – if you talk to 10 economists, what would they say we're going to see in the next year or two?

Mr. Rineer: Yes, I am conservative. Let's talk about state revenue first. The state is in a difficult position because they have to fund ½ of PSERS cost. There are some pass through dollars that they received from the federal stimulus program. Those dollars are going to dry up after the following year. We have declining state revenues and with the state legislature failing to act on some things like – I can speak of – PSERS Reform 4.76% and everybody was expecting action legislative action to revise the system. The system was in trouble and we were amazed when they came up with a 4.78 rate for the 2009-2010 year. If I knew that the system was in difficulty, why wouldn't I increase the employer's rate then instead of going up two one thousands of a point. If I look at the state retirement system going out to the next couple of years, the state must fund half of that. How is the state going to do that? Are they going to take a portion of the basic subsidy and fund it that way? So that's the state revenue even though it's not a large portion of the budget, it's always going to be difficult. We're somewhere around 95% or 96% of budgeted revenue for the EIT and it's largely dependent upon the economy. We budgeted for the current year about \$348,000 for investment income. I don't think we're going to make \$150,000. However, I am budgeting an increase in investment income, because, I thought to myself, everyone expects the federal reserve system to raise the discount rate. The question is, when? I believe the Federal Reserve Board is going to

raise the discount rate, but do I know that for a fact? No, I don't know that for a fact. What's going to happen with transfer taxes? That's largely dependent on the sale of property. While the interest rates for mortgages are very low, the lowest that I've ever seen in my life – are more homes going to be sold? It's awfully hard to predict. What I can predict with reasonable accuracy is that the amount of revenue that a 2.9% increase in the real estate tax rate will generate, not including any assessment appeals. I've been the Business Manager for 9 years and as far as the estimating of revenues, I have never been as uncertain as I am this year on what's going to happen over the next one, two, three years.

Mr. Morelli: Steve, can you talk about the assessment appeals and the impact.

Mr. Rineer: Not as large as you'd expect. The one outstanding is the one across the street. I don't want to get too involved in the details of that. I know it's going to go to Dauphin County Court. If we lost the entire amount, that would be \$5 million dollars of assessed value off of our assessed value. We have new property, the rehab hospital, except that I really expected that it would be coming online July 1st and the last time I drove by there, I don't know if it's going to be completed by July 1st. That's a \$14 million dollar assessed value property – at least that's the size of the building permit. We could realize a gain of \$14 million dollars of assessed value on that and we could stand to lose \$5 million dollars on the property across the street. I don't know. That is the situation this year – I don't know. In the past I could estimate what kind of revenue increase we could have based on the consumer price index and kind of estimate how much the EIT could come up. It's very difficult this year.

Mr. Morelli: Thank you.

Dr. Parrish: Lin, why don't you move forward?

Dr. Brewer: I didn't get a clear direction from you, though. I need to and here's why. I think that we are, by collective bargaining agreement, needing to tell people if we are going to do transfers by May 1, yes?

Dr. Kepler: Correct.

Dr. Brewer: So, if we're going to do a transfer on this German, we need to make a decision.

Mrs. Chabal: Lin, when you say we need to make a decision what do you want? Are you looking for a majority of us nod our heads up and down or sideways? What do we need to do for you?

Dr. Brewer: Brian, obviously I don't want this as a legal issue – not a legal issue that's not the right term – a procedural issue as far as a motion, but on the other hand with a May 1 deadline I need to have letter to the German teacher saying that we're going from this to this.

Mr. Jackson: In order to continue to pursue the initiatives set forth in the preliminary budget presentation, it seems the administration seeks some informal affirmation to suggest that it should take the preliminary steps to pursue that plan. That plan obviously can change between the preliminary budget and the vote on the final budget, but you can seek some affirmation from the Board that you should continue to press on.

Dr. Brewer: So that if I would have at least five votes to go forward with this German, then I could do a letter to the German teacher saying we're doing this, but if it's reversed. . . .

Mr. Jackson: The fact is that the administration would have the ability to transfer employees regardless. What you are looking for is some affirmation tonight that to do so may be consistent with the budgetary plan that would ultimately be before the Board for an actual public vote.

Dr. Brewer: So, to just have them show of hands?

Mr. Jackson: That's fine.

Dr. Brewer: Okay. So the show of hands, I would need for the German would be whether or not to have it go from a full time to – no, that wouldn't be correct – to stop German for 6th grade.

Dr. Parrish: Why don't we just make the motion to accept the recommendations that Lin has proposed tonight? I mean, can't we . . .

Mrs. Sheffey: We don't want a motion.

Dr. Parrish: Not a motion, but can we have a show of hands in support of this?

Male Voice: We accept the recommendations.

Dr. Brewer: Okay. Then, that would mean for the short term on winter track, it's in for 2010-2011 and we could continue to discuss at a later time whether or not it becomes a club sport for the next year, but it's in for this year, because then we would also reduce the athletic budget by the like amount.

Mr. Stover: Correct.

Dr. Brewer: Okay.

Dr. Parrish: All in favor of accepting that recommendation, show of hands.

Dr. Cronin: Wait, you're not splitting them up? You're making them together.

Mrs. Sheffey: Donna would like them separate.

Dr. Parrish: Okay. So, this is the winter track decision, which is what you just stated, correct?

Dr. Brewer: Yes, winter track.

Dr. Parrish: Winter track. The German recommendation – second. All in favor of supporting that – hands?

Dr. Brewer: Okay. Thank you.

Dr. Parrish: Move forward, please?

Dr. Brewer: Now let's get to revenues, which we've been discussing with Steve's able help. Next year we are expecting a slight increase from the state – from 13.8% to 14.33%, not much to get excited about.

Mr. Rineer: Most of that is their half of the PSERS rate increase, so it's a fictitious gain.

Dr. Brewer: That's right. As you know, we receive very little support from the federal government, despite their mandates related to No Child Left Behind, special education, and so on. So, combined state and federal government, we will receive a little over 15 cents on every dollar, which means that the local sources, including our tax payers, must fund 85 cents out of every dollar that we budget.

Let's take a look at those local revenues. Steve started to talk to you about those. This chart demonstrates local revenue changes from the current budget (2009-2010) to the 2010-2011 projected budget. Look at this chart from right to left. Because we are presenting the budget in late April, we are showing variations between the 2009-2010 budget and the proposed budget. Having said that, the total revenue projections are very close to budget, that's what we're seeing, but we need to keep in mind that:

1. we did only budget one-half of the stimulus money in this budget which was \$260,000 versus the \$520,000 that we ultimately received.
2. only \$400,000 of the GIANT payment. Next year, we're budgeting the whole amount of the pilot.
3. We had none of the Room 1 \$100,000 in this year's revenues because we came up with that agreement this year.

These items total about \$572,000 of unbudgeted revenues to offset the budgeted revenues that we're not going to reach that Steve just talked about, such as the Earned Income Tax and interest income.

The far right shows real estate tax funding 61.96% of the current budget versus 62.28%. That projection shows a 2.9% percent increase.

Mrs. Sheffey: Steve, do you know what – if we don't do the 2.9% increase, then our real estate taxes actually go down?

Mr. Rineer: It's about \$870,000 difference.

Mrs. Sheffey: It would go down, okay.

Mr. Rineer: That would be largely on the basis of appeals.

Mrs. Sheffey: Thank you.

Dr. Brewer: Overall, the revenues that we're projecting are going to be up 1.5% on the strength of this 2.9% increase, because there are some areas where it's going down.

Here's something that you've seen frequently. It has not really changed. I'm not going to go over that in detail except that, again, it depicts how much of our budget is local and by historical trends, you can see that hasn't changed.

Here's operating expenditures versus operating revenues. It shows the audited operating results from 2008-2009 and the budgeted amount for the current year of 2009-2010 and then the proposed budget for next year.

The slight operating deficit includes a \$300,000 budgetary reserve, a PSERS rate at 7.13% compared to the actual of 4.78% for which we then put it in the reserve. It also shows an estimate of operating revenues that the District has foregone if it had gone to the actual Act 1 index that we could have. What you want to look at, and I think this is a very telling chart, because I believe that this chart demonstrates that we taxed what we needed to tax for expenditures and not above that. If you look at 2006-2007, we did not go to the highest number of the index we could have and, therefore, we forfeited \$245,000 in revenue. There's a chart coming around to show you that in more detail. Then, for 2007-2008, we didn't go as high as we could have in taxation and we did not have \$309,000 in revenues that we could have. In 2008-2009, again, we didn't go as high in the index as we could have and forfeited \$730,000. Last year, we forfeited a whopping 2 million dollars by not instituting the 4.1% tax increase that we could have and we went with a 0 tax increase. We have foregone \$3.3 million dollars in potential revenue by not taxing to the maximum index established by the Commonwealth's Act 1 since they instituted it in 2006-2007. But, what I think has been done is a measured approach to fund the programs as needed.

A summary of the operating expenditures for 2010-2011 are as listed there with a total of \$51.45 million dollars.

Here is a revenue summary showing the local, state, federal of \$50.8 million dollars.

Combining the proposed operating expenditures and operating revenues fund balance appropriation that we talked about and the capital expenditures which is financed through the fund balance designation established in 2006, the proposed millage increase is 2.9% which will increase the millage rate to a 16.99% for the 2010-2011 school year.

Mrs. Sheffey: 16.99 mils, not percent.

Dr. Brewer: What did I say?

Mrs. Sheffey: Percent.

Dr. Brewer: Excuse me.

Mr. Rineer: We could get by with that.

Dr. Brewer: I'll bet we could. We're almost done. We wanted to do the fund balance review and the starting point for developing the fund balance review is to project the fund balance as of June 30, 2009, which takes into account the audited adjustments made during the auditor's report for the 2008-2009 budget. As you can see from the slide the projection last June was \$11.3 million dollars. The general fund includes specific designations for the PSERS retirement reserve, for health insurance, and then in addition, we have a capital reserve and those designations are listed up there.

When you look at our budget variations that are projected for the current year, you see that we really are not projecting a revenue surplus which we frequently have had in the past, but we don't think we're going to have that. The only thing that's up there that we will not have expended is the \$300,000 which we historically put in as our hedge since we're self funded in health insurance that we may need that.

The end of the year fund balances are projected in the middle of this slide showing that we're taking out \$251,000 from the retirement stabilization to offset the difference between the 7.13 and the 8.22 that we feel should be the rate for next year. We're also taking \$937,000 out of the capital reserve to fund those projects which will be the first time we've done that. What we have done was we've had enough surplus in the past to fund the capital reserve and keep that at a level field, but the feeling is that these designations were set up for bad times. We're in bad times, so it seems like a reasonable thing to do. We're not spending down the funds completely. It's a measured report.

The effects of the tax increase: By the way, Dan is putting a lot of information up on our website related to the budget and one of the things he's going to put up, maybe you already have.

Mr. Tredinnick: It will be up tomorrow morning.

Dr. Brewer: Is a calculator. So that every taxpayer can go in and look at what their house is worth and calculate what this will mean for them in real estate. You can see by this chart, assessed value, current rate, the increase. So, if an average house in Derry Township is \$100,000, then the tax effort would be \$47,000.

Dr. Donahue: \$47.00

Dr. Brewer: Yes.

Mr. Rineer: If I could add, several years ago when we had Act 72, one of the reviews that was done was: what is the average assessed value of a residence in Derry Township? At that time, it was probably about four years ago, that figure was about \$140,000. If you go by the effects of inflation, that assessed value – well, the assessed value is not actually going to change. That remains the same. The market value changes, but not assessed value, so \$140,000 would increase a person's real estate taxes by about \$60 per year.

Dr. Brewer: One other chart and I don't know if you sent this one around yet – the accumulation and the affect of foregoing the 2.9% tax increase. Just to show you, when you do not do a small steady tax increase what you forego. If we would not do this 2.9% increase this year, we would lose about \$872,000, which of course is cumulative, with an overall effect loss of \$9.3 million in 10 years.

Mr. Rineer: Because of Act 1, if you don't use it, you lose it. This 2.9% increase in the millage would generate about \$870,000 worth of revenue next year. As Dr. Brewer pointed out, the cumulative effect of that revenue loss for a 10 year period is what she said. The problem with Act 1 is that if the Board decides not to enact that millage increase, it's gone forever. You cannot, with Act 1, if you elect to forego, like we did this current year, with the 4.1% increase, if you elect to forego that, you can't go back ever and recapture those. They are gone forever. While I do not like – I'm a taxpayer too – do I want to pay more? No, I don't want to, but on the other hand, the schools need to be funded and programs need to continue and that means that the programs need to continue next year and the next year and the next year. So, there's the Act 1 dilemma where we're limited by the index, but if the Board does not act and does not have a tax increase in a particular year, it's gone forever. That's what this particular slide illustrates is what's the cumulative cost.

Dr. Parrish: Lin, thank you. Thank you to the administration, the Finance Committee. Thanks to our citizens John and Bonnie who put a lot of effort in this as well for bringing this proposed budget to us. Anybody else have any last comments?

Mr. Gräb: Not a comment, just a question. Lin, I noticed on your local revenue changes, the Pilot program we have listed \$400,000. Does that include both the Pilot from the Hershey Medical Center and from the Giant Center? That seems extremely low.

Male Voice: No, that's the change.

Mr. Gräb: That's the change.

Mr. Rineer: And I should also mention I did notice one typo in here on the local revenue change: the contributions from the Milton Hershey Trust is not \$1,176,000, it's \$1,760,000.

Dr. Brewer: John, to answer your question. The combined from all – the Giant Center, Medical Center, Room One, we have budgeted \$952,000 next year, whereas this year, we had budgeted \$640,000.

Mr. Gräb: Okay. If I'm reading this correctly then the change in the Pilot is \$400,000 and the change in the real estate taxes is \$31 million?

Mrs. Sheffey: No, something's not right.

Mr. Rineer: No, that's not the change. That's the amount and the change that this slide is looking at is what is the percent to total budget.

Mr. Gräb: It's a change in one place, but it's not a change in the other place.

Mr. Rineer: We're not showing the change, we're showing the total amount of the revenue on that particular slide, Mr. Gräb.

Mr. Gräb: So the total amount of revenue for the Pilot is \$400,000?

Dr. Brewer: No, it's \$612,000, but we had budgeted this year \$400,000. We didn't budget the full amount. We budgeted \$612,000. Last year, we didn't know about Room One, so the difference between what we budgeted for 2009-2010 versus 2010-2011 was \$640,000 versus \$952,000 roughly \$300,000.

Mrs. Sheffey: Steve, you might want to take a look at this and maybe send a revised copy out to the Board.

Dr. Brewer: I have it. I have exactly what it is right here and we'll just make a copy to you.

Mr. Gräb: I think I can understand that, but what you're telling me is the \$400,000 listed under Pilot is the change in Pilot, but the \$31 million dollars listed under real estate taxes is not the change in real estate taxes and that's what's confusing.

Mrs. Sheffey: But, I don't think that \$400,000 is the change, because the change is really only \$300,000, so I think Steve's has to rework this whole slide for us and send us a new slide.

Mr. Rineer: I will do that.

Dr. Parrish: Is that not what you've budgeted from the Pilots, because with the Giant Center Pilot, we never know what we're going to get.

Mrs. Sheffey: We're budgeting the full amount.

Dr. Parrish: But you're going to budget where it's not a guarantee we're going to get it though.

Dr. Brewer: That's true, but they have told us that . . .

Dr. Parrish: They have insinuated that it will be.

Mrs. Sheffey: And in the last two years, it has been.

Dr. Brewer: That's been a discussion. If you look at Page 30 of your narrative, you'll see the detail for it. It lists what we get from the Hershey Medical Center. It gives you a history of the Pilot payment for the Giant Center and the new master lease agreement with Room One. At the very bottom of it, you'll see actuals, you'll see budget of \$640,000 versus proposed for next year of \$952,000.

Mr. Gräb: Yes, and I understand that, but what I still don't understand is the real estate taxes. If it's a change on one line, why is it not a change on the other line?

Dr. Brewer: Can we get in the slide where you're referencing?

Mr. Gräb: Yes. It's called Local Revenue Changes.

Mrs. Sheffey: Yeah, I'm guessing Steve, maybe you put the . . .

Mr. Rineer: I think on that particular slide, the Pilot shown as \$400,000 should be \$952,558 is the exact number.

Mrs. Sheffey: Yes. You just need to fix that.

Dr. Kepler: I just think from the document to the slide was not updated - \$400,000 was this current year's Giant Pilot budgeted amount and it just was not increased on the slide is what I think occurred.

Mr. Gräb: The title of the slide says Local Revenue Changes.

Mrs. Sheffey: He needs to fix the slide.

Mr. Gräb: Fix that up, okay. Steve, next question. This one's for you. Has the state legislature or the Pennsylvania Gaming Commission, whoever makes the decision, decided yet how much is going to be allocated?

Mr. Rineer: No, they have not. However, I did receive notification, I may have it here, that whomever is supposed to decide if there are sufficient funds available in the gambling relief fund that there is enough money in the gambling relief fund to pass that through to districts. My recollection is that for Derry Township residents it's a one size fits all. The same amount for everybody. Last year, I think it was \$132 per approved residence. We budgeted \$669,000. This is a no loss-no gain for the Districts, whatever we get from the state, we pass through as a property tax reduction by all approved households. We don't know how many approved households there are yet. The Local Board of Assessments has to tell us how many qualified properties there are and we don't know exactly how much we will get from the state although the current year was \$669,000, I think. I budgeted the same figure. There is enough money in the gambling fund. We don't know how much and we don't know how many households it has to be distributed over, but I've never been afraid of going out on a limb. We've got \$132 per household the current year, I would expect that for the 2010-2011 year, it's going to be somewhere between \$130 and \$135 a residence. It doesn't change that much.

Mr. Gräb: So once decided, if my assessed value is \$275,000, my taxes would go up \$132, but the state is giving me \$132 back?

Mr. Rineer: That's a fair statement, however, Mr. Gräb if the assessed value of your house is a million dollars, you're still going to get the same \$132.

Mr. Gräb: Okay.

Dr. Parrish: That's a pass through. It doesn't really affect the budget.

Mr. Gräb: That's correct. It doesn't affect the budget, but it does affect the amount of money people will be paying on their taxes.

Mr. Rineer: I made the point several years ago and, in fact, it's in the revenue narrative that any year in which the number of qualifying households goes up or the amount of the gambling refund decreases, then the amount of the reduction per household is going to decrease and even if our millage stayed the same, it would look like a bigger – it would look like a tax increase, because the individuals would be writing a bigger check, but it's really just straight long division when we know how much and how many households qualify, then we'll be able to figure out how much the property reduction is per household.

Mr. Gräb: Okay, thank you.

Dr. Parrish: Moving forward.

UNFINISHED BUSINESS

4.01 Unfinished Business

None.

NEW BUSINESS

5.01 Approval of Finance Report for March 2010

The Administration recommended approval of the March 2010 Finance Report.

1.	The Treasurer's Report for the month ending March 31, 2010 was summarized as follows:	
	• General Fund Revenues	\$1,157,194
	• General Fund Expenditures	3,880,480
	• Balance of Cash Plus Investments (Includes \$4,538,123 Capital Reserve)	21,238,507
2.	The listed schedule of investment transactions for the period beginning March 1, 2010 through March 31, 2010 totaled interest earnings of \$11,449 comprised of the following:	
	• General Fund	\$76
	• Money Market	8,492
	• Capital Reserve	2,255
	• PA Local Government Investment Trust	626
	The average interest rate for March 2010 was 0.54%	
3.	The March 2010 expenditures for the paid bills for all funds totaled \$1,817,453 excluding net payroll, retirement contributions, and debt service.	

4.	The April 2010 expenditures for the unpaid bills for all funds totaled \$1,135,282.	
5.	The estimated expenditures of the General Fund for the month of April 2010 were in the following amounts:	
	• Operating Expenses	\$1,250,000
	• Utilities	207,800
	• Net Payroll (3 pays)	1,240,000
	• Employer Provided Insurance	345,900
	• Payroll Deductions	609,000
	• Employer Payroll Taxes (FICA/RET)	141,000
	• Debt Service	<u>0</u>
	Total Estimated Expenditures	\$3,793,700

Mrs. Chabal moved the Board approve the Finance Report and was seconded by Mrs. Sheffey.

Roll Call Vote:

Chabal – Yes
 Cronin – Yes
 Donahue –Yes

Gräb – Yes
 Hagan – Yes
 Morelli – Yes

Parrish – Yes
 Sheffey – Yes
 Stover - Yes

9 Yes

MOTION CARRIED

5.02 Budget Transfers

Section 687 (d) of the Public School Code provides: The Board of School Directors shall have the power to authorize the transfer of any unencumbered balance, or any portion thereof, from one class of expenditures or item, to another, but such action shall be taken only during the last nine (9) months of the Fiscal Year."

The Administration recommended the Board authorize the April 2010 budget transfers. They are all routine transfers.

Dr. Cronin moved the Board approve the budget transfers and was seconded by Mrs. Chabal.

Roll Call Vote:

Chabal – Yes
 Cronin – Yes
 Donahue –Yes

Gräb – Yes
 Hagan – Yes
 Morelli – Yes

Parrish – Yes
 Sheffey – Yes
 Stover - Yes

9 Yes

MOTION CARRIED

5.03 Requests for Payment - Construction Projects

The Administration recommended the approval of the following invoices as reviewed and approved by Mr. Consalo:

Multi-Purpose Practice/Playing Fields:		
1.	John E. Fullerton, Inc. (Electrical Contractor) Invoice No. 5151	\$504.77
2.	American Turf Installers, LLC Invoice No. 1001	35,000.00
3.	Dauphin Electric Invoice No. 706053	2,208.41
Parking Lot Improvements:		
4.	Hayes Large Architect, LLP Bill No. 1003-058	5,382.00
5.	Trans Associates Invoice No. J09058	530.00
6.	Township of Derry Invoice No. 68261-7	6,689.59
7.	Lebanon Daily News Invoice No. 2090947	1,116.65

8.	Patriot News Invoice No. 2052501	1,520.60
9.	Media One (York) Invoice No. S2090947000	1,116.65
	Middle School Expansion:	
10.	SchraderGroup Architecture, LLC Invoice No. 00737 17,835.07 Invoice No. 00745 <u>557.00</u>	18,392.07
11.	Commonwealth Code Inspection Service Invoice No. 40239	4,525.00
12.	Lebanon Daily News Invoice No. 2090955	2,239.85
13.	Patriot News Invoice No. 2052494	2,799.63
14.	Lancaster Newspapers Invoice No. 2489893	2,528.00
15.	Media One (York) Invoice No. S2090955000	2,239.85
16.	Standard & Poor's Invoice No. 10241418	9,450.00
	Elementary School/LGI:	
17.	Commonwealth Code Inspection Service Invoice No. 40147	2,425.00
18.	Lebanon Daily News Invoice No. 2090959	1,116.65
19.	Patriot News Invoice No. 2052866	1,387.50
20.	Media One (York) Invoice No. S2090959000	1,116.65

Mrs. Chabal moved the Board approve the request and was seconded by Dr. Hagan.

Roll Call Vote:

Chabal – Yes

Cronin – Yes

Donahue –Yes

Gräb – Yes

Hagan – Yes

Morelli – Yes

Parrish – Yes

Sheffey – Yes

Stover - Yes

9 Yes

MOTION CARRIED

5.04 Approval of 2010-2011 School Supply Bids

The Administration recommended the approval of school supply bid awards for the 2010-2011 school year.

Mrs. Chabal moved the Board approve the request and was seconded by Mr. Morelli.

Roll Call Vote:

Chabal – Yes

Cronin – Yes

Donahue –Yes

Gräb – Yes

Hagan – Yes

Morelli – Yes

Parrish – Yes

Sheffey – Yes

Stover - Yes

9 Yes

MOTION CARRIED

5.05 Approval of 2010-2011 Harrisburg Area Community College Proposed Budget

The Administration recommended the approval of the 2010-2011 Harrisburg Area Community College proposed budget. The proposed budget fixes the District contribution at \$350,613. In addition, the proposed budget includes a \$37,975 capital contribution. Therefore, Derry Township School District's total contribution to this budget is projected to total \$388,588.

Mrs. Chabal moved the Board approve the request and was seconded by Dr. Hagan.

Mr. Stover: I have historically voted against this and I will again this year. I believe that our budget supports K1 through 12 and that this is something we should not be supporting. HACC is one of three schools that is supported in this manner, and I believe about two years ago, the Patriot-News did an article and also had a survey. I'm not sure where they got it. The survey outcome was the by taking away this funding,

there would not be a drop in the number of students attending this school, basically saying that students could still afford this without the districts having to do it. This is \$350,000 out of our budget that I don't think we should be paying. I think we should fight to stop it. Thank you.

Dr. Parrish: Any other comments? Chuck, you may want to give a little update. This is legislatively mandated – the fee we pay. Basically, any Derry Township citizen who attends HACC has the tuition payment significantly subsidized.

Mr. Stover: By us and the county. We pay 1/3 and the county pays 1/3.

Dr. Parrish: So, 1/3 of your tuition is subsidized. It only affects a small number of schools in Central Pennsylvania. I don't know how that's determined by county, but it doesn't apply across the Board, so it is a very disparate expense if you will.

Dr. Hagan: What are the repercussions of us voting no?

Male Voice: It will still pass.

Male Voice: There are none.

Dr. Brewer: It's already passed.

Dr. Hagan: So it's symbolic.

Mr. Stover: It's symbolic and they need to hear us that they shouldn't be having salary increases at 4% in this kind of economy. This is just an example of something that has spiraled out of control. When it first started it was a very small portion of our budget. When it first started, HACC was that one, two or three buildings up there, now there are campuses all over the place. It's just gotten out of hand and we're ending up footing the bill for it and we shouldn't.

Dr. Parrish: I believe our neighboring school district actually did vote against this. Maybe Lower Dauphin did as well.

Dr. Cronin: When you say fight it, how do we do that? If you vote no it's symbolic, but how do you actually change this? Is it legislature?

Mr. Stover: It would be a legal matter that will take time.

Dr. Parrish: The only way it can be changed is through legislative action, I believe. We can't sue to not pay this. It would have to be done through our state legislature.

Mr. Morelli: Just a quick question, Bill. HACC has campuses in Lebanon and, I think, Lancaster. Those counties and school districts pay the same? Do they have the same issue or it's just Dauphin County?

Mr. Morelli: There are only 8 districts, John, that support this?

Mr. Gräb: No, I think school districts in Dauphin County, Perry County, and Cumberland County pay the 1/3-1/3. The student pays 1/3, the school district pays a 1/3, and the state pays 1/3. I think it's just in those three counties.

Mr. Morelli: But they do have campuses in Lebanon, Lancaster, I don't know if they have one in York or not.

Mr. Gräb: Gettysburg.

Dr. Donahue: But as a point of clarification, this budget that we're voting on doesn't fund the other campuses.

Mr. Morelli: Okay.

Dr. Donahue: It only funds the Harrisburg campus.

Dr. Parrish: But students from Lebanon who attend the Harrisburg campus pay 100% of their tuition.

Male Voice: That's correct.

Dr. Parrish: So, if you vote no against this – a vote on this issue – it won't change their budget, it will be a symbolic message. Okay?

Roll Call Vote:

Chabal – No

Cronin – No

Donahue – Yes

Gräb – Yes

Hagan – No

Morelli – No

Parrish – No

Sheffey – No

Stover - No

2 Yes, 7 No

MOTION FAILED

5.06 Approval of Dauphin County Technical School 2010-2011 Proposed Budget

The Administration recommended the approval of the 2010-2011 Dauphin County Technical School proposed budget. The proposed budget includes an estimated \$534,100.00 operating cost contribution by Derry Township School District based on an estimated 5.28% student population from Derry Township. The proposed budget also includes a \$288,162.47 debt service contribution, and a \$8,243.92 capital reserve contribution, for a total contribution of \$830,506.39.

Mr. Gräb moved the Board approve the request and was seconded by Mrs. Chabal.

Dr. Hagan: Didn't we vote on this by ballot?

Mrs. Sheffey: You have a ballot at home.

Dr. Hagan: And we voted on it and mailed it in.

Mr. Gräb: That's a question I do want to raise. Even though it's on our agenda this evening, we still need to mail in the ballots you received in the mail. By school code, that's the way the joint Board for the Dauphin County Technical School votes on things. We can't vote on them individually in public sessions like this. It has to be sent in. The ballot has to be approved by 2/3 of the school districts. There are six school districts so four of them have to approve it with an affirmative vote and the majority of the 54 directors of the six school districts must also approve it. I think Chris and I raised this question at the meeting, because if four school districts vote to approve, that's 20 to 16. If the other two vote not to approve, it makes the vote 20 to 34, but still passes, so consequently it's a combination of the two: 2/3 of the participating school districts and the majority of the 54 school directors.

Male Voice: Do we still have time to return those, John?

Mr. Gräb: They're due May 7, 2010. The reason they're asked to be returned there are other questions than the 2010-2011 budget and I'll get to that or Chris will get to that when we give the Tech School report.

Mrs. Sheffey: John, would you recommend approval?

Mr. Gräb: I would recommend approval. As I've stated before, we had a discussion with the principal at the Tech School the other evening and I think the enrolled population for Derry Township coming in as 9th graders next year is 6 students. I have to convince myself that there are more than 6 students in the 8th grade class who might benefit from what's offered at the Tech School. We've discussed in the past the possibility of withdrawing our support from the Tech School and going somewhere else. The articles agreement which we all voted affirmatively states that you may withdraw from the Tech School, but you are still required to complete your capital expenditure contributions until their fulfilled.

Mrs. Sheffey: I've heard that the reason why many folks don't consider the Technical School is they would like to have a Hershey High School diploma. Is there any discussion about getting a joint diploma if you go to the Technical School?

Mr. Gräb: That's not a discussion, but at the next meeting I think Chris and I can raise that question.

Mrs. Sheffey: Thank you.

Mr. Gräb: It's interesting. Some students leave Derry Township with their Hershey High School diploma and get a job working at Foot Locker for \$18,000 a year where somebody can graduate from the Tech School as an electrician, a carpenter, a plumber, or a mason and earn \$60,000.

Mr. Morelli: Other students graduate here and then go on to something like Penn College and get associate degrees paying whatever the Penn State tuition is for that college in literally the same trade.

Dr. Parrish: The same certification.

Mr. Morelli: Right.

Mr. Rineer:

Roll Call Vote:

Chabal – Yes

Cronin – Yes

Donahue –Yes

Gräb – Yes

Hagan – Yes

Morelli – Yes

Parrish – Yes

Sheffey – Yes

Stover - Yes

9 Yes

MOTION CARRIED

5.07 Approval of Overnight Field Trip/Excursion - High School Girls' Basketball Team - Kutztown University

The Administration recommended the approval of the overnight field trip/excursion as listed:

<i>Group:</i>	Hershey Girls' Basketball Team
<i>Number of Participating Students:</i>	20
<i>Grade Level:</i>	9-12
<i>Destination:</i>	Kutztown University
<i>Purpose:</i>	Team Camp
<i>Depart:</i>	July 15, 2010
<i>Return:</i>	July 18, 2010
<i>Trip Leader:</i>	Randy Gambelunghe, Head Coach

The District reserves the right to cancel the excursion based on events that could pose a heightened safety or security risk.

Mrs. Chabal moved the Board approve the request and was seconded by Mr. Gräb.

Roll Call Vote:

Chabal – Yes

Gräb – Yes

Parrish – Yes

Cronin – Yes

Hagan – Yes

Sheffey – Yes

Donahue –Yes

Morelli – Yes

Stover - Yes

9 Yes

MOTION CARRIED

5.08 Weapons Policy Waiver - Middle School Civil War Day

The Administration recommended the approval of a waiver to the Derry Township School District Weapons Policy 218.1 for the Middle School Civil War Re-enactment on May 28, 2010. Antique weapons will be fired, but no projectiles will be used in the weapons.

Dr. Cronin moved the Board approve the request and was seconded by Dr. Hagan.

Mr. Morelli: Just a quick comment. I believe Mr. McCain does this and he's a young guy like myself who is probably going to retire soon. Are we planning on hopefully keeping this program or maybe having him back to continue doing it?

Dr. Brewer: Sue? Every other year this program, right?

Ms. King: Currently we do this every other year, but then it's part of what we're looking at on that whole area of experimental learning.

Dr. Parrish: Does Mr. Watson still participate in this? He's one of our retired teachers as well.

Ms. King: Yes.

Mr. Gräb: I think Bob Schaffer participates as well.

Dr. Parrish: Yes, Mr. Schaffer does too. Excellent.

Mr. Gräb: Quick question here. In reading through this and I didn't get a chance to read the exact weapons policy, do we need waivers for starting pistols at track meets?

Dr. Brewer: What do you think, Brian?

Mr. Jackson: My understanding is that as long as there is not a projection, there is no actual projectile fired from the pistol, it is fine.

Dr. Parrish: Do those pistols have the ability to even fire a projectile?

Mr. Jackson: They do not.

Roll Call Vote:

Chabal – Yes

Gräb – Yes

Parrish – Yes

Cronin – Yes

Hagan – Yes

Sheffey – Yes

Donahue – Yes

Morelli – Yes

Stover - Yes

9 Yes

MOTION CARRIED

5.09 Requests for the Use of School Facilities

The Administration recommended the approval of the following Requests for the Use of School Facilities:

<i>Group:</i>	Central Pennsylvania Symphony
<i>Date/Time:</i>	April 29 and May 1, 2010 6:00 p.m. - 10:00 p.m.
<i>Requested Facility:</i>	High School Auditorium, Band and Orchestra Rooms
<i>Event:</i>	Rehearsal and Concert
<i>Fee:</i>	None
<i>Group:</i>	Hershey Youth Football Association
<i>Date/Time:</i>	June 1, 2, 3, 4, 8, 2010 3:45 p.m. - 6:00 p.m.
<i>Requested Facility:</i>	ECC Gym and Multipurpose Room
<i>Event:</i>	Youth Cheerleading Tryouts and Registration
<i>Fee:</i>	None
<i>Group:</i>	Deer Run of Hershey Homeowner's Association
<i>Date/Time:</i>	June 17, 2010

	5:30 p.m. - 8:30 p.m.
<i>Requested Facility:</i>	High School LGI
<i>Event:</i>	Special Meeting of the Deer Run Homeowners Association
<i>Fee:</i>	None
<i>Group:</i>	Hershey Little League
<i>Date/Time:</i>	June 26, 2010 - July 7, 2010
	Monday through Thursday 4:00 p.m. - 9:00 p.m.
	Friday 4:00 p.m. - 10:00 p.m.
	Saturday 8:00 a.m. - 10:00 p.m.
	Sunday 1:00 p.m. - 8:00 p.m.
<i>Requested Facility:</i>	North and South Fields, Batting Cages at Each Field
<i>Event:</i>	All-Star Baseball Tournament
<i>Fee:</i>	None
<i>Group:</i>	Hershey Little League
<i>Date/Time:</i>	June 26, 2010 - July 31, 2010
	Monday through Thursday 4:00 p.m. - 9:00 p.m.
	Friday 4:00 p.m. - 10:00 p.m.
	Saturday 8:00 a.m. - 10:00 p.m.
	Sunday 1:00 p.m. - 8:00 p.m.
<i>Requested Facility:</i>	North and South Fields, Batting Cages at Each Field
<i>Event:</i>	Host various baseball games as part of the Haps Boyer Central Penn Baseball Tournament and the Susquehanna Valley Baseball Tournament
<i>Fee:</i>	None

<i>Group:</i>	Hershey Youth Football Association
<i>Date/Time:</i>	Monday, Tuesday, Wednesday August 30 to November 10, 2010 6:00 p.m. - 7:30 p.m.
<i>Requested Facility:</i>	ECC Gym
<i>Event:</i>	Youth Cheerleading Practices
<i>Fee:</i>	None

Dr. Brewer: Point of order.

Dr. Parrish: Yes.

Dr. Brewer: I don't know how many of you may have seen your e-mail that came in late in the day, but we have added one – the Central Pennsylvania Symphony at the top. Sorry for that.

Mrs. Chabal moved the Board approve the request and was seconded by Mrs. Sheffey.

Mr. Gräb: Not a question, just a comment. The Central Pennsylvania Symphony is under the direction of our own Mr. Greg Woodbridge.

Roll Call Vote:

Chabal – Yes

Cronin – Yes

Donahue –Yes

Gräb – Yes

Hagan – Yes

Morelli – Yes

Parrish – Yes

Sheffey – Yes

Stover - Yes

9 Yes

MOTION CARRIED

5.10 Personnel – Resignations

The Administration recommended the approval of the following resignations:

Professional:
Donaher, Sarah Speech and Language Pathologist District-wide Reason: Personal Effective: 06/11/2010
Classified:

Fontana, Waraporn
 General Food Service Worker
 High School
 Reason: Personal
 Effective: 04/07/2010 (retroactive)

Mrs. Chabal moved the Board approve the resignations and was seconded by Dr. Hagan.

Roll Call Vote:
 Chabal – Yes Gräb – Yes Parrish – Yes
 Cronin – Yes Hagan – Yes Sheffey – Yes
 Donahue –Yes Morelli – Yes Stover - Yes

9 Yes

MOTION CARRIED

5.11 Personnel – General

1.	The Administration recommended the approval of the following appointments:
	Professional:
	Acri, Kristen Transfer of Entity Position - Autistic Support Teacher (New classroom moving from an IU 15 class to a District operated class) Elementary School Professional Masters +10, Step 13 Salary: \$62,838.75 Effective: 08/23/2010 (pending receipt of Act 34, 151, and 114 clearances)
	Ettinger, Jennifer * Half-time Art Teacher Middle School Long-term Substitute Bachelors, Step 3 Salary: \$43,503.75 (prorated) Effective: 08/30/2010 through the end of the 2010-11 school year
2.	The Administration recommended the approval of the following personnel for 2010 summer employment:
	Technical Support:
	McNeal, Benjamin Summer Technical Support District-wide

	7 hours per day Salary: \$9.00 per hour Effective: 06/10/2010
	Waterland, Alexander Summer Intern District-wide 7 hours per day Salary: \$10.00 per hour Effective: 05/03/2010
	Wertley, Jordan * Summer Technical Support District-wide 7 hours per day Salary: \$10.50 per hour Effective: 05/10/2010 (pending receipt of Act 34, 151, and 114 clearances)
	Transfer of Classified Staff:
	Dull, Dawn * From: Substitute General Food Service Worker District-wide To: General Food Service Worker (replacing Jeanne Bender) Elementary School Level A: 4.0 hours per day Salary: \$10.38 per hour Effective: 04/27/2010
3.	The Administration recommended the approval of the following requests in accordance with the District Policies 435 & 439:
	Bohn, Alicia Kindergarten Teacher Early Childhood Center Paid/Unpaid Childbearing/rearing Leave Effective: On or about 08/06/2010 through 01/14/2011
	Yingling, Dawn Grade 4 Teacher Elementary School Paid/Unpaid Childbearing/rearing Leave Effective: 04/30/2010 through 01/14/2011
4.	The Administration recommended the approval of the following additions to the 2009-2010 Substitute Teacher List:
	Luttrell, Chris M.E. in Elementary Education from University of Phoenix
	Manari, Christen B.E. in Elementary Education from Pennsylvania State University

	Severin, Christine B.S. in Music Education from Indiana University of Pennsylvania
	Silcox, Julie M.E. in Elementary Education from University of Cincinnati with certification in Special Education
5.	The Administration recommends the approval of the following addition to the 2009-2010 Guest Teacher List:
	Heilig, Jessica
	* <i>This individual is currently an employee and/or volunteer. Clearances are on file.</i>

Dr. Cronin moved the Board approve the personnel recommendations and was seconded by Dr. Hagan.

Roll Call Vote:

Chabal – Yes
Cronin – Yes
Donahue – Yes

Gräb – Yes
Hagan – Yes
Morelli – Yes

Parrish – Yes
Sheffey – Yes
Stover - Yes

9 Yes

MOTION CARRIED

DELEGATES REPORTS

6.01 Dauphin County Technical School Report

Mr. Gräb: The Dauphin County Technical School’s Joint Board, that meant all nine directors from the six school districts were invited to the April 14 meeting. There was not a quorum, consequently, the result of the mail ballot. You are asked to approve the January 13, 2010 minutes. You are asked to approve the results of the January 2010 mail ballot. You are now asked to approve the election of the Treasurer. We elected Mike Bram from the Central Dauphin School District. You are asked to approve the appointment of the Superintendent of Record who is Amy Morton from the Capital Area Intermediate Union. You are asked to approve the 2010-2011 budget by mail ballot if you would please.

There is a resolution to establish a retirement stabilization fund similar to what we have here and there was a resolution to accept grants and entitlements. I would encourage you to return your mail ballots and vote as you so desire.

There are other things, but we’ll save them for a later date.

Mr. Morelli: I believe those came in the mail this week, so if you’ve got them.

Mr. Gräb: They are due May 7, so there is time.

6.02 Derry Township Tax Collection Association Report

Mr. Stover: Thank you, Mr. President. The Tax Association met on last Thursday, April 22. A few items of business: we re-appointed our auditor which is the same auditor that the school uses, we simply went through a process of looking at that and making sure it was the correct decision, and it was. We appointed a contract cleaner which is one of the employees of the Association which keeps our costs down so we're not using a corporate cleaner. The two items that took up the majority of our time were our current license to support our software by Widenhamer will expire April of 2011. We either need to renegotiate with them to continue with them which currently they want a large amount of money to upgrade our system and since we're going to be going off of EIT collections, it doesn't appear to make sense to do that. We're trying to either (1) negotiate a lower cost for the lower amount of service which we're going to need or (2) we're going to need to find a new vendor for that.

Secondly, we have a delinquent employer who has gone out of business that has a rather large outstanding balance. We are aggressively pursuing that to collect those monies.

Lastly, I was unable to attend the April 14 Dauphin County Tax Committee meeting, but our alternative Mr. Rineer was able to and I'll turn it over to him for a report on that meeting.

Mr. Rineer: The Tax Collection Committee is charged county-wide to follow the procedures of Act 32 for county-wide collections of the earned income tax. The committee met and passed bylaws and also discussed the preparation of bills for whomever the Tax Collection Committee will decide who will collect the EIT for the school districts in all the municipalities within the county.

Dr. Parrish: Questions?

6.03 Harrisburg Area Community College Report

Dr. Parrish: Dr. Donahue, you can look forward going to your next meeting after we voted no.

Dr. Donahue: Nothing to report.

6.04 Capital Area Intermediate Unit Report

Mrs. Chabal: I did attend the meeting, left every one of my notes on my kitchen table, so I'm doing a little bit of a memory recall and those of you who know, that's not going to go well.

The meeting went extremely well. It was a lot of information and some preliminary information that was provided as far as budget was concerned, but one of the talking points that did come up is, as you know, there has been some discussions about CASA and its future. One of the things that was pointed out to all of the Board members is that, if CASA does, in fact, go away – if that is the result due to a lack of students, due to a lack of funding, that the school districts are still required to pay, and I think if I have this right, it's the capital expenses that each of the school districts are responsible for and even if the CASA went away, Derry Township would be looking at about a \$13,000 plus a year expenditure toward a then non-existent program for at least 9 years. However, they really wanted everybody to see the doom and gloom side of that. They are hoping that there will be some positive efforts – that CASA will not go away. If it does go away, they are looking at some new revenue profit centers that may be able to replace that at which time they would take that money and fold it into the money that would be needed to pay off the capital expenditures, so that you might completely remove any fiscal responsibility that each school district has or at least lower that in the event that CASA would go away. That was actually one of the larger talking points of that session.

Dr. Parrish: Questions?

SPECIAL REPORTS

7.01 School and Community Information Report

Mr. Tredinnick: It's interesting that the High School Symphony Orchestra was mentioned here earlier, because they received a special honor this past weekend. They had been invited and in fact participated in the Pennsylvania Music Educators Association Annual Conference out in Pittsburgh where they were a featured ensemble. In addition to that ensemble, we had seven different individual students who through a competitive auditioning process that starts at the district, and regional, and on to the state level who were able to participate in that festival as well. Those individuals, and I printed this very small, so bear with me as I attempt to make this out. We had two cellists: Hanearl Kim and Irene Tsai. We had two vocalists: Stephanie Iozzi and Sarah Marie Bruno. We had three members of the band: Emily Hansen, a flutist, Daniel Rigberg on French horn, and Ayesha Ali, a tuba player who were invited to participate in that and that is quite a remarkable accomplishment to think that seven students from our school were considered to be among the best high school musicians in the entire Commonwealth.

I should also go the other end of the spectrum and talk about kindergarten because we will have our new kindergarten orientation come Wednesday, so we will have a bunch of

anxious parents over at the ECC hopefully getting all their questions answered so they are quite happy to send their young charges to us come August.

Dr. Parrish: Good, thank you. Any questions for Mr. Tredinnick?

7.02 Board Members' Report

No reports.

7.03 Superintendent's Report

Dr. Brewer: I think I've said quite enough.

7.04 Board President's Report

Dr. Parrish: I'll just say thank you again for the proposed budget presentation. I think in a lot of ways, we're fortunate. Whenever we ask administration to cut, it's going to affect somebody in some way, shape, or form and it's never easy. As I was driving over tonight, I heard the news that the discussion Central Dauphin tonight was actually whether or not cut up to, did I hear 80 teaching positions in their school district. So, tough decisions are being made all around. I think we can be thankful we're not looking at cutting dramatic numbers of teaching staff.

RECOGNITION OF CITIZENS (NON-AGENDA ITEMS)

8.01 Recognition of Citizens

Mr. Dunn: I would like to deeply thank the school Board and Sam for coming up with a creative solution to preserve what I think is a worthwhile program. During the winter months, there is a primer for the investment we made on the track and taking a tenth of a percent tuck across the total sports program, I think was the right decision to make.

Keeping that in mind, looking at the cost for participation, I've always had a concern about the Tech School budget, even though we're investing into kids that have an alternative desire to pursue their education in another area that we don't have to do here, but looking at the \$830,000 investment that we make, I'm a little anxious to see us getting more bang for the buck for the number of children that take advantage of that program. I think the last number I heard was around 40 children that are actually participating in Tech School, which would then be paying a premium over what we're subsidizing and what we're paying for our children here. One suggestion that came to mind here and I don't know if this could work – on the CASA challenge, it would be wonderful if they would actually have conversations with Tech to maybe merge those

two programs together that we could then have a greater pool of kids that would go into those programs so we're not paying for the overhead for each of these independent institutions.

The other part is I participate for the audience that participate on the Financial Committee and my primary focus is making sure that taxpayers' concerns are heard and that they take that into the decision making with those that make the decisions here. I've got to tell you that over the years it is somewhat of a double edged sword that we have taken a conscientious approach to temper the tax increases in order to do what we need to do and we look at it on a long range point of view along with the short term. A lot of the increases that we're doing actually are addressing all of the challenges that other school districts are dealing with right now where they haven't done the due diligence of anticipating what the long range implications are of PSERS, of renewing the infrastructure of the school and whatnot. We have done it at a lower rate of allowable increases over the last five years than what the state has allowed us to do and we are far better off than any of the other school districts. If you take a look at what has been published in the papers and whatnot, I think Derry has probably the lowest increase this year versus all the other school districts that I have seen with the exception of Lower Dauphin which basically said that they are able to maybe get by one year, however, when you start looking back at what the state subsidizes, our District, we only get about \$1,100 a child from the state, meanwhile they're getting an extra \$2,300 a child, which adds an extra \$7.5 million dollars into their budget that we could have, if we had an extra \$7.5 million dollars, we would not be addressing the challenges that we are doing here. So, in my mind, the 2.9% millage increase is not an unreasonable request, especially if you recognize what Linda pointed out here, that the bulk of the cost goes into the contractual agreements that we have made with our teachers and also the cost of inflation with the utilities and whatnot. Basically, all we are doing is pretty much keeping pace with what our contractual obligations are and the inflationary cost of running this plan without compromising anything that's in our School District.

I think I'll end on a positive note, that's change.

Dr. Parrish: Thanks, John. John, you know one thing I think I overlooked in Lin's presentation is that \$900,000 that came out of the capital budget five years ago would have been a line item in this year's budget.

Mr. Dunn: Right.

Dr. Parrish: So, by establishing those reserve funds years ago, we're now going to reap the benefit of that.

Mr. Dunn: That and also the fact that in addition to everything we've done from a long range viewpoint and a short term, we've been able to reduce our debt service by 33% which is remarkable. I would actually challenge anybody to try to find a school district that has 13.6% of their school budget in debt service. I think we probably have one of the lowest I would imagine.

Dr. Parrish: I know this is getting long, but I would also say look at what we've management to do in the District in that 10 year period. We've got a new ECC, we've had significant improvements to the high school and facilities and during that time, not only have we dropped our debt service, but we've actually improved our facilities dramatically.

Mr. Dunn: And actually they are probably in the best condition of any other school district because we stay current rather than allow it to deteriorate to a level where we have to replace.

Dr. Donahue: Even the lights, John?

Mr. Dunn: Doctor, I do appreciate that since my letter to the Board, I haven't heard any music which is great.

Dr. Parrish: Any other comments?

Michaela DeWillie: I appreciate that you all have saved indoor track for us for this year, but also looking toward next year, I hope that you won't turn us into a club sport. I don't think that's the right move. One of the reasons I wanted to make a comment here is that earlier Dr. Parrish and Mr. Elias characterized indoor track as simply an off-season practice for cross country and for outdoor track. That's not correct. It is a competitive sport in the winter. We do compete against other teams from all over Pennsylvania so it's not like early morning baseball practice in the winter. It's not like summer football practice where it's practice. Yes, we practice twice a week. The kids practice twice a week, but we do compete during that time.

Dr. Parrish: We understand that.

Ms. DeWillie: I just want to make – it's different than off season practice.

Dr. Parrish: Any other comments?

Heidi Eby: I just want to make one comment in regards to the winter track and you, Dr. Brewer, proposing to possibly make it a club sport two years from now. I'm disappointed to hear the comments of "don't doom it to a club sport". I'm a representative from the ice hockey club that is a club sport and I don't think it's dooming any sport to be a club sport. Thank you.

Dr. Cronin: I want to comment, because I think that's taken out of context. I meant just because of the problems that you guys have relayed to us that you have been treated like a second class sport and I hate to see another sport have to fight what you guys have fought to get to where you are. My intention was not that ice hockey was a bad thing, but I know you guys have had to fight harder than other sports to get what you would consider is your due respect and due whatever. I don't want track to have to

have the uphill battle that you guys have portrayed in the last few meetings. That was my intent Heidi.

Ms. Eby: It isn't just directed at ice hockey, it's just a club sport in general.

Dr. Cronin: Right.

Ms. Eby: I'm speaking because I know ice hockey is the only club sport in the District at this time.

Dr. Cronin: Correct.

Ms. Eby: I was just speaking on general terms. I'm just here as a parent.

Dr. Cronin: Right, but when you said doomed, because I said doomed, and I meant in regard to what you guys have told us has been the negative aspects of being a club sport, and I agree with you that that's been difficult for you and the student athletes and I don't like that you've had to go through that.

Dr. Parrish: Thank you. Any other citizens?

ADJOURNMENT

9.01 Adjournment

Dr. Parrish: I'd like to announce that the Board will meet in Executive Session following the conclusion of this meeting to discuss matters of Human Resources and personnel.

With that, we'll announce that the next public school Board meeting will be Wednesday evening, April 28, 2010 at 6:00 p.m. in this room to discuss the building project further. The next public meeting after that will be on May 10, 2010 starting at 7:00 p.m. in this room.

Dr. Cronin moved to adjourn, with a second by Mrs. Sheffey and, approved by unanimous voice vote by all members. The meeting was adjourned at 9:22 p.m.

Respectfully submitted,

Stephen E. Rineer
Secretary to the Board
Approved at the May 10, 2010 meeting

Dr. William Parrish
President of the Board

LDM