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

January 12, 2009

OPENING ITEMS

1.01 Call to Order

A meeting of the Board of School Directors, Derry Township School District was held on Monday, January 12, 2009, in the District Office Board Room. Mrs. Beulah Chabal, Board President, called the meeting to order at 7:00 p.m.

1.02 Roll Call

Directors Present:	Mr. Christopher Barrett Mrs. Beulah Chabal Dr. Donna Cronin Dr. Henry Donahue Mr. Alan Malkoff Dr. William Parrish Mrs. Ellen Sheffey Mr. Charles Stover	
Excused:	Mr. John Gräb	
Superintendent:	Dr. Linda Brewer	
Secretary:	Mr. Stephen Rineer	
Solicitor:	Mr. Brian Jackson	
Student Representative:	Kathryn Collier	
Press:	Mr. Drew I. Weidman	THE SUN
	Ms. Monica von Dobeneck	PATRIOT-NEWS
	Mr. James A. Strine, III	HERSHEY CHRONICLE

Representatives of the Administrative Staff: Mr. Dan Tredinnick, Dr. Bernie Kepler, Dr. Cynthia Goldsworthy, Ms. Lynn Dell, Mr. Joseph McFarland, Mr. Michael Murphy, Mr. David Yarian, Ms. Sue King, Ms. Jackie Castleman, Ms. Lisa M. Sviben

Miller, Ms. Lori A. Dixon .

Representatives of the Staff and Community: Bunny Hottenstein, Cody Musser, Thomas Meader, Ethan Joya, Alex Sullivan, Michael Olson, Michael Hulse, Megan Hulse, Russell Wiley, Tim Dugulth, David C. Olson, Jim Sullivan, Lee Fehrs, Eileen Wiley, Ralph Duguett, Sherri Shiflett, Seth Freeberg, Laura Campbell, Ben Montgomery, Cindy Hertz, Ann Marie Schupper, Carrie Montgomery, Kelly Hollenbeck.

1.03 Flag Salute

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

REVIEW AND APPROVAL OF MINUTES

2.01 Approval of November 24 and December 2, 2008 Re-Organization and Public School Board Meeting Minutes

A motion was made by Mr. Barrett and seconded by Mrs. Sheffey to approve the minutes of the November 24, 2008 Board Meeting and the December 2, 2008 Re-organization and Public School Board Meeting. All Board members present signified by a Yes vote.

Motion Carried.

INFORMATION AND PROPOSALS

3.01 Announcement of Executive Session

Mrs. Chabal announced the Board met in executive session prior to the meeting to discuss matters related to personnel. All Board members were present except Mr. Gräb who was excused.

3.02 Announcement of Working Session

Mrs. Chabal announced that since this was the first public board meeting of the month, there would be some items for which the Board would be taking action. Most of these items will be voted on at the January 26, 2009 public meeting. At the conclusion of tonight's meeting, the Board would convene in a public working session. The Board will discuss the two tier bus schedule.

3.03 Recognition of Citizens (Agenda Items)

None.

3.04 Standing Committee Report

HR Standing Committee: Mr. Barrett reported that the HR Committee met with counsel in relation to negotiations with the bargaining unit and the Professional Association (HEA) to discuss various issues. Mr. Barrett will be reporting on those discussions in the near future.

Mr. Barrett also presented the following Treasurer's report:

As you know, in the past meetings we discussed expense and revenue forecasts. Mr. Rineer was kind enough to give me a revenue forecast and, through December 2008, the revenues are very much on target. This is actual to 2008. The state revenues versus budget are at 101.92%, so the District is looking very good.

We do have some variances in areas that we thought we would. We have overages in areas that are good. For example, real estate taxes are up, our utility taxes are up slightly, and payment in lieu of taxes are up. However, there are some areas where we do have some negative numbers. Those areas are: occupational privilege, EIT tax, and real estate transfer tax. We're showing negative collections in those areas. Some of them might be timing issues, but those were areas we thought, based upon the economy, we would see some deterioration, but overall, we're looking good at the local revenue side of 100.92% versus budget and collections at this time. Again, these are actual numbers on our forecast.

Our state revenues are approximately 100.88%, so we're right on target. Federal and other revenues, some of these might be timing issues, because collections are at 97.36%. Overall, our total revenue actual as of December 2008 is at 101.75% and our expenses are fairly in line. We continue to look good as of this point and time.

There is a budget procedure that we need to take a look at and Dr. Brewer has been kind enough to put together some slides for us. With the new laws, we need to start the process earlier, so we will be meeting as a Finance Committee and beginning the process. I will be giving forecasts, and I think this is particularly important because at the next Board meeting the Board will be asked to vote on the index of 4.1%. Although this is a philosophical question for the Board as it relates to revenues, we're recommending that be voted on, but we're not saying that that will translate absolutely into a 4.1% tax increase at this time. In fact, we're really working to keep it at zero, if we can moving forward.

3.05 Presentation - Budget Overview

Dr. Brewer presented introductory budget data to assist the Board in determining whether the resolution limiting our tax increase to 4.1% could be adopted and offered the following presentation:

If you remember, at the beginning of September, PDE, Pennsylvania Department of Education informed us that our index for the 2009-2010 school year was 4.1%. This means that we can pose a millage increase of up to 17.20 mills without a voter referendum approval. Our current millage is 16.52. One mil of tax generates about 1.8 million dollars for the District. Should we determine that our preliminary budget exceeds a tax increase of 4.1%, we need to propose a preliminary budget 90 days before the Pennsylvania primary election and the primary election this year is on May 19, 2009.

The budgetary process was significantly accelerated last year due to requirements of Act 1 and the unusually early date of the April 22, 2008 primary. Due to these factors last year, we shared a preliminary staffing consideration in November 2007 and staffing has typically been a focal area for us because personnel, including salary and benefits, comprises the largest category of our expenditures at 60% of the budget. Approximately 45% of that amount is for salaries and another 15% represents benefits. We did not present you a separate staffing consideration this year for the 2009-2010 budget, because the determination had already been made that no new personnel requests would be in the 2009-2010 budget. Why? Because the downturn in the economy has presented our nation and many of our taxpayers with financial challenges that most of us have not seen in our lifetime. The 2009-2010 budget will reflect the most austere budget we can responsibly bring to you and still maintain quality programs that our children need and deserve.

The binders presented to the Board will demonstrate the District's ability to operate within the 4.1 index. Included in the binders will be the budget calendar, expenditures by objects and functions, debt service, revenues, including some information that Mr. Barrett referenced, the 2007-2008 actual compared to 2008 budget, the comparison of the 2009-2010 proposed budget with no tax increase, revenue projections to June 2009 and revenue projection percentages giving our current assumptions in building next year's budget as far as the revenues side of the picture. In addition, there is also a three year real estate revenue impact from zero to 4.1 tax increase. That is just the real estate part of the revenues. The projected fund balances, enrollment projections and teachers' contribution rate projections will also be included in the binder. All data in the binder will help you preliminarily know and feel confident that we can stay within the 4.1 index.

The visual representation is something the Board has been accustomed to seeing. It demonstrates how a school budget is built. First, the budget is driven by the educational priorities. Staffing, particularly the analysis of enrollment projections to ensure the class size standards established, is a significant factor in the educational priority. There are other factors in establishing the educational priorities as well, including staff development and instructional materials that are consistent with the Strategic Plan. Next, we need to identify our costs for the personnel staff development, instructional materials, and, of course, utilities, debt service, capital improvements and so on. Finally, we need to pay for those expenditures by projecting revenues for the next year.

This year, as directed by the Finance Standing Committee, we developed an austerity contingency plan to respond to the unprecedented economic conditions. Given those conditions, we're closely monitoring the current revenues to ascertain if we're going to make projections for this current school year and some of the specific actions taken to date as we fine tune this budget.

First of all, the spring refinancing of the debt service is huge and, in fact, debt service is going to decrease by about $200,000 for next year, which actually helps us even though we borrowed new money. Right now, educational field trips are under analysis. We're looking at that. There are no sacred cows this year and what we're trying to do as we go through this budget process is see whether or not the educational trips that we currently have are completely in line with our standards or if they're might be some alternate ways of funding them.

Professional staff conferences. We have already enforced austerity guidelines. You are not going to see, from now until the end of the year, conference requests for out-of-state conferences from our professional staff, unless someone else is paying for it. That is the case with conference request that is on the agenda tonight.

Building and department budgets. We're targeting a zero to decrease in the building and department budgets. A lot of our colleagues sitting in this room already have budgets, even before we get to the final number, that are less than last year. There are a couple of things we still need to look at, but the administrative team absolutely understands what's going on with this budget.

Benefits cost containment. There are a couple of things that we can look at. With our target still remaining, our goal is healthier employees, but smarter, more tailored benefits at reasonable cost. There is some low paying fruit in that regard under consideration that may help us with cost containment and doesn't affect the current level of coverage, such as wellness programs, stop loss coverage at a more competitive rate, and brokers and third party administrators rates which we can negotiate.

In addition, we are currently negotiating the Hershey Education Association collective bargaining agreement that expires in June 2009. That is an unknown factor at the moment.

Energy conservation. You'll remember that last spring, Ed Consalo brought a whole plan of utility conservation which we have begun to implement.

The two-tiered bus system. I actually hesitate to discuss this, because although there is a cost saving associated with it, that is not the primary consideration should we choose to go forward. The primary consideration is safety and time to get the students around and back to school.

Staffing. Because we didn't give a separate budget for staffing last November, I want to talk about it. You're accustomed to seeing the multi-prong test. The multi-pronged test is looking at enrollment, mandates, and program enhancements in that order. We have added a fourth which is the continued viability of programs. Looking at every program we have to see whether or not it continues to be an area that we need, that students are wanting to take courses in and so on.

Class size guidelines. The class size standards have been consistent for many years. For the ECC and primary it's 22 or less, Intermediate is 25 or less, Middle School is 25 for core subjects, High School is 25 for regular, 24 for labs and 20 for writing. The only new positions that we may recommend are related to the two-tiered bus system which we're currently investigating. No decisions have been made. If we would adopt a two-tiered system, we would require six additional drivers and those drivers would cost us about $16,000 plus a year.

Based on the projections for 2009-2010, class size for elementary based on current projections with no increase in staff would be as follows:

Kindergarten: We would be at 12 sections, right now we have a 13th section, because we had an inordinate amount of kids register over the summer of 2008 and we opened a morning class. If we went down a half position, we still are projecting that it would be 19-20 kids in the class and right now it's 19 to 20.

First Grade: 13 sections. No change. We go 22 to 23 and right now it's 19 to 20. Our standard is 22, so we could conceivably be at 22 to 23 as the projections hold and that's a big if.

Grade 2. 13 sections looking at 20 to 21 which is within our standard, but it is up from 18 to 19 in the current classes.

Grade 3. No change. 20 to 21.

Grade 4. With 12 sections. No change. It's currently 22-23 and it actually would go down to 21-22 under our projections.

Grade 5: With 11 sections, if that's what we would have. Right now, it's 22-23 kids and it would go up to 25-26.

The elementary principals and administration are concerned about 1st grade and 5th grade enrollments. The most current projections are that for these two grades, it might be slightly higher than our standard, like one child per classroom. The principals would like to see us retain the 13th section of kindergarten, plus add a 1st and 5th grade teacher. By adding 2.5 teachers, that would necessitate adding specialists at this point. Specialists, including library, art, music, physical education and so on. So, it's a consideration.

As we think about our intension to produce an austere budget, by adding personnel, even enrollment is on the table. There are some other factors that as we work over the next couple of months might give us some room .

One factor would be retirements. Contractually, people do not need to declare until March 1st whether or not they are going to retire. So we are anticipating that there may be 5 to 6 retirements for which there would be a budgetary offset. Because the budgetary offset is that we budget the positions at a step rate, there would be some room there.

Grants. We fund several positions through the State Block Grant, through Title 1 and the Class Reduction Grant. If the class reduction grant stays in effect, we're already using that to offset one of the positions in our budget. If that goes away, we're not sure, and we haven't seen the state budget. It's scheduled to come out in or around February 17. But, the state is in dire straits, so we're holding our breath on what those budgets will look like. On the other hand, unlike many school districts that get about 40 to 50, even 60 percent of their revenues through the state, we only get 12%, so it's not as significant for us as it is for some other schools. The question is: are these grants going to stay? We fund two literacy coaches, two remedial math specialists, and then the class reduction for over $425,000. If any of those grants go away, those are contractual positions that would have to be funded out of the general budget.

The information in your packet provides a first glance of a work in progress. The expenditures are based on the 2008-2009 budget, not actuals. The revenues on the other hand are projected based on the actuals as we know them at this moment. We will be closely monitoring revenues over the next three months as we continue to scrutinize expenditures, not only for the remainder of this year, but also for next year.

Variables still under consideration include, the HEA negotiations, the state of the economy and its effect on revenues, including interest rates, income tax, real estate transfers, and so on. We will continue to scrutinize building and department budgets. We're going to scrutinize class size and the effect on staffing considerations. We'll be looking to see what retirements look like and, of course, the benefits cost containment. At first glance, expenditures for operations, not the capital improvement budget, but just for operations indicate a modest 3.15% increase in total expenditures over the current budget and a revenue increase of 1.98% with no tax increase. Expenditures would be roughly 51.229 million dollars, while revenues would be 51.104 million dollars, not including the capital. There is some supporting documentation that puts the capital back in, but then we also have a capital fund for that payment.

We will be doing the capital project fund as a stand alone presentation in April which has been our custom.

Mr. Rineer, I'd like for you to talk just for a moment about the projections on our fund balance moving forward.

Mr. Rineer: I have the projected fund balances and I'm showing the 2008-2009 column, we also have a column for 2009-2010. The fund balance beginning in the general fund is $6,281,000 and, if it's okay, I'll just use round numbers. We haven't been officially told yet, but in two weeks our outside auditor is going to come and review our financials for the year and that will be the ending fund balance figure for the June 30, 2008 year.

I should also add that the fund balance beginning for the capital projects fund is just a hair under 4 million dollars. We transferred out as of June 30, 2008, about 4 million dollars from our general fund balance to our capital projects fund. Also noted is the retirement rate stabilization fund. The fund balance beginning of the year in that is zero. We did not formally establish the retirement stabilization fund as of June 30, so that balance is zero. The total fund balance for those 2 items, the general fund and the capital projects fund totals right around $10,240,000. That's a very healthy fund balance.

Revenue projection is the general fund revenues for 2008-2009 totaling just slightly over 50 million dollars. The operating expenses budget and that's a budget number Dr. Brewer mentioned, is $49,664,000. There are a couple ways to fund capital projects and one would be to transfer over to the capital projects fund an amount equal to what the estimated expenditures will be and that's the way I've handled it . I'm transferring the capital projects fund of $1,285,000, and in the past several years we have budgeted a budgetary reserve amount for $300,000. We have not used it. It's more of a budgeting tool to make sure that we don't over expend our budget should be have additional revenues in a particular year. I'm adding that back to the anticipated expenditures and estimating that our anticipated expenditures for 2008-2009 is going to be around $50,650,000. That would end up having an anticipated deficit for 2008-2009, the year that we're in right now, of about a half million dollars.

Dr. Brewer: Actually, it will not be, because we're holding the line on expenditures. Our revenues are slightly above, we had a pilot payment which was about $400,000 more than we had budgeted. We had the $300,000 which we will not expend, and right there that puts us in a balanced budget anticipated for 2008-2009.

Mr. Rineer: I should add that we're having a good year so far for medical expense.

Dr. Donahue: For the 2009-2010 projected revenues, that is assuming what as the real estate tax?

Dr. Brewer: That doesn't change.

Mr. Rineer: A zero tax increase.

Dr. Brewer: One of the things that we want to say. You see right now, and remember this is a work in progress, if we have a zero tax increase, we are anticipating a deficit of 1.14 million dollars. However, there are a couple things: Number 1, we only budgeted the Giant payment at $200,000. We know we can budget that higher. Number 2, we had the $300,000 in for our budgetary reserve. Now, we can take a half a million dollars out of there. Number 3, we are budgeting PSERS at 7.13 rather than 4.78 that the state will budget it, so we pay half and the state pays half, which means that we're budgeting the entire expenditure at 7.13, but our revenue will only be 2.35. What we would do with the difference is what we anticipate doing this year, we'll put it in the retirement stabilization fund. By the time the auditors come next year, the retirement stabilization fund will be up to about 1.3 and then the next year, it will be up to about 1.6. Does that make sense?

Mr. Rineer: The state's retirement percent estimates for three to four years from now an increase in the 14 to 16% range. That will be a resource that the District could use to delay some tax increases because those amounts would substantially increase our budget. So we could use some of that retirement rate stabilization as a buffer.

We have the capital projects fund balance $3,961,000 and I'm showing the transfer from the general fund of $1,285,000 and that offsets the capital fund expenditures at $1,285,000, so that the fund balance remains the same.

I'm also showing the transfer of $1,000,000 for the retirement rate stabilization fund which is looking to be authorized by the Board at the January 26 meeting.

Dr. Brewer: The other thing I would invite you to look at. We wont' talk about it in great detail tonight, but we did give one summary that shows the three year effect of a zero to a 4.1 millage increase, just on the real estate tax. As we've always said, whatever you do in one year, compounds to the next, and so that particular paper which is called Real Estate Revenue: 0 to 4.1, what I would draw attention to is the totals. If you go down to the second column which shows 1% increase with the assumption that revenues, even without a tax increase, would grow to about 1.5%, just because of real estate growth. If there was a 1 mill tax increase, just next year, not in subsequent years, the compounding effect would be nearly a million dollars over 3 years. If there was a 4.4 millage increase, just the first year, that would net almost 4 million dollars in tax revenue in a 3 year period. I'm not saying we should do that, just wanted to show you the compounding effect so you have that information.

The bottom line is this, we still have a lot of work to do, but the preliminary information clearly indicates that you can vote on limiting any tax increase that would be considered to the 4.1% mandated by the state.

Any questions?

Dr. Donahue: Is it unusual not to add staff from year to year? I've only done this one year, I can't remember what we did last year.

Dr. Brewer: Very. This is my 9th year, and we've never had a year where we didn't add staff. Now, remember, a lot of that has to do with enrollment.

Dr. Donahue: By staff, I mean, teachers.

Dr. Brewer: Right. But, you know in 10 years, we've increased 1,000 students. That's why the first prong is enrollment. So, yes, that would be very unusual.

Dr. Donahue: Is enrolment leveling off?

Dr. Brewer: Well, the enrollment is in the binder for you to look at. Here's the caveat. In our projections last year, which are updated ever year, and based on birth rate and on trends, we use the Cohart Survival Method, we had 42 more kindergartners than we had anticipated this year based on birth rate. What we don't know and we're watching is whether or not those were kindergarten students that any other year would have been in a full-time tuition based private programs and came to us a year early, or whether or not it was just families moving in. In fact, our transfer taxes were up considerably this summer. They have slowed dramatically now, but they were up considerably. So what we don't know for the first grade situation is whether or not we captured most of the kindergarten students that would have come to us as first graders already, that's something we're going to have to watch.

Mr. Barrett: To add to that, I think it's really important to say that a lot of the growth in our revenues over the last few years have been related to, from the local revenue side, because obviously local revenues are where most of our revenues come from, but a lot of the growth is related to the real estate, occupational, EIT, and real estate transfer tax. Currently our collections are at 73% , so we're down $190,000 to budget on the real estate transfer tax. I know that personnel is the largest single expense. I think one of the things that we charge the administration with, at least initially, is to bring this to us without any personnel additions, unless absolutely necessary. That doesn't mean you can't add back later, when we work through it, but the exercise with compounding any type of tax increase over time is something we have to look at too. Dr. Brewer made the comment that these times are unprecedented, there's no doubt about it. We have to take that into consideration.

We have some figures here, we're going to see some deterioration in revenues, it's just a matter of when.

Dr. Brewer: Mr. Rineer and I feel pretty confident in our revenue projections for this year.

Mr. Barrett: You both have done a great job.

Dr. Brewer: Particularly, we know that there was a nice bump on the Giant pilot payment. In terms of next year…

Mr. Barrett: We don't know, because that is based on economics. But, I think that it goes without saying that from a management standpoint, Dr. Brewer and Mr. Rineer have put in a lot of cost controls that have been really effective. Thanks to you, Dr. Brewer, Mr. Rineer, and the administration for bringing that in.

Dr. Brewer: I'd like to point out, because our colleagues are here, they are really hearing what needs to be done, but it would be irresponsible for us not to be transparent with you and say that we have to watch first grade, we have to watch fifth grade. Other concerns are the English limited language proficiency and what will happen to the grants that are funding $425,000 worth of contracted positions. So, none of that will we know at this moment, but we're watching as we go through the budget cycle to April. The nice thing is that we have more time than we had in several years, because of when the primary is.

Dr. Donahue: Realizing that this is sort of a first swipe at the budget, and besides the student/teacher ratios and the classes you mentioned as being problematic, maybe Dr. Goldsworthy would comment on the negative impacts, if any, of not increasing teacher numbers at different buildings.

Dr. Goldsworthy: Well for one thing, it would certainly impact on any program expansion that we might want to have. It would impact offering additional courses, for example, that we might want at the high school. It would impact offering more intervention services for specific students who are at risk. Dr. Brewer mentioned the ELL program which we had looked at for the last couple of years, as needing additional staff to cover the number of students that we're providing services for. It's more related to program improvement and program expansion where we'll see the impact.

Dr. Brewer: Another area we can only control to a point is special education. You know, we have certain age and class size requirements that once we get to, we have to abide by federal and state mandates.

Dr. Goldsworthy: We did have an unprecedented number of special education families last summer as well. I believe the two weeks before school started, we had approximately 60 students that moved in.

Dr. Donahue: I imagine that's rather difficult to project.

Dr. Goldsworthy: Very, we were surprised last summer.

Dr. Cronin: I just want to say that, as an outlying budget voter on this Board, always striving for austere spending and not a fan of tax increases, I think it's extremely comforting to know that a zero percent budget is even on the table. I want to thank Dr. Brewer, the Finance Committee, everyone involved, Mr. Rineer, of course, that this is even a possibility. But to address the interchange between Dr. Donahue and Dr. Goldsworthy, we're actually fortunate, because we can go back, I believe five years, when we did have a situation where the first grade classes were above 22. Those students are now in 6th grade, we can ask those teachers, what was the actual impact? We have the study sample right here. What was the impact on the teachers? Was it positive, negative or neutral? What was the impact to students when they made it into second grade and now as 6th graders? Positive, negative, or neutral? That would give us a lot of the answers from our own student base.

Dr. Donahue: It's hard to imagine how having more students per teacher would possibly have a positive impact.

Dr. Cronin: I agree, but we have the data, we can look at it.

Dr. Kepler: Just in the short time I've been here, the difference in what we're asking our teachers to do has changed significantly in those five to six years with regards to data driven decision making. IPMs using student data and having 18 students in a classroom to manage and then being asked to manage that data and have a delivery of instruction based around that data. Changing to 24 students, it's a different ball game.

Dr. Cronin: Yes, I could guess what the answers would be, but at least we could get them for real.

Dr. Parrish: Actually, it's been a couple years since we looked at this, and the study's a little old, but there's a study from Tennessee, I believe that looked at class sizes in kindergarten and first grade and compared progress of those students when they were in 6th grade. There wasn't much of a statistical difference between 18 and 20 and 20 and 22. You had to get down to about 15 kids to see a statistical difference at 6th grade.

Mrs. Chabal: Thank you very much Dr. Brewer.

Mrs. Sheffey: Just for my own clarification, as well as those in the audience. The explanation for the anticipated deficit was prefaced by saying that we have the pilot payment that is in the budget, the reserve $300,000, as well as the PSERS. As a result, we would not be deficit spending. I assume this type of budget we're doing is not new for this year, but something we've done in past years. How can we explain how this scenario is different from previous years when we didn't want to go into negative spending on the books?

Mr. Rineer: I think the biggest opportunity for us not to have a deficit balance this year where the $574,000 projection is going to be in the medical expense. I think, if we end up without a deficit in 2008-2009, it's going to be in medical expense. We're going to be close on that, but we budgeted an extremely substantial deficit anyway. My recollection is that it was about $1,500,000, so coming as close as I think we could come, is a major effort, a major success really.

Dr. Brewer: One of the things that you can see over last year that changed was how our money was working for us. At one point it was working for us a lot better than we're anticipating it working for us next year.

Mr. Rineer: I have a CD that's coming due tomorrow. I won't tell you the amount, but I'm going to have roll some of the dollars over into a money market account in a matter of a couple days. I was getting 3.2% on the money market account and they're quoting me 2.23%. That slid 1 percentage point, or you can think of it another way - one third of the rate that we're earning on the money market account is going away. I'll have to recalculate the interest revenue projections for the balance of the year based on that.

Dr. Brewer: The other issue I would want to mention is that we are anticipating going into construction in a couple of years. One of things that Lou Verdelli will tell us is, if we want to retain our exceptional credit rating, we have to keep our fund balances high. In fact, we want to be disciplined enough to increase them, rather than any kind of windfalls that we find going into the general fund. When you see the local auditors come in two weeks, the positive variance will go into the various fund designations. That is why we're funding PSERS at the rate it should be funded and why we're disciplined enough not to just have that money slip into a general expenditure. That's going to be important. We're starting to look at architects now. We've seen quite a few and it is not going to be cheap.

Mr. Barrett: I think an important point to make is that the reason why we have these fund balances the way they are and the reserve funds the way they are right now is because we've taken the one time revenue overages instead of putting them into the general fund and having reoccurring spending. I think that's why we're in the position to weather the storm that's going to come with PSERS. We have to keep our eye on that. I'm afraid if we budget the Giant Center pilot payment too high, we're going to lose the ability to have reserve funds, and we need it.

Dr. Brewer: That is why it's so important to keep the capital separate from the general. Because the capital is, arguably, not a reoccurring expenditure that you could chose not to fund if you had to. Whereas, anything we do with staffing is a reoccurring expenditure.

Dr. Donahue: Just a process question in developing the budget. We have no staff/teacher increases, but were there requests from principals for additional teachers that Dr. Brewer and the budgetary and Finance Committee had to think about and then make a decision on? How does that work?

Dr. Brewer: No. Normally, in the fall we would be going through a process where the principals have forums in where they justify why they want certain positions. But we didn't do that this year, because I already knew, with the kind of situation we're in, we weren't going to be looking at program enhancements, so I didn't see any point in putting them through that. We do have the enrollment data, and that's why we mentioned it tonight.

Dr. Cronin: This is my last comment. The buzz words are critical and I believe that it's definitely a concern of the community's, maybe some people sitting here, but obviously the economy is a huge issue. I think just in the last three and a half weeks, it's even bottomed out further. You mentioned the Middle School architectural needs and how we're moving forward. How does this or how should this gauge our conversations and our decision making process given the fact that we have the major field project out there? Do we need to have discussions to assess whether or not that is the right priority given all these other issues?

Dr. Brewer: It is the right priority, because we can see from enrollment that, for the next two to three years, though it is tight, though it is at capacity, we certainly can manage to run the building effectively. When we get out two to three years, we now have more room in our debt service that we're going to be able to borrow money with not as much tax implications. Additionally, knowing that we have some money in capital, we may even be able to put a, for want of a better term, down payment on that bond as well. The money for the field was borrowed specifically for that and we have to expend it within a certain amount of time before we would be ready to build over in the middle school.

Dr. Cronin: So, it's not possible to prioritize the academic building changes over the field changes and prevent any unknown financing economy to be more conservative because of the timing?

Dr. Brewer: We're not ready to build over there now and to take that 4.2 million dollars and then have to add anywhere from 10 to 20 million dollars, that wouldn't be the correct thing to do.

Dr. Cronin: So we can't speed up that process?

Dr. Brewer: We wouldn't want to. We're not at that enrollment figure yet.

Mrs. Chabal: Thank you Dr. Brewer. Thank you Dr. Goldsworthy and everyone involved. We deeply appreciate the time and effort that it takes from the administrative staff and the building level to accomplish what you've accomplished so far. We are deeply indebted to your making this a priority. It is very much appreciated.

UNFINISHED BUSINESS

4.01 Appointment of Delegates/Committee Members

Mrs. Chabal announced the appointment of delegates and committee members and invited the following individuals to serve in the capacities listed. Mrs. Chabal thanked each Board member for their willingness to serve.

December 2008 - December 2009

Board President	Beulah Chabal
Vice-President	Bill Parrish
Treasurer	Chris Barrett

Delegates:	
CAIU Permanent Representative:	Ellen Sheffey
Dauphin County Technical School:	John Grab
	Hank Donahue
	(Alternates: Remaining Board)
Derry Township Parks and Recreation:	Bill Parrish
	Ken Burd
	(Alternates: Remaining Board)
Founder's Park	Bill Parrish
	(Alternates: Remaining Board)
Derry Township Joint Work Group:	Beulah Chabal
	Bill Parrish/Chris Barrett - alternating
	(Alternates: Remaining Board)
Harrisburg Area Community College:	Hank Donahue
	(Alternates: Remaining Board)

Safe Schools/Act 211:	Donna Cronin
	(Alternates: Remaining Board)
Tax Association:	
12/01/2007 - 11/30/2009	Alan Malkoff
12/01/2008 - 11/30/2010	Chuck Stover
	(Alternates: Remaining Board)
Trojan Foundation:	
(Board President or his/her designee)	Chuck Stover, designee
Co-Chairperson (Board)	
Co-Chairperson (Administration)	Linda Brewer
Wellness:	Hank Donahue
	(Alternates: Remaining Board)
Board E-Mail Communications:	Chris Barrett
	(Alternates: Remaining Board)

Committees: 12/2008 - 12/2009	**Page 2**
Curriculum Committee:	
Chair	Hank Donahue
	Donna Cronin
	Ellen Sheffey
Co-Chairperson (Administration)	Cindy Goldsworthy
Finance Committee:	
Chair (Board)	Chris Barrett
	John Grab
	Alan Malkoff
	Ellen Sheffey
Co-Chairperson (Administration)	Linda Brewer
	Steve Rineer
General Services Committee:	

Chair (Board)	John Grab
	Chris Barrett
	Chuck Stover
Co-Chairperson (Administration)	Linda Brewer
Building Oversight Committee (Ad Hoc)**:**	
Chair (Board)	John Grab
	Chris Barrett
	Alan Malkoff
	Chuck Stover
Co-Chairperson (Administration)	Linda Brewer
Human Resources Committee:	
Chair (Board)	Chris Barrett
	Beulah Chabal
	Alan Malkoff
	Bill Parrish
Co-Chairperson (Administration)	Linda Brewer
Policy Committee:	
Chair (Board)	Ellen Sheffey
	Beulah Chabal
	Donna Cronin
Co-Chairperson (Administration)	Bernie Kepler
Community Task Force (Ad Hoc)**:**	
	Chuck Stover
*Board President is ex-efficio member of each Standing Committee	

4.02 Unfinished Business

None.

NEW BUSINESS

5.01 Anticipated Agenda Items for the January 26, 2009 Public Meeting

The following items will be on the agenda for the January 26, 2009 Public Board Meeting for presentation or vote:

1.	School Board Recognition
2.	Standing Committee Report - Finance (Mr. Barrett)
3.	Presentations: • Local Audit for 2007-2008 (Mr. Brian Straub) • Two-tiered Bus Schedule (Mr. Yarian)
4.	Approval of January 12, 2009 Board Minutes
5.	Approval of December 2008 Finance Report (Mr. Rineer)
6.	Budget Transfers
7.	Resolution in Accordance with Section 687 of the Public School Code: Limitation of Real Estate Rate Increase to 4.1% Index
8.	OPT Resolution to Raise the Exemption on Earned Income
9.	Approval of 2007-2008 School Year Audit Report (Mr. Rineer)
10.	Approval of Tax Collection Association Appointment (Mr. Rineer)
11.	Elimination of Fund Balance Designation and Establishment of Reserve Fund
12.	Requests for Payment (Mr. Rineer)
13.	Approval of Bus Purchase
14.	Approval of Policy 801 - Public Records (Dr. Kepler)
15.	Agreement to Participate in the Capital Area Wide Area Network (Dr. Kepler)
16.	Requests for the Use of Facilities (Mr. Elias)
17.	Personnel
18.	Announcement of Staff Development Conferences
19.	December 2008 and January 2009 Students of the Month

5.02 Approval of Finance Report for November 2008

The Administration recommended the approval of the November 2008 Finance Report.

1.	The Treasurer's Report for the month ending November 30, 2008 was summarized as follows:

	• General Fund Revenues	$2,183,581
	• General Fund Expenditures	4,023,394
	• Balance of Cash Plus Investments	27,872,628
2.	The listed schedule of investment transactions for the period beginning November 1, 2008 through November 30, 2008 totaled interest earnings of $79,226 comprised of the following:	
	• General Fund	$1,542
	• Money Market	12,402
	• Certificates of Deposit	65,277
	• PA School District Liquid Asset Fund	0
	• PA Local Government Investment Trust	5
	The average interest rate for November 2008 was 3.55%.	
3.	The November 2008 expenditures for the paid bills for all funds totaled $1,806,985 excluding net payroll, retirement contributions, and debt service.	
4.	The December 2008 expenditures for the unpaid bills for all funds totaled $1,671,281.	
5.	The estimated expenditures of the General Fund for the month of December 2008 are in the following amounts:	
	• Operating Expenses	$950,000
	• Utilities	134,000
	• Net Payroll (2 pays)	1,205,000
	• Employer Provided Insurance	353,800

	• Payroll Deductions	595,000
	• Employer Payroll Taxes (FICA/RET)	395,700
	• Debt Service	0
	Total Estimated Expenditures	$3,633,500

Dr. Parrish moved the Board approve the Finance Report and was seconded by Dr. Cronin.

Roll Call Vote:

Barrett – Yes	Donahue – Yes	Parrish – Yes
Chabal – Yes	Gräb – Absent	Sheffey – Yes
Cronin – Yes	Malkoff – Yes	Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.03 Requests for the Use of School Facilities

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

Group:	Wilkes University
Date/Time:	Mondays January 26 through April 27, 2009 (except February 16 and April 13) 4:30 p.m. - 8:00 p.m.
Requested Facility:	High School Room 119
Date/Time:	Wednesdays January 21 through April 29, 2009 4:30 p.m. - 7:30 p.m.
Requested Facility:	District Office
Event:	Spring 2009 Graduate Courses
Fee:	None

Group:	Boys' Basketball
Date/Time:	February 22, 2009 10:00 a.m. - 6:00 p.m.
Requested Facility:	Middle School
Event:	Fourth Grade Boys' Basketball Tournament
Fee:	As per Lease Agreement

Group:	Boys' Basketball
Date/Time:	March 13, 2009 6:00 - 10:00 p.m.
	March 14, 2009 8:00 a.m. - 8:00 p.m.
Requested Facility:	Middle School Gym and ECC Gym
Event:	Tournament
Fee:	As per Lease Agreement

Group:	Boys' Basketball
Date/Time:	March 27, 2009 6:00 - 10:00 p.m.
	March 28, 2009 8:00 a.m. - 8:00 p.m.
Requested Facility:	Middle School Gym and ECC Gym
Event:	Tournament
Fee:	As per Lease Agreement

Group:	Promethean Limited
Date/Time:	April 24, 2009 4:00 - 7:00 p.m.
	April 25, 2009 7:00 a.m. - 5:00 p.m.
	April 26, 2009

	8:00 a.m. - 3:00 p.m.
Requested Facility:	High School LGI, Library Conference Room, Cafeteria, 10-15 classrooms
Event:	State-wide User's Group Conference of Educators regarding Promethean Software and Hardware Products
Fee:	None

Mr. Barrett moved the Board approve the Finance Report and was seconded by Mr. Malkoff.

Roll Call Vote:

Barrett – Yes	Donahue – Yes	Parrish – Yes
Chabal – Yes	Gräb – Absent	Sheffey – Yes
Cronin – Yes	Malkoff – Yes	Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.04 Personnel – Resignations

The Administration recommended the approval of the following resignations:

Professional:
Kingsbury, Kate Grade 2 Teacher Elementary School Reason: Personal Effective: 06/30/09
Classified:
Shank, Nora Jean Recess Aide Elementary School Reason: Personal Effective: 12/19/08

Dr. Cronin moved the Board approve the resignations and was seconded by Mr. Barrett.

Roll Call Vote:

Barrett – Yes	Donahue – Yes	Parrish – Yes
Chabal – Yes	Gräb – Absent	Sheffey – Yes

Cronin – Yes Malkoff – Yes Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.05 Personnel – General

1.	The Administration recommended the approval of the following appointments:
	Professional:
	Cotchen, Daniel (for Billie June Umberger) Grade 6 Teacher Middle School Long-term Substitute Bachelors, Step 1 Salary: $40,281.25 (pro-rated) Effective: 01/19/09 through the end of the 2008-09 school year (pending receipt of PA Teaching Certificate)
	Demmel, Jill * (for Kate Kingsbury) Grade 2 Teacher Elementary School Long-term Substitute Bachelors, Step 1 Salary: $40,281.25 (pro-rated) Effective: Retroactive to 10/06/08 through the end of the 2008-09 school year
	Yingling, Leah (for Donna Spangler) Spanish Teacher Middle School Long-term Substitute Bachelors, Step 1 Salary: $40,281.25 (pro-rated) Effective: 01/19/09 through the end of the 2008-09 school year
	Classified:
	Spirk, Patricia (replacing Nora Jean Shank) Recess Aide Elementary School Level A: 4.5 hours per day Salary: $10.50 per hour Effective: 01/13/09 (pending receipt of Act 34, 151, and 114 clearances)
	Limited Service Contract:
	Lessard, Yvonne * Mentor to Kristin Bender, Grade 1 Long-term Substitute

	Salary: $500 Effective: 01/16/09
2.	The Administration and the Human Resources Committee recommended the District retain the services of Thomas S. Longenecker as an insurance consultant to assist the District in its efforts to review existing health insurance offerings and assess viable alternatives. Mr. Longenecker will provide professional services at a rate of $100 per hour.
3.	The Administration recommended the approval of the following request in accordance with District Policies 435 & 439:
	Huston, Emily Grade 3 Teacher Elementary School Paid/Unpaid Childbearing/rearing Leave Effective: On or about 04/04/09 through the end of the 2008-09 school year
4.	The Administration recommended the approval of the following addition to the 2008-2009 Substitute Teacher List: **Cremo, Mary** B.S. in Health & Physical Education from Pennsylvania State University
5.	The Administration recommended the approval of the following addition to the 2008-2009 Guest Teacher List: **D'Amour, Lori**
	**** This individual is currently an employee and/or volunteer. Clearances are on file.***

Dr. Parrish moved the Board approve the personnel recommendations and was seconded by Mrs. Sheffey.

Roll Call Vote:

Barrett – Yes	Donahue – Yes	Parrish – Yes
Chabal – Yes	Gräb – Absent	Sheffey – Yes
Cronin – Yes	Malkoff – Yes	Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

DELEGATES REPORTS

6.01 Dauphin County Technical School Report

Mr. Barrett reported that the next meeting of the Dauphin County Technical School would take place on Wednesday, January 14, 2009.

6.02 Derry Township Tax Collection Association Report

Mr. Malkoff reported that the next meeting of the Derry Township Tax Collection Association would be on January 22, 2009.

6.03 Harrisburg Area Community College Report

No report.

6.04 Capital Area Intermediate Unit Report

Mrs. Sheffey reported that the Intermediate Unit met Thursday, December 28, 2008 and had preliminary review of the audit report. It was a clean audit and there were no findings. The Intermediate Unit will be voting on the audit in January.

There was also an update on the online learning solutions. There are approximately 2,000 students within the Capital Area Intermediate Unit that attend cyber school and we would like that number decreased and there is a focus on high school students. We were given a presentation and demonstration of new online learning solutions for high schools. Current cyber school students in high school were surveyed to see how many would be interested. Approximately 120 students expressed interest. We think the draw would be that the students would get a diploma from their local school district and they will be able to participate in local district extracurricular events. We do think we'll be able to compete with the cyber schools. They will be assigning a mentor to proctor the exams and they are working right now to establish fees and that information will be shared that with us shortly.

The next meeting of the Capital Area Intermediate Unit will be on January 22, 2009.

SPECIAL REPORTS

7.01 Announcement of Staff Development Conference

Stacey Simmers 2009 Northeast Per-Diem Conference Providence, RI January 28 - 29, 2009 Expenses: Paid by McGraw Hill

Dr. Kepler reiterated that, as Dr. Brewer indicated, this conference will be paid for by McGraw Hill.

7.02 Student Representatives' Report

Ms. Collier: reported that both Ecuador teams returned home safe and sound and did a total of 30 surgeries which is the maximum amount that could be done. She thanked everyone for their donations and said they made a huge difference.

7.03 School and Community Information Report

Mr. Tredinnick invited everyone to the Hershey Free Church on Sunday, January 25, 2009 at 2:00 p.m. There will be a town meeting on choosing civility. It is being sponsored by the Community Task Force with funds provided by The Trojan Foundation. The District is a member of the Community Task Force, as are many other fine organizations from the private sector, the business sector, and the ministerial. This is an important start to a town-wide conversation about considerate behavior and considerate conduct. Mr. Tredinnick hoped everyone was able to attend and that more details could be found on the District website.

7.04 Board Members' Report

Mr. Stover: As the Board representative for the Community Task Force, I would like to echo what Mr. Tredinnick just said and urge all fellow Board members to attend. If you have any ideas for where posters can be placed to help us promote this, please let me know. This is an event we're really looking forward to, so we're hoping to count on your support.

7.05 Superintendent's Report

No report.

7.06 Board President's Report

No report.

RECOGNITION OF CITIZENS (Non-agenda Items)

8.01 Recognition of Citizens (Non-agenda Items)

None.

9.01 Adjournment

Mrs. Chabal noted that it was nice to see so many people in attendance and was happy to have them present.

Mrs. Chabal announced the next Board meeting would be held Monday, January 26, 2009 starting at 7:00 p.m. in the District Board Room.

Dr. Cronin moved to adjourn, with a second by Dr. Parrish and, approved by unanimous voice vote by all members. The meeting was adjourned at 8:00 p.m.

Respectfully submitted,

____

Stephen E. Rineer
Secretary to the Board
Approved at the January 26, 2009 meeting

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Beulah Chabal
President of the Board

LDM