

EAST PENN SCHOOL DISTRICT
BOARD OF SCHOOL DIRECTORS
REORGANIZATION MEETING

December 5, 2011

7:30 p.m.

Board Room
800 Pine Street, Emmaus, PA

1. Call to Order; Pledge of Allegiance

Board Secretary Cecilia R. Birdsell called the Reorganization and General Business Purposes Meeting to order at 7:30 p.m., followed by the Pledge of Allegiance and a moment of silence in memory of Linda Dunette, Learning Support Teacher at Lincoln School, and Mr. Joe Liberati, Superintendent of Southern Lehigh School District, who passed away last week.

Board Members Present: K. Bacher, C. Ballard, L. Donches, A. Earnshaw, F. Fuller, R. Heid,
M. Policano, S. Rhodes, J. Stolz

Robert Magee, Esq., Worth, Magee, & Fisher (Mr. Magee was filling in for Mr. Fisher.)
Cecilia R. Birdsell, Board Secretary
Lynn Glancy, Treasurer

Precious Petty, Express Times Reporter
J. Rodgers, Morning Call Reporter
T. Martin, East Penn Press Reporter

2. Requests to Address the Board

Mr. Rob Hamill, 1500 Little Lehigh Drive, North, Emmaus congratulated the new board members and distributed a copy of Budget Facts 2011, PA State Pension Liabilities, as composed by the Commonwealth Foundation. He said the Pension Plan contributions will be increasing 700%. He said one of the reasons is that the pension system that the teachers are under has been going under the assumption of an 8% annualized increase for the last decade. He said that does not happen in the private sector. He said the answer to this so the district does not have to cut teachers or increase class sizes is to hold the salaries in check or decrease the salaries from hereon. He said the contract two years ago gave 4.9% raises. He requested that the contract be re-visited and ask teachers to not accept salary increases for next year and the year after based upon the fact that the pensions they have been getting have doubled in a decade.

3. Election of President Pro Tempore

Miss Birdsell called for nominations for President Pro Tempore. The following nomination and motion was introduced:

Motion by Earnshaw, Seconded by Heid
RESOLVED, That Francee Fuller be nominated as President Pro Tempore.

This resolution was unanimously adopted by voice vote.

Mr. Policano nominated Mr. Ballard who had not been sworn in at this time.

4. Oath of Office

President Pro Tempore Francee Fuller administered the Oath of Office to the recently elected board members. Following the Oath of Office, board members took their seats at the board table. The elected board members are as follows:

- Kenneth Bacher
- Charles Ballard
- Lynn Donches
- Samuel H. Rhodes, III
- Julian Stolz

5. Election of President

President Pro Tempore Francee Fuller called for nominations for President. The following nomination and motion was introduced:

Motion by Policano, Seconded by Earnshaw
 RESOLVED, That Charles Ballard be elected as President.

Aye: Bacher, Ballard, Donches, Earnshaw, Fuller, Heid, Policano, Rhodes, Stolz-----9

Mr. Ballard thanked the Board for their confidence and thanked them for appointing him.

6. Election of Vice President

President Ballard called for nominations for Vice President. The following nominations were introduced:

Mr. Stolz nominated Mr. Bacher and it was seconded by Mrs. Donches. Mr. Ballard asked if there were any more nominations and Mr. Rhodes nominated Mr. Earnshaw and it was seconded by Ms. Fuller. Mr. Policano nominated Ms. Heid but the motion failed for the lack of a second. The nominations were closed. The Board voted by ballot. Listed below are the announced results of the ballot vote:

Ballot votes for Mr. Bacher: Donches, Heid, Policano, Stolz-----4
 Ballot votes for Mr. Earnshaw: Bacher, Ballard, Earnshaw, Fuller, Rhodes-----5

The ballots are attached to the permanent minutes of this meeting.

Mr. Earnshaw was elected Vice President.

7. Setting Time & Place of Board Meetings

Motion by Fuller, Seconded by Earnshaw
 RESOLVED, That the East Penn Board of School Directors shall meet in regular session in the Board Room located in the Administrative Offices Building, 800 Pine Street, Emmaus, PA at 7:30 p.m. on the second and fourth Monday of each month in 2012 unless advertised otherwise:

- January 9 & 23
- February 13 & 27
- March 12 & 26
- April 23
- May 14
- June 11 & 25
- July 9
- August 13 & 27
- September 10 & 24
- October 8 & 22
- November 12
- December 3, Reorganization Meeting
- December 10

This resolution was duly adopted by the following roll call vote:

Aye: Bacher, Ballard, Donches, Earnshaw, Fuller, Heid, Policano, Rhodes, Stolz-----9

8. Designation of Newspapers of General Circulation for Advertising Purposes

Motion by Rhodes, Seconded by Fuller

RESOLVED, That the East Penn Board of School Directors designate the following newspapers for advertising purposes during the 2012 calendar year.

- Morning Call (Daily, General Circulation)
- Express Times (Daily, General Circulation)
- East Penn Press (Weekly, Secondary Circulation)

This resolution was duly adopted by the following roll call vote:

Aye: Bacher, Ballard, Donches, Earnshaw, Fuller, Heid, Policano, Rhodes, Stolz-----9

9. Lehigh Career & Technical Institute Appointments – 1 appointment

President Ballard indicated that Mr. Rhodes has indicated that he would be willing to serve. Mr. Ballard asked if anyone else was interested. Mr. Stolz indicated his interest.

Ms. Fuller nominated Mr. Rhodes and it was seconded by Mr. Earnshaw. Mr. Policano nominated Mr. Stolz and it was seconded by Mrs. Donches.

Ballot votes were taken for the appointment of a board member to serve on the LCTI Joint Operating Committee. The votes were announced as listed below:

- Ballot votes for Mr. Rhodes: Bacher, Ballard, Earnshaw, Fuller, Heid, Rhodes-----6
- Ballot votes for Mr. Stolz: Donches, Policano, Stolz-----3

Mr. Rhodes was appointed as one of the East Penn representatives to the LCTI Joint Operating Committee. The ballots are attached to the permanent minutes of this meeting.

10. General Business

1. Appointment of Treasurer/Tax Collector for Lower Macungie

Motion by Earnshaw, Seconded by Heid

RESOLVED, That the East Penn Board of School Directors approve and acknowledge the appointment of Stephanie Yothers as Lower Macungie Township Treasurer and thus Tax Collector for East Penn School District Lower Macungie Township real estate taxes with a term expiring January 6, 2014.

Mr. Ballard explained that Mr. Yothers died so a new Tax Collector for real estate taxes needed to be appointed.

This resolution was duly adopted by the following roll call vote:

Aye: Bacher, Ballard, Donches, Earnshaw, Fuller, Heid, Policano, Rhodes, Stolz-----9

2. Budget Outlook - Debra Surdoval, Business Manager

Mr. Ballard explained explained that the Legislature has moved up the Presidential Primary by three weeks. The Act 1 restrictions are tied to the primary so the timelines have been moved up for budget preparation and action. School districts must take action by January 5, 2012 to either make the 2012-2013 proposed preliminary budget available for public inspection or adopt a resolution that it will not raise the rate of any tax by more than its index. In order to give board members the most amount of information to make a decision on December 12, this presentation was requested by the Business Office.

Dr. Seidenberger distributed copies of the PSBA School Funding and Finance Chart that shows the actual instructional expense from 1970 to 2009-2010. He pointed out that local school districts were contributing approximately 53% and the state subsidy was approximately 47% in 1970; however, today the state is contributing 30% and the local school districts are contributing almost 70%. Dr. Seidenberger reminded the Board that tonight was simply an overview with no vote to be taken. The next Board Meeting

is when the Board needs to decide if they will stay within the index or go for exceptions thereby giving the administration more time.

Business Manager Debra Surdoval explained how the state arrives at the 1.7% index and its implications for budgeting. She emphasized that for budgeting purposes this is extremely early but because of the timeline this needs to be done now. Mrs. Surdoval indicated that there are many unknowns such as the state and federal funding. Dr. Seidenberger interjected that with the failure of the Super Committee and the potential cuts in IDEA revenue will be affected. Mrs. Surdoval noted that the interim real estate and transfer taxes are behind other years even though the revenue had been dropped when finalizing the budget. Some of the major projects that were completed have gone for reassessment. East Penn has not experienced as much growth as in previous years. She talked about the changes in the collection of EIT that had been collected by the individual tax collectors and will be collected at the county level by Berkheimer Associates. All the business managers are expecting a lag in the collections. Mrs. Surdoval noted that there have been tremendous increases in charter school costs, noting that Seven Generations opened which was a big expense for the district. There are now other charter schools being proposed in other districts that may impact our budget. The state deducts cyber schools tuition from the subsidy that is sent to the district. She said that the retirement rate is going from 8.65% which the state shares half back to the district but for 2012-2013 it is going to 12.36%. She reviewed the timeline noting that the preliminary budget would have to be adopted on January 23 if the Board does not approve a not to exceed resolution at the December 12 meeting. The budget presentation for the 2012-2013 proposed final budget is scheduled for the March 26, 2012 meeting. In May, the proposed final budget must be adopted as usual, and, in June, the final budget must be adopted. Overall state sources are up due mainly to increased expenditures for retirement payments, state's share of social security contributions, and a 2% Basic Education Subsidy increase may or may not come through. Mrs. Surdoval reviewed the history of East Penn's millage increases versus the Act 1 Index as outlined in the attached power point. She explained that exceptions are based on items that are out of the district's control such as special education costs and retirement contributions. She pointed out that 2011-12 had a 1.4% index and East Penn applied for exceptions that were approved so East Penn could have increased the millage by 4.79% but actually only went up 1.83%. The dollar value of exceptions for 2011-12 was \$2,658,607 but the district only used \$325,374. The current millage rate is 46.15 mills. The Act 1 Index would generate \$1,270,001 or 0.78 of a mil. The referendum exceptions for special education amount to \$333,404 and retirement contributions amount to \$989,030 for a total of \$1,322,434 or 0.81 of a mil. The estimated total millage allowed is estimated at \$2,592,435 or 1.59 mills which is a 3.45% rate increase.

In conclusion, this is a constantly moving budget. Mrs. Surdoval said that because of the early timeline and the significant financial unknowns, the administration needs as much flexibility as possible so they can give the Board options for the final budget. She noted that applying for exceptions does not mean that all exceptions will be used. The administration will continue to examine line items and revenues and make adjustments that will be reflected in the March 26 budget draft. Referring to the attached list of budget cuts from last year, Mrs. Surdoval noted that the teachers' salary freeze saved the district \$2,127,046 and debt refinancing saved the district \$486,756. Contracts are in place for the teachers until 2014-15; custodians until 2014-15; and administrative assistants and instructional/staff assistants until 2013-14. Mrs. Surdoval will be using the attached Five-Year Budget Model for 2012-13 to come up with a proposed preliminary budget. It is basically a step in the process but not the actual budget that will be presented on March 26. Mrs. Surdoval will be continuing her work on the budget. She cautioned about spending down the fund balance. Mr. Ballard reiterated that it is the proposed preliminary budget for applying for exceptions. It is not the formal budget.

Mr. Ballard said the Board will be voting on whether the district will stay within the index or go for exceptions at the December 12 meeting. He asked board members to review the data received this evening.

11. Announcement

Monday, December 12

7:30 p.m.-Board Meeting
(Only meeting in December)

12. Adjourn

There being no further business to come before the Board, the meeting was adjourned, upon motion, at 8:10 p.m.

Cecilia R. Birdsell, Board Secretary

