

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
May 8th, 2023
Administration Center Board Room and Via Zoom
5:30 PM**

Minutes

- I. The Chairperson**, Rebecca Bear, called the Finance Committee meeting to order at 5:30 p.m. and led those present in the Pledge of Allegiance. Secretary, Patricia Rosado called the roll.
- II. Board Committee Members Present:** George Andrews, Rebecca Bear, Wayne Rohner and Richard Schlameuss.
- III. School Personnel Present:** Brian Baddick, Peter Bard, William Riker, Patricia Rosado, Louis Santiago and William Vitulli.
- School Personnel via Zoom:** Brian Borosh, Pamela Hudak and Diane Kelly.
- IV. Community Member Present:** Larry Dymond
- Community Member via Zoom:** None
- V. Approval of Agenda and Minutes**

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to approve the agenda for May 8, 2023, and with members of the Committee reserving the right to add to the agenda and take further action in the best interest of the District. Motion was seconded by Richard Schlameuss and carried unanimously, 4-0.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to approve minutes of the April 11, 2023, Finance Committee Meeting. Motion was seconded by Richard Schlameuss and carried unanimously, 4-0.

VI. Items for Discussion:

- a. MaxCases for Chromebooks - Quote \$38,677.50, COSTARS Bid
Mr. Andrews asked if these cases are for all students. Dr. Riker said the cases are for the students in kindergarten, 5th, and 9th grades. Mrs. Bear asked what happens to the old cases. Do they give them back? Dr. Riker said I would assume that they come with the Chromebooks when they return them. Mrs. Bear asked do we recycle them? Dr. Riker said I do not know. Mr. Andrews said they are probably in bad shape from the use. Dr. Vitulli said they are normally in pretty bad shape when the students return them.

b. Frontline - Services for Data Migration Quote \$8,200.00

Mr. Andrews asked what is this for. Mrs. Bear said what are we migrating. Mr. Bard said this is for the change to CSIU. This is for the data from Frontline-Absence Management, which is our time clock system. The change from Munis to CSIU requires an enormous amount of transition for all of our employees. About 1,200 employees need to be transitioned over and this is for them to program and move over all of that data. Mr. Andrews asked are we starting all of that process now. Mr. Bard said yes. It is basically reprogramming the entire time clock system and pulling all of the absences over. It is also for training all of the staff.

c. Billboard Advertisements - Adams

4 weeks - \$5,400.00

6 weeks - \$7,650.00

8 weeks - \$9,900.00

Mrs. Bear asked what are we advertising. Dr. Riker said as you recall a couple of years ago, we did a postcard campaign where we sent postcards out to all of our residents for open positions. We were also trying to get students back from the cyber schools. This is another approach to doing that. We are looking to see if the Board is interested in having billboards instead of the postcards. What you are seeing here are three options that you can consider or whether you want to do this at all. If you want to do this, they gave us a pricing for 4 weeks, 6 weeks or 8 weeks. Mrs. Bear asked what did it cost us for the postcards. Dr. Riker said it was about \$10,000.00. Mrs. Bear asked was that for posting and printing. Dr. Riker said yes. Mr. Andrews asked are these electronic billboards. Dr. Riker said no. They create the billboard banner and post them. Mr. Wayne asked is the cost for the locations that they supplied in this package. Dr. Riker said yes. Mrs. Bear said I am trying to see where the locations are from the map they provided. Dr. Riker said I believe there are six locations. Mr. Rohner said is there anyway of tracking how successful the billboards will be. Mr. Schlameuss said if we get more students coming back and not going to cyber that is one indication of success. Dr. Riker said they will be advertising kindergarten registration and things like that. I don't know how much we will be able to post. Mrs. Bear said I would like to see an ESACA one. Dr. Riker said Adams is the company who will prepare the billboards. There are only two companies that do this. Lamar was the other one. The cost for the two companies were very similar. It came down to the location where they advertise; therefore, we chose Adams. Eric and I will work with them to create the billboards. It is \$150 a billboard for the design and creation. The rest of the expense is for the space and advertisement of it. When you make your recommendation, you would need to decide if you would like to advertise for 4, 6 or 8 weeks over the summer. Mrs. Bear said if we do 4 weeks up front and we find that it is working, can we extend it. Dr. Riker said I would assume not because they are looking to book others as well; therefore, that is what you are committing to. Mrs. Bear asked if we did this, when will the billboards go up. Dr. Riker said in June. Mrs. Bear said six weeks would be half of the summer and eight weeks would be the whole summer. Dr. Riker said that is about right. Mr. Schlameuss asked does this violate any of the advertising rules. Dr. Riker said no. Mrs. Bear said I see Bangor doing advertisement for bus drivers. Mr. Schlameuss said that is for hiring staff. What are we talking about? Dr. Riker said it is for

hiring staff. Mr. Schlameuss said so it is not for charter school. Mrs. Bear said it is not for enrollment. Dr. Riker said it is for kindergarten registration and hiring of support staff and professional positions. Mrs. Bear asked will ESACA be included. Dr. Riker said, to Mr. Schlameuss point, I have to look at that as to whether we are allowed to use public funds to promote our Cyber School. We may not be allowed. Mrs. Bear said how did we do the postcards to bring them back. It is the same thing. Dr. Riker said we did the postcards after the COVID Pandemic, so we were fine to do that. Mr. Rohner asked would this be a great opportunity to see if we can utilize the digital sign in front of High School South in a greater capacity. Dr. Riker said we can but that would be a separate thing since we own that one. Mr. Rohner said I would like to see us using that digital sign more than what we do. It has the ability to rotate messages. We can certainly advertise our Cyber. Mr. Andrews said other Charter Schools get to advertise but we cannot. You should find out if we can. Dr. Riker said, obviously, we will find out if we can post whatever we post before we do it. Dr. Riker said ESACA is a question mark. We were really looking to advertise employment opportunities and kindergarten registration. Mr. Rohner asked are we going to pursue the digital sign. There seems to be a reluctance. Dr. Riker said that is a separate conversation than what we are discussing. I hear what you are saying so it is noted. Mrs. Bear asked what is the committee thinking. Mr. Schlameuss said we need staff; therefore, the employment side is easy to measure. If we have more kindergarten enrollment, we can measure that. Dr. Riker said we are looking to have people registering sooner. That is one of our big items. Our neighboring states start after Labor Day; therefore, often times, we have a big rush at the end of the summer and more often after Labor Day. We are trying to have families register now. Mr. Andrews said we can work with the real estate agents since they deal with the families. They can give something out letting parents know that they can register over the summer. Dr. Riker said Mr. Rohner would know. Mr. Rohner said I don't see an issue with that. Dr. Riker said I don't think we can give each realtor a billboard to hand out. This does not include cards but if you want to look at that then it would be another issue. Mr. Andrews said I thought this would be a good idea since they work with the families. Mrs. Bear asked how soon do we have to decide this. Dr. Riker said I don't know Adams Advertising's schedule. I would assume where these advertisements will go is dependent on when you make your decision. Mrs. Bear asked if we make this decision today are these the locations that we are getting. Dr. Riker said I am assuming they are going to lock us into the locations you were given in the handout. Mr. Schlameuss said our odds are better if we get them in the location that they submitted in the proposal. If we wait a whole month all of these locations may not be available. We will be competing with a lot of people. Mrs. Bear said one of them is at a weird location but if we are doing it for employment, it may not matter but it shouldn't be for enrollment. The billboards that are in town should be more for enrollment and the ones not close to town should be for employment. Dr. Riker said I guess you can make them the way that you want. There may be a separate fee to change them. Mrs. Bear said but they all have a fee. Dr. Riker said the fee is to place them all the same in the specific locations. If you are looking for different language, it may be at an additional fee. Mr. Schlameuss said it may be okay to have two different messages if you style them the same. Dr. Riker said we can look to do that if you are interested in doing so. I would include employment opportunities in all of them. If you want to remove kindergarten in the billboard that is near Stroudsburg, then we can do that. Mr. Andrews

asked are we still having problems getting bus drivers. Dr. Riker said yes. Mrs. Bear said we need to let them know that we offer CDL training. Mr. Schlameuss said it is hard to get the word out there. They need fewer words in order for drivers to see the information. Dr. Riker said this is just an idea we had. If you do not want to spend the money, you don't have to move this forward. Mr. Rohner asked will this expense come out of this fiscal year. Dr. Riker said yes. Mr. Schlameuss said I believe we should test this. Dr. Riker said we can collect data when people come out to for a job interview.

d. Bid Award - Industrial Technology - Bid Opening - April 23, 2023

Mr. Bear asked what Industrial Technology are we getting. The prices are much different. Paxton is much lower than Metco. Mr. Bard said they are lower because they are individual items. There are different colors highlighted for the different items that were awarded. If you look through the different fields, you will see wood tech and electronics. The ones that are highlighted in yellow are being awarded to Metco Supply, Inc. The ones that are highlighted in the burnt orange are being awarded to Paxton Lumber. Mrs. Bear asked why are these items being ordered. Mr. Bard said they are for the North and South High Schools. Mrs. Bear asked are these supplies for the classes. Mr. Bard said yes. They are for the Tech Ed classes. Mrs. Bear asked are these being ordered for the next school year. Mr. Bard said yes, they are being ordered for the 2023/24 school year. Mrs. Bear said I noticed some of them are not highlighted. Mr. Bard said that means they did not supply a bid for them. I would have to consider another alternative to get the supplies that they requested. We only got two bidders for this particular supply list. They will either have to reach out to another supplier to fill in the gaps that are missing. Mr. Andrews asked did we reach out to Home Depot or other companies. Mr. Bard said this was put out for bid and these are the only two companies that responded to the bid. Mr. Bard said to fill in the gaps, the schools can go out to Home Depot, Lowes or others to buy what they need. For the particular items that would be awarded, they would go to Paxton or Metco. Mrs. Bear said it is weird that they did not bid on gloves. Mr. Bard said it is the same for the Medical Supplies.

e. Bid Award - Medical Supplies - Bid Opening - April 23, 2023

Mr. Bard said there is no "rhyme or reason" why they did not bid on certain supplies. The burnt orange is for Metco Supply. Mrs. Bear said Metco Supply did not supply a lot of items for the Medical Supplies but did more for the Tech Ed supplies. Mr. Bard said, as you can see, these are for the schools that are indicated on the sheet. It is printed a little off. Mrs. Bear said I see that it is for supplies for the nurses at the elementary schools. Mr. Bard said it is also for the high schools. This is for all of our school district buildings for all of their medical supplies. The ones that are in white, those supplies can be ordered from any supply place that we can get them from. Our school nurses will need to get them from somewhere. The school nurses were sent a catalog, but they did not reply properly. You also see the other supplier that bided School Health. Mrs. Bear said I did not know that school nurses can give out Tylenol. Mr. Schlameuss said it may not be for the students. Mrs. Bear said I trust that the nurses are keeping inventory of what they have and what they do not have.

- f. Exit Door Alarms - Grainger Quote -\$17,587.50
Dr. Vitulli said this is part of the PCCD Grant. We would like to get door alarms that will go on the exterior doors that are not typically used often. We tested several alarms during the year. It is simple to add to the door. It will go off 30 seconds after the door is pulled on. Mr. Andrews asked will this go on all of the doors. Dr. Vitulli said it will go on all of the doors that need it. They are the doors that are not typically used throughout the day. Mrs. Bear asked if it will be in all of the schools. Dr. Vitulli said yes.
- g. Colonial Intermediate Unit 20 - BrainPOP - Not to Exceed \$8,788.64
Dr. Vitulli said this is for the renewal of BrainPOP, which is the software we use at the elementary level. This is a better price than last year since the Colonial IU 20 got a deal with them. Mr. Andrews asked what is BrainPop. Dr. Vitulli said it is used with the elementary students. It is a cartoon-based software. It is very popular. I used it when I was a Principal. It has very good lessons in it. Mrs. Bear said it is much cheaper than last year.
- h. 95 Percent Group - \$5,925.50 - 2023 Summer School
Dr. Vitulli said we used this software all year round as part of elementary curriculum for ELA. We need additional supply for summer school plans. Mrs. Bear asked is this for workbooks and for the digital form. Dr. Vitulli said it is a tool that is being used as an additional batch. This will be used to help virtually students who are in tiers 2 and 3. They are the students who are struggling in their grade. Mr. Schlameuss asked if this a phonics program. Dr. Vitulli said it is.
- i. Hi-Tech Instruments - Microscopes for North/South HS - \$16,465.00
Dr. Vitulli said at the directive from Dr. Riker as we are rewriting the Keystone Courses, Biology came up. From my discussion with teachers, they indicated that the microscopes are in need of repair. I set up a person to come in to review and repair as many as possible. At the same time, we are starting to replace the 120 microscopes that we have in both schools. We are slowly going to purchase some each year. Mrs. Bear said this will also be helpful with our new healthcare track. Mr. Rohner asked how many microscopes do we have. Dr. Vitulli said we have 120 right now that need repaired. I don't expect all of the microscopes to be functional after they are inspected, which is coming up later this month. We are anticipating the need for some new ones to get us to that 120 mark. Mrs. Bear asked are we ordering 30 of them. Dr. Vitulli said correct. The new ones will have rechargeable lights, which is an issue with the ones that have a cord. These are rechargeable that can be placed on the desks. Mr. Andrews asked are they LED lights. Dr. Vitulli said yes. Mr. Schlameuss asked are they connected to a monitor. Dr. Vitulli said they are monocular, but we already have other scopes that do connect, which are okay.
- j. Houghton Mifflin Harcourt -HMH Go Math Renewal
Dr. Vitulli said we are piloting a new Math curriculum for elementary. You'll be hearing more about that at tomorrow's Education Programs & Resources Committee. As a result, I need one more year of Go Math for all elementary. Mrs. Bear asked is this for just one

year. Dr. Vitulli said yes. I'm still negotiating with them to have them cut back on the price. Mr. Andrews and Mrs. Bear said the cost is a lot for one year.

k. 2023-2024 Event Ticket Prices Discussion

Mr. Bard said he was approached by the Athletic Director from High School South regarding potentially raising the ticket prices for adults from \$4 to \$5, for students from \$3 to \$4, and eliminating the cost for Senior Citizens and Military Vets to free for our athletic events. There will be minimal financial impact in us doing so. We just have a problem with getting change. Eliminating the cost Senior Citizens and Veterans will go a long way. That is what I was approached about. Mrs. Bear said we are much cheaper than other schools. I have paid as high as \$9. We are not in the business of making revenue. Mrs. Bear said we only charge for basketball and football, correct. Mr. Bard said I believe so. Mrs. Bear said we also charge for wrestling. Mr. Bard said I don't have the chart of what we charge for Senior Citizens, but I thought it would be better not to charge Seniors and Veterans. It would be a good will and gesture for our Board not to charge the community. I think we will bring it back for discussion in June once we get it finalized. Dr. Riker said Athletics also has suggestions to raise the cost of what they pay Game Managers and other positions. They are not part of Schedule B. It is something that the Board will need to decide. We will bring this back in June and have the Board approve it at the June Board meeting.

l. 2023-2024 Preliminary Final Budget Passage

Mr. Bard said the document is not prepared but I will do the presentation next. The Board has to vote to advertise the preliminary final budget. The vote to approve the final budget and advertise it within 28 days. It is required by law in order for the Board to adopt the 2023-24 budget.

m. 2023-2024 Budget Presentation Link

Mr. Bard presented the 2023-24 Budget as follows:

Slide 2 – Agenda

Multi-County School District Tax Rate Rebalancing

Millage and Assessment Trends

Local Revenue Trends

State and Federal Funding Updates including Gov. Shapiro's budget.

Expenditure Overview and Major Cost Drivers

2023-24 Final Budget Timeline

Slide 3 – Role of the School Board and the Budget

A school district budget, no matter how large or small, is a delicate balance of policy choices.

Adopting a budget is one of the most important functions of the School Board.

Budgets provide School Boards with the opportunity to directly influence the educational environment of the district.

Adoption of the budget provides administrative staff with direction and guidance to act.

Almost every major decision made by the School Board is or needs to be incorporated into the budget.

Slide 4 – Multi-County School District Tax Rate

There are 500 Public Schools in Pennsylvania. Eighty-nine of those School Districts educate students in more than one County.

78 are in 2 Counties

10 are in 3 Counties

1 is in 4 Counties

Our district resides over two Counties. Even though the Board did not pass a tax increase, one county in our district, Pike County, will realize a small tax increase.

Slide 5 – PA School Code Section 672.1

School Districts lying in more than one County or in more than one Municipality; limitation on total tax revenues.

Whenever a School District shall lie in more than one County, the total taxes levied on real estate within the School District in each county shall be subject to:

- The limitation that the ratio which such total taxes bears the most recent valuation of the same properties by the State Tax Equalization Board (STEB) shall be uniform in all of the counties and the School District shall adjust its rate of taxation applicable to the portion of the District in each county to the extent necessary to achieve such uniformity.

Calculates different tax rates based on share on STEB Market Value in each County.

Slide 6 – Who is STEB?

State Tax Equalization Board (STEB) was established by the General Assembly in Act 447 PL 1046, 1947, to compensate for the lack of assessment uniformity statewide in distributing school subsidies.

The primary function of the STEB is to determine annually the aggregate market value of taxable real estate property in each political subdivision and school district throughout the Commonwealth of Pennsylvania.

The STEB is to establish a common level ratio of assessed value to market value for each county for the prior calendar year.

Slide 7 – STEB Market Values and Assessments – They have come down about \$9 million from 2020 to 2021.

| County | 2020 Market Value | 2021 Market Value | Change from Prior Year |
|---------------|----------------------------------|----------------------------------|-----------------------------------|
| Monroe | \$2,206,694,165 76.34% | \$2,197,516,209 76.25% | (\$9,177,956) -0.42% |
| Pike | \$683,932,869 23.66% | \$684,557,946 23.75% | \$625,077 0.09% |

| County | 2023 Assessment | 2024 Assessment | Change from Prior Year |
|---------------|----------------------------------|----------------------------------|-----------------------------------|
| Monroe | \$2,616,686,801 93.08% | \$2,608,545,206 93.06% | (\$8,141,595) -0.31% |
| Pike | \$194,584,610 6.92% | \$194,585,070 6.94% | \$460 0.00% |

Slide 8 – STEB Value Impact on Millage

| County | 2022- 23 Budget Millage | 2023-24 Rebalanced Millage | Change from Prior Year |
|---------------|--|---|---|
| Monroe | 30.79 | 30.79 | 0.0% |
| Pike | 128.33 | 128.52 | 0.1% |

The 128.33 is a little bit higher due to the assessment values that came in a little bit lower in Monroe County in the updated data from the County. Anyone who applied for Homestead Property will see an actual increase in the Homestead reduction of about \$5 per household due to less households being accepted in Monroe County this year. The exact same number from last year were accepted in Pike County. I don't know why but less were approved in Monroe County this year than last year. We got more money than the year before. The homeowners in Pike County may see an increase in \$5 but those Pike County Properties that were accepted as a Homestead Property will receive an additional decrease of \$5.

The 2022-23 STEB rebalanced millage is the new base millage for 2023-24 budget discussions and decisions.

Slide 9 – Districtwide Property Assessment Value

Flat Assessment value has limited additional revenue opportunities.

Ever since the reassessment in Monroe County, over \$2 million Property Tax revenue has been lost to assessment appeals. Appeals are primarily Commercial Property. I was at a PASBO Conference where our district was used as an example. They suggested reassessing their properties before the millage rates are set because once they are set, you cannot change them. Every municipality in East Stroudsburg is hurting.

Slide 10 – Compounded Millage Change Compared to Act 1 Index

2023-24 Adjusted Act 1 Index is 5.9%. Maximum allowable tax levy in 2023-24 would generate an additional \$6 million in revenue. The light blue line shows the Monroe County Change, the dark blue lines show the Pike County change, and the orange line is the Act 1 Index. If the

Board had raised taxes to the Act 1 Index from 2013-24 every year, the raised income to the district would have been about \$43 million. The district shows that they collected taxes lower than the index for each year. If the Board would have levied the 5.9% increase, we would have generated an additional \$6 million in revenue this coming year.

Slide 11 – 2023-24 Revenue Summary

| | 2022-23 Budget | 2023-24 Budget | Variance \$ | Variance % |
|----------------------|---------------------------|---------------------------|------------------------|-----------------------|
| Local | \$108,656,038 | \$108,724,651 | \$68,613 | 0.1% |
| State | 55,542,691 | 60,522,762 | 4,980,071 | 9.0% |
| Federal | 13,302,548 | 9,987,030 | (3,315,518) | -24.9% |
| Other | 1,999,316 | 50,000 | (1,949,316) | -97.5% |
| Total Revenue | \$179,500,593 | \$179,284,443 | (\$216,150) | -0.01% |

The local increase is primarily based on the interest earning. The rest of the revenues stayed flat in the budget due to 0% tax increase and the leveling of delinquent tax collections, income taxes and the real estate market. If that turns around, we can see an increase in the tax collections. The State collections include an increase from half of what Governor Shapiro budgeted for the East Stroudsburg School District. We may get an additional \$1.3 million from Governor Shapiro’s budget. They have not had discussion about the budget at the State level. The Federal revenue has been cut by \$3.3 million with the phasing out of the ESSER money. One of the ESSER fund was a one-time expenditure that was presented by Dr. Riker and Dr. Vitulli. The budget was cut by \$1.9 million. Overall, the budget was decreased by \$216,150. The total 2023-24 SY revenue is at \$179,282,443.

Mrs. Bear asked what is included in the other. Mr. Bard said it was money that was reclassified for various things. Mrs. Bear asked are the leases included in this. Mr. Bard said yes.

Slide 12 includes the revenue highlights which I discussed.

Slide 13 – Local Revenues – Delinquent Real Estate Tax

This shows a strong collection on the delinquent real estate taxes in 2021-22 driven by the real estate market. When people bought houses, they paid off the delinquent taxes. Once the buying slowed down and the delinquent taxes were paid off, the number has pull back down to historical averages which is about \$10 million. We want to include a realistic number in the budget so that we are not overly optimistic.

Slide 14 – Local Revenues – Reals Estate Transfer Tax

This slide shows you the real estate market was red hot in 2021-22. That number has also settled down a little bit over average. We want to set a realistic number, so we are not behind when it comes down to revenues.

Slide 15 – Local Revenue – Earned Income Tax

We set the Earned Income Tax a little below than it was in 2021-22. It was \$4.5 million, and we set it at about \$4.3 million. That is what this Earned Income tax will stay because that is what the collection is estimated to be. We get that collection information from Berkheimer and that is what they predict it to be.

Slide 16 – 2023-24 Budget Expenditure by Function

We, in the Administration, cut the budget from where it was. We were able to cut out some expenditures. The preliminary budget that was proposed to you in March was a little over \$190 million. We were able to cut around \$2.5 million from the budget. The overall budget expenditures are \$187,783,998.00.

| | |
|----------------------|--|
| \$104,023,696 | Instruction – 55.8% |
| \$57,484,796 | Support Services – 30.4% |
| \$3,161,562 | Non-Instruction Services – 1.7% |
| \$4,000,000 | Building Improvements - |
| \$19,113,944 | Other / Financing Uses (Debt Services and other dues and fees that are not classified in the other functions.) |
| \$187,783,998 | Total |

Slide 17 – 2023-24 Budget Expenditures by Object

| | |
|--------------|--|
| \$76,282,360 | Salaries – 40.5% |
| 53,842,329 | Benefits – 28.6% - includes Health Ins. & employee part of PSERS contribution |
| 9,435,897 | Contracted Services – 5.0% |
| 5,801,379 | Contracted Maintenance – 3.1% |

| | |
|------------|---|
| 5,223,023 | Purchased Services – 2.7% |
| 9,000,000 | Charter School Tuition – 5.3% - I cut \$1 million based on numbers from this school year. |
| 8,634,123 | Supplies – 4.5% |
| 272,000 | Capitalized Equipment - |
| 15,475,981 | Debt Service – 8.1% |
| 3,816,906 | Budget Res/Cap Trans/Fees – 2.0% |

\$187,783,998 Total

Mrs. Bear asked is the salary total based on us being fully staffed for every position that we have even if a person is there or not. Mr. Bard said that is correct. That is partially the reason why when we budget a \$6 million shortfall, we come in at a zero shortfall. This year it may be zero also or maybe a million or two in the plus or the negative or within that range. I would like to have a little bit more time to look over your spending budget in order to have exactly where the district will fall. Currently, I believe it will fall within that range. I will have more information about the Fund Balance in another chart. Mr. Andrews asked if the Charter School amount may change. Mr. Bard said that can be very unsure. This is our best-case guest scenario. As of today, we have spent \$5.4 million so far this year. We can still be billed until August 31st because we have a sixty-day rule period beyond June 30th. I am confident that we will end up somewhere around \$8.5 million in Cyber Charters conciliations. With some of the ability to bring students back into the district, I think we will end up under \$9 million. Even in the height of the pandemic, the cost was slightly over \$9 million; therefore, I am comfortable with \$9 million in the budget. Ms. Bear said maybe we will get more students back as a result of our billboard signs.

Slide 18 – 2023-24 Budget Cost Drivers

| | 2023-24 Budget | Increase / (Decrease) over 2022-23 \$ | Increase / (Decrease) over 2022-23 % |
|-----------------|---------------------------|--|---|
| Salaries | \$76,282,360 | \$4,162,239 | 5.8% |
| Benefits | 53,842,329 | 1,568,998 | 3.0% |
| Charter Schools | 9,000,000 | 0 | 0% |

| | | | |
|---------------------------|----------------------|--------------------|-------------|
| Utilities | 2,647,748 | 600,895 | 29.4% |
| Debt Service | 15,475,981 | 290,767 | 1.9% |
| Bus Propane | 625,000 | 250,000 | 66.7% |
| ESSER | 5,736,877 | (1,737,790) | -23.2% |
| Everything Else | 24,173,703 | (3,128,092) | -11.3% |
| Total Expenditures | \$187,783,998 | \$2,007,017 | 1.0% |

The salaries and benefits include the PSERS increase. Remember that the PSERS did drop 1.5% over the previous year. That is a temporary drop. It will go back up by about that same percentage next year, so it is a one-time savings. The Utilities and Bus Propane costs are two different animals that are going to go up which must be considered. We have not received the bid for bus propane yet. The cost drivers in this budget are otherwise stable. We are phasing out of the ESSER money. In Everything Else, we made cuts across phasing out things that we are not purchasing. We cut things to help us to get the expenditures down.

Slide 19 – 2023-24 Budget Comparison to Prior Year

| | 2022-23 Budget | 2023-24 Budget | Variance \$ | Variance % |
|---------------------------|----------------|----------------|---------------|------------|
| Revenue | \$179,500,593 | \$179,284,443 | (216,150) | -0.01% |
| Expenditures | 185,776,981 | 187,783,998 | 2,007,017 | 1.0% |
| Revenue over Expenditures | (6,276,388) | (8,499,555) | (14,775,943) | 99.9% |
| Beginning Fund Balance | 49,153,726 | 42,877,338 | (6,276,388) | -12.8% |
| Ending Fund Balance | \$42,877,338 | \$34,377,783 | (\$8,499,555) | -19.8% |

I want to focus on the beginning fund balance and the ending fund balance. The beginning fund balance in 2022-23, which is the year we are in right now, it was \$49,153,726. With the deficit of (\$6,276,388) that was projected for 2022-23, that dropped the fund balance to \$42,877,338. The 2023-24 deficit of (\$8,499,555) will have the fund balance drop to \$34,377,783. I wanted to bring this to your attention about the fund balance that is continuing to deplete. At some point there are structural deficiencies still in the budget, mostly on the revenue side of this, that would need to be addressed. This chart is to show you where your fund balance is declining. Over the

last two years, the Board would have approved a deficit of (\$14,775,943). You are looking at the variance vertically across the page. Mrs. Bear said that is if we realize the deficits. Mr. Bard said correct. That is if you realize the deficits. This is just a budgeted deficit and not the actual deficits. Mr. Schlameuss said the important point you are making is that we can be -.01% or somewhere in that range. Mr. Bard said that is a budgeted deficit that can come in. As you know and as we continue to work through the budget and if we are fully staffed, it can impact us. Mr. Schlameuss said what I am looking at is the (\$8.5 million) which is structural that we need to fix. That is probably a \$3.5 or \$4.5 deficit. Mr. Bard said when I started there was a \$12 million deficit and now, we brought it down to an \$8.5 million deficit. It is about \$18 million over two years and not \$12 million. It has come down due to cuts Dr. Riker and Administration has done to try to get a clearer picture of where exactly the district is from a financial standpoint. If I were sitting here in your spot and looking at a budget with \$8.5 million deficit, I would say yes but we always come in with a \$2 million surplus. There is going to come a day where that will evaporate. It is going to start hitting us; therefore, there has to be some kind of preparation for that time. Like I said, there are some structural problems that are there. If you look at the revenues, they are slowly declining. The expenditures are increasing. The gap is continuing to widen no matter what we do. We do not want to get to that point where we are not passing a budget with a positive number. Mr. Schlameuss said my point is that we cannot build a budget on a sense of security. We need to keep on top of this issue. Dr. Riker said just to add to that. When you look at slide 18, when Mr. Bard spoke about salaries and benefits, you will see that the salaries and benefits increased by \$6 million dollars from last year to this year. Getting to Mr. Bard's point, if all positions are all full, that revenue access is going to go away. The negative will realize quickly deplete your fund balance. Mr. Andrews said I do not think the public knows what is going on. Mr. Bard said you see that \$6.2 million and then you add another 3/4 of a million in utilities and propane that is about \$7. million in expenditures from last year to this year in those three areas. Your revenue is not balancing that. Mr. Schlameuss said our debt service payments will be for another six or seven years. It will not help us now. We also have the computer purchase leases in there as well. That is a one-time cost that we are paying ourselves back. Dr. Riker said you are budgeting that money. Mrs. Bear said we should be making a little bit more in our savings and in or investments. Mr. Bard said yes. The interest rates on our treasury notes are 4.7% and going up when the FEDs raise the interest rates. If that reverses, that will cut into some of the income that we are making. We do have other capital expenses such as replacing some of our buses. We are looking to alternatives such as borrowing money if interest rates are low enough. And keeping investing money because it may be higher than borrowing. We will be looking at what is best. The overall picture is while there are positives, there is also negatives.

Slide 20 – Charter School Tuition Cost

Tuition Rates – Regular Education – \$15,603.00

Special Education – \$41,169.00

The average from 2013-14 to 2019-20 was \$3.7 million. It went to \$9.3 million in 2020-21, which is a \$6 million increase. This is another driver of the deficit. I think there is a lot of the drivers in the budget that lead to the deficit. If somehow there was a reform that can relief this expense, we can have this number go down. It's not most likely. Someone asked earlier tonight if we can advertise to get students back, but we do not know for sure. Meanwhile the Charter

Schools are going around advertising their programs. Mrs. Bear said and they are using our money to advertise. Mr. Bard said they are using public tax dollars.

Slide 21 – PSERS – Employer Contribution Rate

The 2023-24 rate of 34.0 was determined by PSERS actuary and certified by the PSERS Board of Trustees at its meeting on December 15, 2022. This is the first-rate decline since 2008-09. ESASD PSERS costs budgeted to increase by \$1 million in 2023-24 to a total cost of \$26 million. Due to the salary increases, the cost went up.

Slide 22 – Enrollment and Staffing Trend

Student enrollment is down 11% from 2013-14 with the largest drop evident in the 2020-21 school year. This correlates directly with the increased Cyber Charter enrollment in 2020-21.

Student enrollment did bounce back in 2021-22 but remains below pre-pandemic levels.

2023-24 Staffing budget includes additional support positions to facilitate pandemic related learning loss. These positions are covered with ESSER funding.

2023-24 enrollment is assumed to remain flat to 2022-23.

2023-24 staff planning is an iterative process with change constant up to and through the start of the school year. Our budget does not include positions to give the Board flexibility for replacing of retirees and additions in order to make competitive offers.

Slide 23 – General Fund Balance as of June 30, 2022

We are going to have to assign the fund balance as of June 30, 22 to adjust these numbers.

Non-spendable: \$667,814

Total: \$49,153,726

Prepaid expenses

Committed: \$24,000,000

PSERS Rate Stabilization - \$18,000,000

Future Healthcare Costs - \$6,000,000

Assigned: \$17,276,388

Future Budget Expenditures - \$5,000,000

Future Educational Programs - \$6,000,000

Balance the 2022-23 Budget - \$6,276,388

Unassigned: \$7,209,524; 3.9% of expenditures

We will adjust these numbers for the June meeting. The reason these have not been updated because the last time you voted to assigned these was June of 2022.

Slide 24 – 2023-24 Budget Timeline

You have already been through the timeline. We are now on May 8th. I will primarily present this same presentation to the entire Board on May 15, 2023. I will point out if there are any changes at the Regular School Board meeting. I will ask the Board to vote on proposed final budget. At the June 12th Finance Committee meeting, I will once again present this budget and if

there are any changes, I will highlight them. I will do the same thing at the June 19th meeting and ask the Board to vote on the final budget.

December 19, 2022 - School Board Meeting

Motion to not exceed the Act 1 Index

March 13, 2023 - Finance Committee Budget Presentation

March 20, 2023 - School Board Budget Presentation

May 8, 2023 - Finance Committee Budget Presentation

May 15, 2023 - School Board Budget Presentation

Proposed Final Budget Vote

June 12, 2023 - Finance Committee Budget Presentation

June 19, 2023 - School Board Budget Presentation

Final Budget Vote

Mr. Bard asked if everyone is okay with the budget presentation. Mrs. Bear asked do we want to see what a tax increase would look like. Mr. Schlameuss said I guess we can look at it. I am not scared right now. Mrs. Bear said I think next year we will have to work at it. Mr. Schlameuss said next year we will have to be diligent. Mrs. Bear said we don't want to keep passing a deficit. Mr. Bard said I am comfortable with the budget as it is right now giving the situation that we are in and knowing what I know is going to happen in 2022-23. I think that we should start talking about it during the next fiscal year. Mrs. Bear said we should start talking about it early on before the first presentation. We should start talking about it after the budget is passed in June. Mr. Bard said that is what we do when we pass the Act 1 Index that way, we know what the Act 1 Index will be. It will be in January when we make that approval. Mrs. Bear said we can also see at the time where we are with enrollment. There will be a lot of other things in play. First of all, we only budgeted half of what the Governor's budget is estimating. I believe that is safe and the right thing to do because we do not know what it will be. That could be another two to three million dollars. Mrs. Bear said if we are lucky, we may have a charter school reform. Mrs. Bear said we need to make it an obligation of the Finance Committee throughout the year to have this discussion. As we start the new school year, we can see how we are trending without spending in order to help us when the Act 1 Index comes out. At that time, we can consider raising our taxes. Not that I want to. Dr. Riker said three budgets ago, you passed a budget with a \$4 million deficit then it went to \$6 million. I want to commend Mr. Bard and my team because since March, you have seen this budget that has been presented here tonight decreased by over \$4 million. I think that is a great accomplishment to come back with what was a \$12.5 million project deficit and tonight it is \$8.5 million. Mrs. Bear said that is still a lot. Dr. Riker said congratulations Mr. Bard because for someone who has not been in that seat very long, you have done a great job with the team in helping us to get there. I think to your point, the trend has been for the deficit to continue to increase around \$2 million a year. With expenses going up, and salaries and benefits increases, these are trends that will continue in order for the district to be competitive in the market. I think the nice thing is that the \$15 million debt service will cease even if it is in 2030. You may be already eating the money up. If the trend continues, your debt may be beyond that number in 2030. Mr. Schlameuss said there may be more things that will happen before then. Mr. Bard said there also may be a lot of things you will need for your buildings that you will be in debt to do. The Capital Reserve may not be able to address all that has to be done. Like you said a lot of things may happen. It is good to have the projection and look ahead but we need to start planning. Mr. Andrews said a lot of people may not want to have

that conversation yet. Mr. Rohner asked how does our balance sheet look this year. Mr. Bard said it may be \$2 million in the positive or in debt instead of \$6 million like you budgeted. Mr. Schlameuss said it is important to recognize that it is a \$167 million budget and the deficit of \$2 million is 1%. That is good.

VII. Recommendations by the Property & Facilities Committee

- a. J.T. Lambert Auditorium Carpet Material - Commercial Flooring \$24,248.39
- b. Bushkill Elementary Fuel Oil Tank - Crompco \$4,489.00
Dr. Riker said this is for the testing and cleaning of the tank. This is the tank that leaked.

Dr. Riker said I would like to add, if I may, one of the things that are not included are all of the invoices and application for payment for the projects that have already been approved by the Board. At the Property/Facilities Committee meeting, we had a discussion because there were two invoices that Josh Grice was looking to add to the agenda that evening. We discussed if invoices or application of payments of the projects that have already been approved by the Board have to be brought to the Property/Facilities Committee, Finance Committee and then the full Board. The Properties/Facilities Committee was agreeable to not have those continued to be placed on the Property/Facilities Committee meeting agenda, but they would still get the updates. Those invoices and application for payments for projects that were already approved would no longer go on the Property/Facilities Committee or Finance Committee, unless you want them to come here, instead they would go on the Regular School Board meeting agenda as payment of bills each month. This would only be for projects that were already approved. Mr. Schlameuss said the projects are on the Current Projects List. Dr. Riker said that is correct. Nothing new would go on. Anything new, Mr. Grice would present it at the Property/Facilities Committee. This is for any and all projects that have been approved by the Board. I told Mr. Grice that I would put the two invoices on the Regular School Board meeting agenda for next Monday so that the company can get payments for their Application for Payments. Mr. Rohner asked will the back-up documents be placed on the Board agenda packets. Dr. Riker said I believe they are always provided now; therefore, it would continue to occur. Dr. Riker asked if the Committee members are okay with this new process. The Committee members did not object.

- c. Current Projects List
Mrs. Bear said, I am guessing, the projects highlighted in yellow are the active ones. The ones are highlighted in cream have been completed. The white ones are not at 100% yet.

VIII. Recommendations by the Education Programs & Resources Committee

Mrs. Bear said we do not have any items forwarded by the Education Programs & Resources Committee, but some items will be discussed and forwarded to the Regular School Board meeting agenda.

IX. Public Participation - Limited to Items of Discussion

None

X. Advisory Recommendations for Consideration by the Board of Education

1.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Richard Schlameuss to recommend that the Board consider for approval the quote for MaxCases for Chromebooks for \$38,677.50 (COSTARS Contract). Motion was seconded by George Andrews and carried unanimously, 4-0.

2.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to recommend that the Board consider for approval the quote for Frontline Education for a total of \$8,200.00 for data migration for the transition to CSIU. Motion was seconded by Richard Schlameuss and carried unanimously, 4-0.

Mrs. Bear asked how many weeks are we choosing. Mr. Schlameuss said he believes the six-weeks option is the best. Mrs. Bear said she agrees. Mrs. Bear asked Dr. Riker to find out about advertising the charters. Dr. Riker said he will. I believe the answer will be no, but I will try. Mr. Schlameuss said it is important to get kindergarten registration up. Mrs. Bear said we can add any student registration to the ad. Mr. Rohner said I would like to have a discussion on how we can utilize the digital sign. I want the Board to, at some point, address this now as opposed to later. Mr. Schlameuss asked how do you mean, utilize this more. Mr. Rohner said other districts announce successes, highlight students, etc. Dr. Riker said we do that, too. Mr. Rohner said I know you do that on the website. Mrs. Bear said South does it on their digital sign, but they are the only one that have one. Mr. Rohner said there is no reason why we cannot advertise hiring of bus drivers, too. Mrs. Bear said maybe in the summertime we can put this up. Mr. Schlameuss said I believe I have seen that announced. Dr. Riker said we have that everywhere. Mr. Rohner said I don't see the sign revolving. It is stationery. If you go to Delaware Valley, their sign has eight different messages everyday constantly changing and updating. They are communicating to their stakeholders. Mr. Schlameuss asked if we can change the sign to scroll with different messages. Dr. Riker said I wrote it down so I can inquire about it.

3.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to recommend that the Board consider for approval the quote from Adams Advertising for 6 weeks for a cost not to exceed \$7,650.00. Motion was seconded by Richard Schlameuss and carried unanimously, 4-0.

4.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to recommend that the Board consider for approval the Bid for Industrial Supplies from Metco Supply totaling \$11,645.47 and Paxton/Patterson totaling \$1,355.79. Motion was seconded by Wayne Rohner and carried unanimously, 4-0.

5.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to recommend that the Board consider for approval the Bid for Medical Supplies from School Health totaling \$5,458.9 and Metco Supplies totaling \$ 497.80. Motion was seconded by Wayne Rohner and carried unanimously, 4-0.

6.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to recommend that the Board consider for approval the quote for Grainger for Exit Door Alarms in the amount of \$17,587.50. Motion was seconded by Richard Schlameuss and carried unanimously, 4-0.

7.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Richard Schlameuss to recommend that the Board consider for approval the quote for Colonial Intermediate Unit 20 for BrainPOP in an amount not to exceed \$8,788.64. Motion was seconded by Wayne Rohner and carried unanimously, 4-0.

8.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to recommend that the Board consider for approval the quote for 95 Percent Group totaling \$5,925.50 for 2023 Summer School. Motion was seconded by Wayne Rohner and carried unanimously, 4-0.

9.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to recommend that the Board consider for approval the quote from Hi-Tech Instruments for Microscopes for North/South HS totaling \$16,465.00. Motion was seconded by Richard Schlameuss and carried unanimously, 4-0.

10.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to recommend that the Board consider for approval the quote for Houghton Mifflin Harcourt for HMH Go Math Renewal totaling \$125,929.00. Motion was seconded by Richard Schlameuss and carried unanimously, 4-0.

11.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to recommend that the Board consider for approval 2023-24 SY Proposed General Fund Budget. Motion was seconded by Wayne Rohner and carried unanimously, 4-0.

12.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to recommend that the Board consider for approval items a. and b., which were recommended by the Property & Facilities Committee. Motion was seconded by Wayne Rohner and carried unanimously, 4-0.

- a. J.T. Lambert Auditorium Carpet Material - Commercial Flooring \$24,248.39
- b. Bushkill Elementary Fuel Oil Tank - Crompco \$4,489.00

XI. Next Meeting - June 12th, 2023

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Richard Schlameuss to adjourn. Motion was seconded by Wayne Rohner and carried unanimously, 4-0.

XII. Adjournment: 6:55 p.m.

Respectfully submitted,
Patricia L. Rosado
Board Secretary