

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
June 10, 2024
East Stroudsburg Area School District Admin Building and via Zoom
5:30 PM**

Minutes

- I. In the Absence of the Chairperson,** Richard Schlameuss, 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 Presents:** George Andrews, Wayne Rohner and Richard Schlameuss. Rebecca Bear was absent.

- III. School Personnel Present In Person:** Peter Bard, Brian Borosh, Anthony Calderone, Diane Kelly, Matthew Krauss, Fred Mill, Amy Polmounter and Patricia Rosado

School Personnel via Zoom: Heather Piperato

- IV. Community Members In Person:** Larry Dymond

Community Members via Zoom: None

- V. Approval of Agenda and Minutes**

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to approve the agenda for June 10, 2024, 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 Wayne Rohner and carried unanimously, 3-0.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to approve the minutes of the May 13, 2024, Finance Committee meeting. Motion was seconded by George Andrews and carried unanimously, 3-0.

- VI. Items for Approval:**

- a. Approve the **Final 2024-2025 General Fund Budget** with expenses totaling \$203,840,636 (PDE Form & Presentation)
Mr. Bard said the Board members received the presentation in their packets along with the PDE final form. The total expenditures are \$203,840,636, which is a slight increase from the previous presentation. Two positions were added. This is the final number.

Slide 2 – Market Values and Assessments

County	2023 Assessment	2024 Assessment	Change From Prior Year
Monroe	\$2,608,545,206 93.06%	\$2,591,104,602 93.06%	(\$17,440, 604) (-0.6%)
Pike	\$194,696,490 6.94%	\$194,704,270 6.94%	\$7,780 0.00%

The assessment number has not changed. We will not get another certified number from the County until November so this the last number that we will receive. However, the millage rates that you will see are finalized, and they did adjust downward for both counties due to going over some of the rebalancing that we talked about. I went to a meeting with some PASBO people, and we worked on looking at the millage and the assessment downward trend that the Monroe County has experienced over the last 4 years and the adjustments that needed to be made into our final budget.

Slide 3 – Market Value Impact on Millage

County	2023-24 Rebalanced Millage	2024-25 Rebalanced Millage (Proposed)	Change From Prior Year
Monroe	30.79	30.96	0.01%
Pike	128.52	126.05	-1.92%

The 2022-23 STEB rebalanced millage is the new base millage for 2024-2025 budget discussions and decisions. These may change slightly as we continue to get assessment values in. If you look at the 2024-25 rebalanced millage, it says proposed, but it really is what is going to be. It is in our PDE budget. The Monroe rebalanced millage rate is 31.05, which is a 0.01% increase or a .26 millage rate increase for Monroe County. The Pike millage rate is 126.05, which is a 1.92% decrease. These are not anything because of any School Board action. However, these are done because of the STEB rebalancing that have occurred. Over the past 3 years, the district has asked and has budgeted for around the 90 million dollars in local real estate collection. For the 1st year, the district did get around 90 million dollars, but the last 3 years the district has fallen short, including this year of that 90 million dollar real estate collection. However, the collection percentages have stayed roughly consistent in the 90% for Monroe County and 94% for Pike County. I've continued to budget that same percentage. I lowered the real estate collection dollar amount down to 88 million dollars, because that is more realistic to what our assessment values are from Monroe County. We've lost approximately 60 million dollars in assessment values over the last 4 years. We're continuing the lower assessment values due to commercial properties and rental properties that have appealed their assessment values to the county. That trend will continue, most likely, over the next couple of years. I don't see that trend reversing. The Board is not raising taxes for Monroe County or giving the residents of Pike

County a tax break. These are things that happened because of the rebalancing and because of the fact that the East Stroudsburg Area School District is in two counties.

Slide 4 – 2024-2025 Revenue Summary

	2023-24 Budget	2024-25 Budget	Variance \$	Variance %
Local	\$108,722,094	\$107,411,545	\$(1,310,549)	(1.22%)
State	\$60,526,274	\$69,153,441	\$8,627,167	12.5%
Federal	\$9,987,030	\$9,811,853	\$(175,177)	(1.8)%
Other	\$50,000	\$50,000	\$0	0.0%
Total Revenue	\$179,285,398	\$186,426,839	\$7,141,441	4.0%

If you go to slide 4, I will look at the Local, State and Federal breakdown of the revenue. The revenue did go up from our last budget presentation because the State subsidy for transportation was increased to 2.5 million dollars up from 2 million dollars that is because the State formula for transportation included an inflation enhancement that will increase our revenue for that particular amount. The variance decreased in the local revenue includes a 2.2 million dollar decrease of local real estate taxes, because of the fact that Monroe County’s revenue has been finally decreased in our local real estate budget to reflect a more realistic collection rate. We still are budgeting, and I'll go over the next bullet points slide. I don't want to get too far ahead of myself. As you could see on the State, we went from a 60 million dollars budget to 69 million dollars budget, which is an 8 million dollar increase or 12.5% increase. This reflects both an increase from last year, and this year's budget from the State. The Federal revenue decreased by 1.8%. We did receive a reduction in our Title I allotment that occurred statewide. I'm not really quite sure the reasoning other than it was a Federal Legislation so that is what's reflected. Every district has received a reduction in their Title money, and that is reflected here. This will be the last year that you see ESSERS dollars in our budget. We have flushed out every single ESSERS dollar that was spent on staffing. The only extra dollars that are in this budget are for spending on capital projects, which is the Trane Project and there's 5 million dollars in the Federal dollars here for that. Our total revenue for this budget is \$186,426,839, which is an increase of \$7,141,441, or an increase of 4% from last year overall.

Slide 5 – 2024-25 Revenue Highlights

Local

- Property Tax rates reflect rebalancing and a \$2.20 million decrease in collections due to \$50+ million dollar assessment loss over the last 3 fiscal cycles.
- Added \$1.50 million increase revenue offset due to investment income interest environment for at least ½ of the year.
- RE transfer tax leveled off, as did Local Income Tax.

State

- Includes July 2023 BEF and SEF increases
- Includes an additional \$4 million from proposed 24-25 State budget.
- Includes an inflation related increase to Transportation subsidy.

Federal

- Phase out complete in September 2024. Has \$5 million for Trane projects (Expenses has \$5 million offset for HVAC projects).
- Includes Statewide reduction in Title I allocation.

When you look to slide 5, the revenue highlights show that the property tax reflect the rebalancing in a 2.2 million dollars decrease. We added 1.5 million dollar increase in revenue offset due to the investment income interest in previous budgets had only included \$250,000 in revenue interest this year. I've put that up to one about 1.75 million dollars. That's a conservative number, considering now that the Feds have not cut interest rates yet. I'm expecting them to do so somewhere in probably late to 2024. That will cut into some of our interest earnings. The real estate transfer tax is leveled off at the number that it has been, and I don't expect it to stay as red hot. Also, the local income tax collections have stayed consistent around 4.3 million dollars, and I expect that to stay the same as well. Mr. Andrews said are you saying that we put the 50 million dollar assessment loss this year because we had not been doing it for the past 3 years. Mr. Bard said, that is correct. Mr. Andrews said it has not been included into the revenue numbers. Mr. Bard said I caught that and I did a more reflective budget as to what our current economic state is this year to ensure that we were making it fair and reflective of what our real estate taxes were. Moving forward, it should be reflective every year. Mr. Andrews said people were not aware. Mr. Bard said exactly. This is why it should have been happening every year. It should have been a slower reduction every year because of the assessment values and that was only after we studied it for the last 4 years when I went to a meeting that I told you guys about. I was going to a meeting with some colleagues of mine, and we looked at a multi-county rebalancing purposes. The State revenue includes the 2023 Basic Ed and Special Ed increases. That's what BEF stands for Basic Ed funding and SEF is Special Ed funding increases. This also includes an additional 4.5 million dollars from the proposed 2024-2025 State budget, and it also includes an increase to our transportation subsidy. This is why the State funding is radically increased from before. I'm comfortable saying now, the State has not started their budget negotiations yet, and it is June 10th. They need to pass a budget by June 30th so they have 20 days to pass it. They like to strive under pressure. I'm confident they will do it but, unlike us, they could blow past the June 30th deadline. Well, we can't; therefore, we have a June 30th deadline in order to pass a budget. In the Federal dollars, they have a phaseout complete in 2024 for ESSERS dollars, and that includes 5 million dollars for the Trane projects. There also is an expense side of the ledger where it has 5 million dollars offset for the HVAC projects as well. That includes a statewide reduction in Title one allocations. The Other piece of the expenses is for any sale of fixed assets that's not used for trade ends. For example, Chrome Books, or anything like that that comes into effect there.

Does anyone have any questions on the revenue side of things before we move on to the expense side?

Slide 6 – 2024-2025 Budget Comparison to Prior Year

	2023-24 Budget	2024-25 Budget	Variance \$	Variance %
Revenue	\$179,285,398	\$186,426,839	\$7,141,441	4.0%
Expenditures	\$187,784,000	\$203,840,636	\$16,056,636	8.6%
Revenue over Expenditures	\$(8,498,602)	\$(17,413,797)		

Slide 6 - The 2024-25 budget comparison to the prior year. When you look at the revenue side, you can see that it was a 7.1 million dollar increase for the revenue. When you look at the expenditures, the expenditures were \$187,784,000 for last year, and that budget deficit was an 8.5 million dollar expenditure. I do not believe that to be the case this year. I believe that we will end up somewhere around even, or maybe on the plus side of a million dollars on either side of the ledger. It will be either a 1 million surplus or a 1 million dollar deficit somewhere on that side. I could see the deficit being even a little bit bigger than that. Maybe 2 million dollars but it's not going to be 8.5 million dollars. That is good news for the district. Moving forward with this year, in the 2024-25 budget, I have \$186,426,839 for the revenue, the expenditures are at \$203,840,636 for the expenditures and the deficits sitting at \$17,413,797. The expenditure increased to \$16,056,636 or 8.6% in the overall expenditures for the district. Now we'll go over to the next slide. We'll see what drove some of those expenditures and what costs were driven down. This is some of these things that we've talked about in the past. What really drives the deficit is not so much the expenditure piece, because the expenditure piece is somewhat under control. 8.6% isn't out of the realm of an increase. It's more of the lack of revenue side of things because of the revenue assessment piece.

Slide 7 – Budget Cost Drivers

	2024-2025 Budget	Increase/(Decrease) over 2023-2024 \$	Increase/(Decrease) over 2023-24 %
Salaries	\$86,148,210	\$9,865,850	11.5%
Benefits	\$59,879,427	\$6,037,098	10.1%
Charter Schools	\$8,750,000	\$(250,000)	(2.9)%
Utilities	\$3,239,236	\$58,928	1.8%
Debt Service	\$18,305,977	\$1,602,306	10.2%
ESSER	\$5,150,000	\$(586,877)	(11.4)%

When you go to slide 7, we'll look at the budgetary cost drivers for the district. The 2024-2025 cost drivers. The salaries are \$86,148,210, or an increase of \$9,865,850, and an 11.5% increase from the previous year. The benefits are \$59,879, 427, or an increase of \$6,037,098, or a 10.1% increase from year over year. The charter schools are \$8,750,000, or a \$250,000 decrease from year over year. Utilities are \$3,239, 236, a \$58,000 increase. The debt service is \$18,305,977, a 1.6 million dollar increase, which is driven by the school bus purchase that was undertaken. The ESSER Fund is at 1.5 million dollars or a \$586,877 decrease and 11.4% decrease. Now that I just highlighted some of the major cost drivers of the budget. The

salaries and benefits still drive about 71% of the budget which is normal for every operating school district in the Commonwealth. That's normal for these type of things. Nothing in this chart is really out of line, necessarily in the salaries and the benefits. The benefits piece does include a 3% increase for health insurance that came from our trust. We had a negative performing year in terms of health claims over the dental, vision and medical especially in the in the prescription piece of things. That is driven by the 3% increase in that structure. Also, it includes the PSSERS increase. When the salaries are driven up by 11 and a half percent, you would expect the PSSERS side of the ledger to be driven up as well, because the retirement piece is always there. This includes all of the labor contracts and the like. Included in the salaries, I want to ensure that the public knows that it just didn't go up because of that but there are 9 new teaching positions in this budget that were driven by the Special Ed cost. We have acquired and incurred a large increase of special education students in the K through 2 level that require us to hire or post for 9 special education teachers and their benefits. I think that is a large driver for the salaries and the increase from last year to this year. That's a very important piece to realize. Also, this does not include any new postings for any new positions that may incur from June 7, 2024 and moving forward. What I mean by that is that a lot of times we have increases in enrollment, and in some of our elementary schools that may require us to hire a teacher where the Board would direct the Administration, to change what we have. It may be due to very aggressive or very low class sizes in some of our elementary schools. That would be a conversation that we may have to have at some point in the future. I'm not sure what those numbers are yet, but that would be something that we could talk about in July as we get more enrollment data. I just wanted to bring this to your attention as well. Are there any questions before we go on to the General Fund Balances and how we're projecting?

Slide 8 – General Fund balance as of June 30, 2023

- **Nonspendable:** \$783,115 **Total: \$51,267,628**
 - Prepaid expenses
- **Committed:** \$24,000,000
 - PSERS and Future Healthcare Expenses
- **Assigned:** \$23,498,602
 - Future Educational Programs - \$6,000,000
 - Future Budget Expenditures - \$9,000,000
 - Balance the 2023-24 Budget - \$8,498,602
- **Unassigned:** \$2,985,911; 1.5% of expenditures

The general fund balance that was audited as of June 30, 2023, sits at \$51,267,628. That includes a non-spendable amount of \$9,783,115. The committed amount is 24 million, which is committed to PSERS and Future Healthcare Expenses. The assigned amount was \$23,498,602, which is Future Budgetary Expenditures at 9 million dollars and the Future Educational Programs at 6 million dollars and to balance the 2023-24 budget was \$8,498,602, and the unassigned amount was \$2,985,911, which is 1.5% of the expenditures. This was as of June 30, 2023, when our auditors came in and completed the audit in November and early December. So obviously I do not expect the 2023-24 budget to have an \$8.5 million dollar deficit.

Slide 9 – Projected General Fund balance as of June 30, 2024

- **Nonspendable:** \$783,115 **Total: \$51,267,628**
 - Prepaid expenses
- **Committed:** \$10,566,805
 - PSERS and Future Healthcare Expenses
- **Assigned:** \$33,967,102
 - Future Educational Programs - \$6,000,000
 - Future Budget Expenditures - \$9,000,000
 - Balance the 2023-24 Budget - \$2,500,000 (projected)
 - Balance the 2024-25 Budget - \$17,431,797
- **Unassigned:** \$4,985,911; 3% of expenditures

On slide 9, I have the budget deficit for 2023-24 at 2.5 million dollars. As you can see, I put in the 2024-25 budgetary deficit projected at \$17,431,797. The projected General Fund Balance number did not decline. You could say, “Well, Pete, that doesn't seem right.” The reason it doesn't seem right is because I moved some of the money around in the different categories. The committed number dropped to \$10,566,805 from PSERS and Future Healthcare Expenses. The Board wisely put some money aside for PSERS expenses when the PSERS amount was climbing radically in early 2010. Now it's time to probably uncommit that money and spend it on the PSERS increases since it has topped out in the 35% range. The assigned amount still stays at 6 million dollars for Future Educational Programs and the Future Budgetary Expenses is at 9 million dollars. The 2023-24 budget amount is at 2.5 million dollars. I think that is the ceiling. I don't think the deficit will be much higher than that, so I've always stayed aggressive with that amount. That number could even be lower than that. The balance of the 2024-25 budget is at \$17,431,797. That is also the ceiling for the budgetary expenses. I think when you come to budgetary numbers, the aggressive amount is always the ceiling for that. The unassigned amount of \$4,985,911, or 3% of the budgetary expenses to match the Board Policy of 3% to be unassigned.

Slide 10 – Projected General Fund balance as of June 30, 2025

- **Nonspendable:** \$783,115 **Total: \$31,335,831**
 - Prepaid expenses
- **Committed:** \$10,566,805
 - PSERS and Future Healthcare Expenses
- **Assigned:** \$15,000,000
 - Future Educational Programs - \$6,000,000
 - Future Budget Expenditures - \$9,000,000
- **Unassigned:** \$4,985,911

When you go to slide number 10, that shows the Projective Fund Balance as of June 30, 2025. A couple of things that have changed on that slide would be if the 17 million dollars were fully realized, the General Fund Balance expenditures would drop to \$31,335,831. In reality, this is the worst case scenario, that at the end of 2025 fiscal year, the fund balance had dropped to \$31,335,831. That would be around 11% or 12% of your operating budget. It would still be a very healthy Fund Balance, but it would be something that we need to keep an eye on. Now once

again, that is just in the worst case scenario. Most times, the district has operated, in a period of time, where the deficits come in much lower than expected, or you have a surplus. Do I think that will happen? Mr. Andrews said that is because of the projected 17 million dollars deficit in the 2024-25 budget. Mr. Bard said if you experience the entire deficit to be right on the money, that's what it would come to. If the deficit is 10 million dollars less, then you have 41 million dollars in the General Fund Balance. Mr. Andrews said and the main reason may be if the assessments are set at 50 million dollars less. Mr. Bard said it is probably more like 60 million dollars. The district has operated pretty soundly, considering all the things that have been working against the district, including rapid inflation that took off after that in 2020. Also, the Board hasn't raised taxes in 15 years, except for one year, where it was a very nominal increase. The assessment appeals wiped that out, probably within 2 months. It was a very nominal 1% increase.

Slide 11 – Projected General Fund balance as of June 30, 2026

- **Nonspendable:** \$783,115 **Total: \$31,335,831**
 - Prepaid expenses
- **Committed:** \$1,035,305
 - Future Healthcare Expenses
- **Assigned:** \$26,413,406
 - Future Educational Programs - \$3,000,000
 - Future Budget Expenses - \$2,000,000
 - 2025-2026 Projected Budget Deficit - \$21,413,406
- **Unassigned:** \$1,881,996
- **Total Fund Balance After Deficit \$9,800,328 (projected)**
 - (Caveats – State funding, cyber school reform, previous years deficits)

When you look at the slide 11, I forecasted it out on the Assigned 3rd bullet point. I projected the 2025-26 deficit of \$21,413, 406. The deficit slows down from its rapid increase because the projected cost increases from the contracts that have been negotiated and signed is much smaller than the initial 1st year that has been executed. I also reduced the Future Educational Programs number, the Future Budgetary expense number and the Future Healthcare Expense number to much lower numbers, and the Unassigned Budget number is also much lower. You also have to remember in this overall picture that this all is very much based on a lot of caveats that are out there. Once again, as I mentioned before, the district has a very strong history of strong fiscal leadership, and I'm not going to abandon that. I'm going to work backwards. In the last bullet point where it says previous years deficits, I don't believe you're going to experience a 17 million dollar deficit, but you have to be prepared for it. The Cyber School Reform Bill, which I'm under the belief that there's going to be some kind of reform that may lower our costs for non-special education students, may cap that at a certain level. Out of all the districts in Pennsylvania, the four districts in Monroe County are in the top 10 of what they can benefit the most in Cyber School Reform, and also State funding. If State funding continues to go on the upward trend, East Stroudsburg tends to benefit one of the most in the top 50 in the Commonwealth when it comes to State Funding. There's a lot that can override or help us keep the budget deficits under control. That's not to say that we don't have to worry about the problems we have with reassessments but we could deal with and control the deficits. As Mr.

Rohner pointed out several times, the public is used to getting big surpluses here. I don't think you're going to have a big surplus in this budget. I think you should be happy with a much smaller deficits than the 17 million dollars that was projected. I think the deficit will be much smaller than 17 million dollars at the end of the day, but I'm painting the worst case scenarios in these budgets. I do plan on having quarterly budget reviews at the Finance Committee meetings so that you have much better economic and budgetary data and much more open and detailed data that you had in the past. We have some more accounting programs and you will have access to see more of the financial data coming out. You will have more recognizable stuff that we can give to the public and show what's going on a more regular basis as was done in the past. You will be able to be more prepared to take it to your constituents on a regular basis. Do you have any other questions before I go on to the dates

Mr. Rohner said on page 9 we balanced the 2023-24 budget with 8.5 million dollars and it looks like we are balancing that budget again with \$2.5 million. Is that correct? Mr. Bard said, yes, in in the worst case scenario. Mr. Rohner said in the worst case scenario. Mr. Bard said, yes. Mr. Rohner said okay. Mr. Schlameuss said, I guess my question is, sort of piggybacking on that, Do you expect us to use our 8.5 million dollars, the amount that we budget as deficit? Mr. Bard said no. I don't think the deficit for 2023-24 is going to be 8.5 million dollars. It's going to be closer to, like I mentioned at the beginning of the meeting, either one side or the other, close to 1 million dollars in surplus or a 1 million dollar deficit. I put a deficit of 2.5 million dollars in here as kind of the ceiling as what the worst case scenario could be. I gave you budget report that was as of the date that I sent it. We do accrue expenses until August 31st. We could also accrue revenue until August 31st as well. There are some relatively big bills out there we have left to receive, including the reconciliations from all of the Cyber Charter schools and the reconciliations from the Colonial IU 20 for our Special Education Services. I'm cautiously optimistic about our expenses, but I don't want to go into the full blown great mood until we have all those bills in yet. That is why I don't want to say that we're in a great shape until we're in a great shape. Mr. Andrews asked did you say that you are budgeting a 2.5 million deficit. Mr. Bard said yes but I don't believe, it's going to be anywhere close to that number. Mr. Andrews said we may benefit from what it says. Mr. Bard said exactly. I just giving you what the auditor report says. If you went back to your auditor book, the audit book said, this is what the fund balance was, and this is what the other classifications were in the audit report. Mr. Rohner said in your recent email that you sent; you're projecting additional monies from a revenue source. Mr. Bard said, yes, we didn't get our June Una pay, which is the transportation subsidy, which would be about 2.7 million dollars. There are other opportunities, too. We still have to get another subsidy payment from the State, so there'd be more revenue coming in that wasn't reflected on your Budget Tariff Report. Mr. Rohner said I just want you to know that you keep building my surplus. Mr. Bard said we will do the best that we can.

Slide 12 – Capital Projects and Planning

- **No Capital Reserve Transfer Planned in 2023-2024**
 - Capital Reserve Projects totaling between \$4 and \$5 million are expected out of the balance in 2024-2025.
 - In 2025-2026, another \$2 to \$3 million are expected out of the capital reserve fund for expected projects and purchases.

- Forecast that the Capital Reserve will be exhausted by the end of the 2026-2027 fiscal year.
- There is no money allocated for the Science Playground project in the Capital Reserve plan or the General Operating budget.
- There will be a need for 7 buildings to have their roofs replaced or re-coated in the next 5 years which will cost anywhere from \$500,000 to \$2.5 million each depending on the structure. We will need to plan for this.

I want to talk to you about the Capital Projects and Planning. Normally every year we transfer money to the Capital Reserve. The Capital Reserve is part of the General Fund. Anybody that hears the talk at the Property and Facilities Committee meeting hears about the Capital Reserve piece. There is no Capital Reserve transfer planned in 2023-24. The Capital Reserve projects totaling between 4 and 5 million dollars are expected to come out of the balance in 2024-25, and then in 2025-26, another 2 or 3 million dollars are expected out of the Capital Reserve. The forecast that we have prepared is that the Capital Reserve will be exhausted by the end of the 2026-27 fiscal year. There's no money allocated for the Science Playground Project in the Capital Reserve Plan for this year, or the General Operating budget. That shouldn't be that necessarily a big deal because we can work something in as things go along. There will be a need, though, for 7 buildings, to have their roofs replaced or recoded in the next 5 years, which will cost anywhere between \$500,000 to 2.5 million dollars each, depending on the structure. We will need to plan for this. We did apply for grants out of the DCD that the Board approved in May totaling around 7 million dollars. The vast majority of the grants are for the 2 roofing projects. Hopefully, they will be approved, and that will take a lot of the burden off the Capital Reserve. I just wanted the Board to be aware of the of the Capital Reserve and the money that is available in there that could be exhausted. We are working on a lot of things that come out of Capital Reserve Fund. I do try to move out of the Capital Reserve and into the General Fund if the General Fund could absorb it. If the General Fund is projected with a big surplus in a lot of areas, I try to examine that, and move things out of the Capital Reserve into the General Fund, so that the General Fund can absorb some of the smaller projects. For example, in the General Fund Balance you have Future Educational Programs which are curriculum purchases. I try to move curriculum purchases into the General Fund Budget as much as possible, which the General Fund, and the Fund Balance are the one in the same, but I try to move it into the General Fund budget so we don't have to uncommit money to buy curriculum purchases as much as possible, because I know there are Curriculum needs that must be addressed. I try to take them out of the General Fund budget as much as possible. Are there any questions regarding the Capital reserve, or anything of that nature? Mr. Andrews said you explained it very well.

Slide 13 – 2024-25 Budget Timeline

- June 17, 2024 – Full Board – Final Budget Presentation and vote for passage.
- June 30, 2024 – Deadline by the Commonwealth for All School Districts to pass a Budget.

Mr. Bard said in the 2024-25 budget timeline, the budget will be put before the full Board on June 17th for passage. If it's voted on and approved, I will send the documents to the State on June 18th and then we'll meet the June 30th deadline. I didn't write on here, but we will have more budgetary discussions much earlier than in the past where normally you would get the 1st budget

meeting in April or May and then you are asked to vote on it. We'll have earlier discussions on it. Due to the sensitivity and the large size of the deficit this year, I plan on having them more regularly and more often so that you and the public could have a better picture on the status, and where things are going from there. Are there any questions from the public?

- b. Approve the **ENGLE-HAMBRIGHT & DAVIES, INC** Renewal Package for all insurance lines totaling \$1,052,497.00 EHD (an increase of \$84,777 from 2023-24 for all 14 lines).

Mr. Bard said I included the renewal paperwork in your packets. We've experienced some decreases across some of the lines, but the majority of the increase was in the property line primarily, because of the market as a whole across all 50 States. It is nothing really to do with us, or our experience. It has to do with inflation and the cost that would be to replace our buildings if there was a catastrophic loss. This increase was anticipated and planned for in the 2024-25 budget that I had prepared and proposed to you. Are there any questions? The biggest decrease we had in there was on the cyber security line. We had a decrease because of our strong cyber security package. I want to note that as well.

- c. Approve the Resolution directing the **Chief Financial Officer, Peter T. Bard**, to contract for the strategic purchase of natural gas for the East Stroudsburg Area School District accounts based on the market conditions and the advice of Provident Energy Consulting, LLC for as many as 36-months beyond June 2025.

Mr. Bard said the purchase of natural gas is going out through a consortium that we are a part of which is the Colonial IU20 and a bunch of other school districts. They are going out for the contract, two days from now. They need to have this resolution so I could sign the contract, because the market conditions change on a daily basis. As soon as the lowest prices is achieved, they need a signature and this resolution will give me the authority to sign the contract. Normally, it's only the Board President that could sign the contract. This will just give me that very restrictive power to sign the natural gas contract once the lowest price is achieved in the market. All the school districts are having the Boards authorize the Business Manager/CFO' do the same. That is what this resolution is for. It's a very restrictive resolution, and only authorizing me to sign this one particular deal to go out on the natural gas market. This will lock us into the lowest prices for an extended period of time. Mr. Andrews asked do you have to sign this resolution before the Board meeting. Mr. Bard said no if the Board approves the resolution on the 17th, it will be sufficient time for me to do that. Mr. Schlameuss said let me know what that price was. Mr. Bard said I will. They did mention that the Monroe County Transit was working with you guys as well. Mr. Schlameuss asked are there any questions about that. What we're doing is saying, Peter, you can sign that document the moment you know what the price is. Mr. Bard said yes, and I'll forward that agreement and the price to you after the document is signed.

- d. Approve 5-year Microsoft Licensing Quote through the **Lancaster-Lebanon IU#13 for \$95,923.40** (annually).

Mr. Bard said this was the lowest price that was achieved. It's a continuation of what we have already that needs to be used for the office apps and things of that nature. I included the documents in your packet and the reasoning behind it. The Administration is in full support of it.

VII. Recommendations by the Property & Facilities Committee

- a. Bid Award: HSS Field House Equipment Replacement - Scranton Electric Heating and Cooling \$351,567.00

Mr. Schlameuss asked is this a Capital Project. Mr. Bard said yes.

- b. Bid Award: North Campus Storm Pipe Replacement - Rutledge Excavating Inc \$286,351.00
- c. HSS Pool Acid Wash - Main Line Commercial Pools - \$5,257.22
- d. Award the Cintas Renewal Contract
- e. Award the Parking Lot Sweeping Renewal Contract - ABE Paving - \$21,979.00

f. Payment of Bills

- i. ESE flooring - App#1 \$155,902.50 - Cope Flooring
- ii. MSE Flooring - App#1 \$182,394 - Cope Flooring
- iii. ESE Flooring - App#2 \$73,237.50 - Cope Flooring
- iv. MSE Flooring - App#2 \$79,335.00 - Cope Flooring
- v. HSN Natatorium Roof - App#7 \$4,641.00 - Munn Roofing
- vi. North HVAC Replacement - App#2 \$162,320.00 - Trane
- vii. RES HVAC Replacement - App#2 \$210,000.00 - Trane
- viii. North HVAC Replacement - App#3 \$146,865.00 - Trane
- ix. RES HVAC Replacement - App#3 \$190,000.90 - Trane
- x. JMH Flooring - 1 of 3 invoices - Wayfare Sports Floors - \$89,000.00

g. D'Huy/CHA Invoices

- i. North Campus Generator #61042 \$1,437.50
- ii. RES HVAC Replacement #60955 \$1,060.07
- iii. HSN/LIS Rooftop Replacement #60956 \$1,061.24
- iv. MSE/ESE Flooring #60957 \$1,336.68
- v. HSS Field House Equipment Replacement #60958 \$4,301.00
- vi. North Campus Storm Pipe #60959 \$1,266.30

Mr. Schlameuss asked if everyone's in agreement with the payment of bills. Mr. Rohner asked are they all ESSERs funding. Mr. Bard said yes.

h. Current Project List

VIII. Recommendations by the Education Programs & Resources Committee

- a. 4 Year Subscription Handwriting Materials for all elementary school buildings - \$91,388.65 - Zaner Bloser - Paid for by C&I 2023-2024 budget.
- b. Revised quote for Pre-Calculus books - Cengage - \$37,132.70 - Paid for by C&I 2023-2024 budget.

Mr. Schlameuss asked are books being purchased. Mr. Bard said yes and this quote was approved previously by the Board but what was missing on it was the online component. They came back to revise the quote so that is why it is a little bit more. It will be paid by the 2023-24 Curriculum and Instruction Budget.

- c. Purchase of digital tool for intermediate school grammar and writing instruction & remediation - No Red Ink - \$19,750.00 - Paid for by ESSER III.

- d. Funding of two (2) Future Educator Program Coordinator Schedule B positions - positions have been included in the 24/25 General Fund budget. -\$13,680.00.
- e. Funding of 2024/2025 dual credit/enrollment courses other than FEC - ESU and NCC - \$34,770 - funds have been included in the 24/25 General Fund budget.

There were some questions that were brought up by the EPR Committee. Answers have been provided to you in your packets. There's clarification that the Future Educators Cohorts will be Schedule B positions for the North and the South High School. There will be an MOU that will be done with the Education Association (Teachers' Union). There may be a potential impact on the ADM (Average Dailey Membership) for some of the students. We are going to pay for all the kids that go to dual enrollment. We're going to pay for their materials and their tuition. There is a House Bill 1258, and now known as Act 52, which allow school entities to include students enrolled into dual credit courses through institutions of higher education, and who leave their school entity during the school day to attend dual credit courses in their average daily membership. This change is prior to the requirement to address the ADMs for students who do not leave the school district to attend the dual credit course. There's been some questions as to whether or not the students that leave may have a negative impact on our ADM which will affect our basic education subsidy. However, I don't believe it would since the school code changes every year when they do the budget. When they do the budget they call it code bills and the code bills are rammed in with the budget documents. In my professional opinion, I don't believe it is going to impact our ADMs. It could be around 120 students between North and South. I am confident we are okay to move forward with this program, because of the language and Act 52 as well as any changes that come in since they're supporting the legislator. We have enough money in the budget for 120 students. If there are more students, then we will support more. I want the kids to be as successful as possible. In the worst case scenario if there were to be a negative impact to our ADMs due to 120 students out of 6,600 students, it isn't going to be a significant reduction in our Basic Ed Subsidy. Mr. Schlameuss said students would have to attend some of the day here. Mr. Bard said correct so it would be a partial impact; therefore, it is not a big concern. The biggest ADM impact that we have is when students leave from our schools to a cyber charter schools. This is significantly more than a student leaving for dual enrollment for half a day or quarter of a day. I'm more than fine with the district moving forward with this from a financial perspective. Miss Polmounter is here to speak on this item.

Ms. Polmounter said I was speaking with Mr. Forsyth's office and we looked at Governor's Shapiro's Bill, which is Act 52. That Bill says that dual enrollment will not have an impact on the ADM. When you look at the School Code, it supports that the district should pay for dual enrollment because it doesn't impact the instructional time. That is what is indicated on the sheet that is in your packet. We've refunded all the students for the cost of all of their courses. That's why we suggest that the district pay for all of their courses. Mr. Bard said she is speaking about the courses that the students took last year. Some students, in the beginning of the year, paid for some of their materials and their books. We also refunded them any money that they had a balance on. It was like \$50 a student, and we issued checks back for them. Mr. Schlameuss said this will indicate that they will be enrolled in our schools because we paid for all for all of their expenses. Mr. Bard said exactly.

Mr. Andrews said there should be no effect on the district with this process. Mr. Bard said Ms. Polmounter agreed with that assessment. Mr. Bard said I believe the Board will be okay with moving all of this forward, and that would be my assessment, too.

Mr. Andrews asked what are Program Coordinators? Mr. Bard said there has to be someone that works with the students to enroll them and to check up on them, and to make sure they're getting grades. This is a big lift for someone to do so they should get paid a stipend for the work. It is similar to someone getting a stipend to do mock trial or something like that with the students. It's a very small stipend that they should be awarded to do for something similar. They would work with the dual enrollment students by checking on them and getting their grades in the system. We will have one person at each school, one at North and one at South. The case size would have to be divvied out and they would have to watch each student to make sure they're going to class and doing their courses. I think it's fair to give them a stipend. The total is \$13,000 that's divided by 2. It's all about fairness.

IX. Public Participation - Limited to Items of Discussion or Approval

- A. Mr. Dymond said he looks at the stock market and sees how things are going these days. If the district weathers a storm and things drop, people are going to be laid off and displaced. Mr. Bard said there has been two major economic storms that the district has weathered in the past. One was in 2008 and one was in 2020. We weathered them pretty well those two times. I believe we will be able to weather future storms as well. I am pretty comfortable that we can do it. We plan it one day at a time. The last time I looked, I believe we have close to 55% of our employees who live within the East Stroudsburg Area School District. To me that means that we have to look out for the wellbeing of our employees that live and work within the district. My job description says to maintain the solvency of the school district. I take that to heart. I believe that we can do that. My job is to make sure to protect the district to make sure that I give these 9 Board members the best advise possible. I think we will be able to weather any storm possible because number one, the district has a very solid financial foundation and number 2 I think we are not going to be weathering it alone. We will have the ability to move forward with very sound leadership. I am confident that we could do it. Mr. Dymond said people are losing their jobs and if they cannot find another one, they will have to abandon their homes and that is not going to be good for us. Mr. Bard said we will take it day by day and month by month. Moving forward we will make secondary plans. Mr. Andrews said I feel everyone is going to be in the same situation. We are not the only ones who will be stuck with this problem. Mr. Rohner said it would be a global issue.

X. Advisory Recommendations for Consideration by the Board of Education

1.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to recommend that the Board consider for approval the Final General Fund Budget for the 2024-2025 fiscal year in the amount of \$203,840,637 as posted and advertised in accordance with the law. Motion was seconded by Wayne Rohner and carried unanimously, 3-0.

2.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to recommend that the Board consider for approval the Engle-Hambright & Davies, Inc. Renewal Package for all insurance lines totaling \$1,052,497.00. Motion was seconded by George Andrews and carried unanimously, 3-0.

3.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to recommend that the Board consider for approval the Resolution directing the Chief Financial Officer, Peter T. Bard, to contract for the strategic purchase of natural gas for the East Stroudsburg Area School District accounts based on the market conditions and the advice of Provident Energy Consulting, LLC for as many as 36 months beyond June 2025. Motion was seconded by George Andrews and carried unanimously, 3-0.

4.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to recommend that the Board consider for approval the 5-year Microsoft Licensing Quote through the Lancaster-Lebanon IU#13 for \$95,923.40 (annually). Motion was seconded by Wayne Rohner and carried unanimously, 3-0.

5.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to recommend that the Board consider for approval the following items a-e, in accordance with the recommendation of the Property & Facilities Committee. Motion was seconded by George Andrews and carried unanimously, 3-0.

- a. Bid Award: HSS Field House Equipment Replacement - Scranton Electric Heating and Cooling \$351,567.00
- b. Bid Award: North Campus Storm Pipe Replacement - Rutledge Excavating Inc \$286,351.00
- c. HSS Pool Acid Wash - Main Line Commercial Pools - \$5,257.22
- d. Award the Cintas Renewal Contract
- e. Award the Parking Lot Sweeping Renewal Contract - ABE Paving - \$21,979.00

6.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to recommend that the Board consider for approval the following items f. i.-x., in accordance with the recommendation of the Property & Facilities Committee. Motion was seconded by George Andrews and carried unanimously, 3-0.

f. Payment of Bills

- i. ESE flooring - App#1 \$155,902.50 - Cope Flooring
- ii. MSE Flooring - App#1 \$182,394 - Cope Flooring
- iii. ESE Flooring - App#2 \$73,237.50 - Cope Flooring
- iv. MSE Flooring - App#2 \$79,335.00 - Cope Flooring
- v. HSN Natatorium Roof - App#7 \$4,641.00 - Munn Roofing
- vi. North HVAC Replacement - App#2 \$162,320.00 - Trane
- vii. RES HVAC Replacement - App#2 \$210,000.00 - Trane
- viii. North HVAC Replacement - App#3 \$146,865.00 - Trane
- ix. RES HVAC Replacement - App#3 \$190,000.90 - Trane
- x. JMH Flooring - 1 of 3 invoices - Wayfare Sports Floors - \$89,000.00

7.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to recommend that the Board consider for approval the following items g. i.-vi., in accordance with the recommendation of the Property & Facilities Committee. Motion was seconded by George Andrews and carried unanimously, 3-0.

g. D'Huy/CHA Invoices

- i. North Campus Generator #61042 \$1,437.50
- ii. RES HVAC Replacement #60955 \$1,060.07
- iii. HSN/LIS Rooftop Replacement #60956 \$1,061.24
- iv. MSE/ESE Flooring #60957 \$1,336.68
- v. HSS Field House Equipment Replacement #60958 \$4,301.00
- vi. North Campus Storm Pipe #60959 \$1,266.30

8.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to recommend that the Board consider for approval the following items a.-e., in accordance with the recommendation of Education Programs & Resources Committee. Motion was seconded by George Andrews and carried unanimously, 3-0.

- a. 4 Year Subscription Handwriting Materials for all elementary school buildings - \$91,388.65 - Zaner Bloser - Paid for by C&I 2023-2024 budget.
- b. Revised quote for Pre-Calculus books - Cengage - \$37,132.70 - Paid for by C&I 2023-2024 budget.
- c. Purchase of digital tool for intermediate school grammar and writing instruction & remediation - No Red Ink - \$19,750.00 - Paid for by ESSER III.

- d. Funding of two (2) Future Educator Program Coordinator Schedule B positions - positions have been included in the 24/25 General Fund budget. -\$13,680.00.
- e. Funding of 2024/2025 dual credit/enrollment courses other than FEC - ESU and NCC - \$34,770 - funds have been included in the 24/25 General Fund budget.

XI. Next Meeting - July 8, 2024, at 5:30 PM at Administration Building and via Zoom.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to adjourn. Motion was seconded by George Andrews and carried unanimously, 3-0.

XII. Adjournment: 6:21 p.m.

Respectfully submitted,
Patricia L. Rosado
Board Secretary