

**MARPLE NEWTOWN SCHOOL DISTRICT
BUDGET AND FINANCE COMMITTEE MEETING –SPECIAL MEETING
MONDAY, OCTOBER 5, 2009
BOARD ROOM
MINUTES**

PRESENT: **Committee: Mr. Richard Sokorai, Mr. Richard Carpenter, Mr. Michael Molinaro**
 Absent: Mr. Fred Dewey

Board: Mrs. Nancy Galbraith, Dr. Jeffrey Shapiro, Mrs. Dana Kauffman

Administration: Dr. Merle Horowitz, Mr. Joseph Driscoll, Mrs. Denise Land, Mr. Michael Dumin

Press: 0

Audience: 17

Call Meeting to Order and Pledge of Allegiance

Mr. Richard Sokorai called the meeting to order at 10:16 p.m. Mr. Joseph Driscoll then stated that, in deference to the start time of the meeting he would like to quickly go through base information, and then answer questions.

1. Budget Timelines-Act 1

Mr. Driscoll stated that the first thing to discuss would be Act 1. This is going to be the first year we are going to file for exceptions. It is important to understand what the Act 1 timeline is – the complete timeline as prepared by the Department of Education. Mr. Driscoll stated that he went through the timeline, and aligned the dates with the Marple Newtown School District calendar, so that if the Board elects to keep the second and fourth Tuesday as committee and general voting meetings at the December Re-organization meeting, no deadlines will be bypassed. He stated that he had listed target dates based on Act 1 time limits.

Between now and the end of December, we need to get the budget prepared so we can have a preliminary budget available for public inspection by January 12, the first key date. That budget will be out for inspection prior to Board action at the end of January. At the January meeting, the Board will vote to adopt the preliminary budget. Once it is adopted, we have to submit it to the Department of Education and then, in early February we have to give notices in newspapers of our intent to file petitions with either the courts or the Department of Education that we are seeking approval for referendum exception. That notice must be given one week before we file.

Mrs. Dana Kauffman stated that we are making the assumption that the exceptions will be approved when the preliminary budget is adopted. Mr. Driscoll stated that we were, but that the entire preliminary budget is filled with assumptions. Once exceptions are approved, then we can revise the budget to reflect allowed exceptions.

Mr. Carpenter asked if we would receive the state mandated requirements before we start to build the budget. Mr. Driscoll responded that we would, and he would address that more completely in the next section of the agenda.

Dr. Jeffrey Shapiro asked for clarification regarding Mr. Driscoll's statement that the preliminary budget would be available for public inspection prior to the Board's vote to adopt it. Mr. Driscoll stated that the preliminary budget would be made available for public inspection prior to a Board vote for the purpose of keeping within the required Act 1 timeline. He then stated that there would be three budgets; the preliminary, due in January; the proposed final budget, due in May; and the final budget, due in June. The preliminary is the most important, because all the decisions and referendum exceptions have to be done by March 4. Dr. Shapiro asked who would be responsible for putting the budget out without Board approval? He asked what the mechanism would be to allow the budget to go public. Mr. Sokorai stated that was a good point; there would have to be discussion on how the budget would be made public because the Board would want to weigh in on budget issues. He said that would be a topic to be addressed in the first work session so a consensus could be reached that wouldn't compromise timelines for Act 1.

He then stated that the next point is that we are starting at 1.1% over the index, equaling roughly a 4% tax increase, solely based on the construction project. He asked for clarification of additional exceptions and the process for petitioning the courts.

Mr. Driscoll Stated that there will be additional exceptions, some things that are approved by the Court of Common Pleas, i.e. emergencies or life and safety issues. Most are applied for through the Department of Education, i.e. debt service, construction, special education and retirement costs. The detail will be in the next Board packet.

Dr. Shapiro asked if there was an estimate of the costs. Mr. Driscoll responded that there wasn't because we don't know how much money we will be receiving from the state until their budget is passed.

Mr. Sokorai asked how we apply for the exceptions. Mr. Driscoll stated that there was a specific on-line submittal form that includes all the data required for exceptions. Mr. Sokorai asked if it was subject to anyone's discretion. Mr. Driscoll stated that it could be, but the debt service for construction should be approved because of the date the debt was incurred, that is prior to Act 1 enactment.

Mr. Carpenter asked why that debt was considered pre-Act 1 debt. Mr. Driscoll said that it was considered as pre-Act 1 because we incurred the debt in May of 2006. Act 1 was passed in the following June. We did not issue the debt until 2009, but the exception is based on the incurring. Mr. Driscoll said that he could see no reason why that exception would not be approved. HE then said that the dates he has established have given some leeway to accommodate our calendar and still maintain the official Act 1 timeline. He then asked the Board to remember that, just because an exception is filed, it doesn't mean you have to take it.

Mr. Sokorai stated that he would try to get a vote to release the budget for public inspection for the January 12 deadline, but if he couldn't, he may, as chair of Budget and Finance, give the okay for its release. Mr. Driscoll stated the Board needs to remember changes can be made to the preliminary budget if necessary.

Dr. Shapiro asked if it was Mr. Driscoll's intention to present a preliminary budget that took into account all the exceptions. Mr. Driscoll responded that the preliminary budget would show the expenses, 'x' and the revenues, 'y', showing the shortfall.

Dr. Shapiro stated that we would need voting meetings in December or early January to allow the budget to be made public. Mr. Driscoll stated that would be necessary if the Board wanted to vote beforehand.

Mrs. Dana Kauffman asked if Mr. Driscoll had been in touch with other districts who have already gone through this process. He replied that he would be.

Dr. Merle Horowitz said that Haverford School District, who has had significant building and renovation, got a debt exception last year and used it, and taxed at a rate of 4.7%. She believed it would be good to discuss the process with them.

2. Budget Process – Update

Mr. Driscoll said that there is a high level summary of costs, but that we need to break it into more detail. We need a few more days to develop this detail.

Mrs. Kauffman asked if there should be a separate work session for just that topic. Mr. Driscoll said that research is going into presentations. Mr. Sokorai stated that, at the next regularly scheduled meeting, more detailed discussion will take place on how this can be presented.

3. Retirement Rate Projections

Mr. Driscoll said that we pay 4.78% of payroll to retirement. Next year, it will go to 8.4. Over the next four years, it will go to almost 11%. In 2012-2013, it will go to almost 30%. Then, in 2014-2015, it will go to 34%.

Mrs. Kauffman asked if that was an exception. Mr. Driscoll said that there is a retirement exception, but it is a little tricky, including certain limitations, that he would have to review the calculations.

4. Future Work Sessions

Mr. Sokorai said that additional meetings would be set at the regularly scheduled meeting on the 13th of October. He asked Mr. Driscoll what would be driving the budget meetings. Mr. Driscoll responded that debt service, health costs, and salaries are the major items, but that real numbers for the budget can't be discussed until the state passes their budget.

Mr. Sokorai asked if health costs had been submitted; Mr. Driscoll said that there is no indication of health costs yet, and there probably wouldn't be until some time in November.

Mr. Michael Dumin discussed the cost of fuel and energy, noting that we had locked in gas prices.

Mr. Sokorai asked how we stood with delinquent taxes. Mr. Driscoll responded that we are in good shape with collections. He spoke to a greater concern regarding assessments, referencing the loss Rose Tree Media suffered as a result of the lowered assessment of the Granite Run Mall. He expressed concern that Marple Newtown assessments may take a downward turn, which would reduce projected revenues of the district.

Mr. Sokorai asked if there were any questions from the audience.

Mr. John Kariouk of Broomall asked Mr. Driscoll about the status of the activity fee. He then asked Dr. Horowitz about an interview with Mr. McFall in the MarNews saying that activity fees are not being spent on activities, but rather going into the general budget.

Mr. Driscoll responded that the activity fees are coming in. He said that the money does go into a general fund, but that money offsets the costs of the activities.

Mr. Kariouk asked if the Board could publish what cuts, i.e. intramurals at the High School, were actually made.

Mrs. Kauffman stated that it could be found on the website, that the budget is available for the public. Dr. Shapiro clarified that intramurals and school newspaper at the High School and Paxon Hollow, the FLES program, the Hockey Club, paying for AP testing and some standardized testing as well were cut.

Dr. Shapiro asked when and how Mr. Kariouk saw the high school newspaper. Mr. Driscoll stated that it was run as a fund-raising effort.

Ms. Cathy Butler of Broomall asked how the district is conserving? She offered suggestions regarding use of lights, etc. Mr. Sokorai stated that the district is constantly evaluating the situation, and making changes as necessary to save energy.

Mr. Sokorai asked Ms. Butler to list her ideas for conservation and send them via e-mail for consideration.

Ms. Anita Doherty of Broomall asked how revenue would be recovered, and if it would be possible to get companies to sponsor events and/or clubs. Mr. Sokorai responded that the district has examined that possibility, but that there is no money available. Companies just don't have it to give right now.

Ms. Doherty offered the suggestion that, since daycare was necessary, perhaps it could be a school district sponsored program for profit, to try to recover additional revenue. Mr. Sokorai said that all suggestions would be taken under consideration.

5. Adjournment

With no further discussion, meeting was adjourned at 11:10 p.m.