

SCHOOL BOARD MINUTES

- (1) The Board of School Directors of the Lebanon School District held a special budget work session on Monday, March 4, 2013, at 7:00 p.m. in the board conference room of the senior high school as advertised in the Daily News on January 21, 2013.
- (2) President Anne Dall called the meeting to order at 7:00 p.m. Everyone participated in the Pledge of Allegiance to the Flag.
- (3) On roll call by the secretary, the following board members were present: Mrs. Debra L. Bowman, Dr. Anne V. Dall, Ms. Vanessa A. Fischer, Mrs. Rose Marie R. Kotay, Mr. Peter N. Pyles, Jr., Mr. Thomas L. Schaffer, Mr. Paul M. Topping and Mr. Cornell Wilson. Mr. Mike Kuhn arrived at 7:03. Also present were Dr. Marianne T. Bartley, superintendent of schools, Mrs. Mary A. Harrell, secretary; Mrs. Kelly Herr, assistant business manager.
- (4) Also present were Mr. Chris Danz, assistant to the superintendent for HR and pupil services; Mr. Mike Murphy assistant to the superintendent for assessment and accountability; Mr. Fred Shattls, director of ESL; Mr. Josh Coatsworth, director of special education; Mr. Ted Graeff, chief information officer; Mr. Craig Boltz, director of buildings and grounds; Mr. Brian Hartman, assistant director of buildings and grounds; Mr. George Horn, district resident; and the following media representative: Mr. John Latimer of the Lebanon Daily News.
- (5) In discussing the 2013-2014 budget, Dr. Bartley shared the following financial challenges facing the district:
 - Rising health care costs
 - Rising pension costs
 - Repairs to Lebanon Middle School
 - Repair or rebuild Northwest Elementary School
- (6) Dr. Bartley reminded the board that in the fall we invited a representative from PSBA to share information with us about the challenges we would be facing and in October, we invited our legislators to attend our meeting as we presented information about our financial projections. We invited these people to hear our presentations so they would be aware of the challenges that our district would be facing in the near future. We believe the information we shared had implications for our local and state officials. At this meeting, we also discussed concerns regarding Northwest Elementary School.
- (7) Next, Dr. Bartley shared information via a Power Point presentation. The presentation is included with these minutes.
- (8) In continuing to discuss the budget, Dr. Bartley mentioned that in January, the board approved a preliminary budget of \$60 million which included a 6 percent tax increase. We passed the preliminary budget early so we could apply for an exception that would allow us to raise taxes above the state established index, if necessary.
- (9) Since the passing of the preliminary budget, two things have happened on the state level. The first development was Governor Corbett's release of his proposed budget, which increased the district's basic education subsidy by 1.5 percent or roughly \$370,000. The second development was the Pennsylvania Department of Education's approval of a

\$350,000 exception for the district's pension and special-education costs that will allow it to exceed the tax index by a maximum of about 3 mills. Both are good news but will not solve the district's financial situation.

- (10) Discussion followed on how the board will proceed to meet expenses and work to reduce the millage hike needed, by June 30. Mr. Richards shared that cost drivers like the pension contribution and health care costs make this task difficult.
- (11) Another dilemma facing the district is the impact of the federal budget sequester. Dr. Bartley estimated the across-the-board cuts in spending could mean a 5 percent reduction in the district's federal funding. This could mean the elimination of our summer school education programs.
- (12) The affordable Health Care Act will also present a challenge for the district in the coming year as we decide whether we can afford to keep our para-professional staff. Under the Health Care Act, if the district continues to maintain the staff, it will be required to provide benefits which would cost about \$500,000.
- (13) Another issue is the fact that the district is still waiting to receive construction reimbursements from the state for the Lebanon High School renovations; reimbursements that will soon reach about \$800,000. Mr. Richards shared that the state is showing no evidence that it will pay us anytime soon.
- (14) Discussion continued regarding the state withholding an estimated \$100,000 in medical assistance reimbursements that help offset the district's special education expenses.
- (15) Dr. Bartley shared that the one area where the district is in good financial shape is its reserve fund. It currently stands at about \$10 million, but about \$8 million is obligated toward future needs. What is left will probably need to be used to help finance a new roof for the middle school and possibly purchase land for a new location for Northwest Elementary School. But the board has not made a decision to proceed with building a new school or renovate the existing building.
- (16) The second scheduled budget work session will be on Monday, April 22, 2013.
- (17) The president requested that board members remain for an executive session to discuss personnel matters following the meeting.
- (18) With no further business to come before the board at this time, a motion was made by Mr. Kuhn and seconded by Mrs. Kotay that the meeting adjourn. All members voiced consent and President Dall declared the meeting adjourned at 8:42 p.m.

Respectfully submitted,

Mary A. Harrell
Secretary of the Board