

MIDD-WEST SCHOOL DISTRICT

Special Work Session

Middleburg Elementary School

Large Group Conference Room

Thursday, May 6, 2021

A QUALITY EDUCATION FOR ALL, FOR LIFE

I. **OPENING CEREMONY**

II. **CALL TO ORDER: 6:00 p.m.**

Mr. Victor L. Abate

III. **ROLL CALL:**

Mr. Victor L. Abate

BOARD OF SCHOOL DIRECTORS

PRESENT

ABSENT

LATE ARRIVAL

Mr. Victor L. Abate, President	X		
Mr. Donald D. Pinci, Vice President	X		
Mr. Shawn A. Sassaman, Treasurer		X	
Mr. Terry L. Boonie	X		
Mrs. Julie R. Eriksson		X	
Mr. Justin T. Haynes		X	
Mrs. Wyona P. Lauver		X	
Mr. Christopher T. Nesbit	X		
Mrs. Sherryl L. Wagner		X	
Mr. Richard J. Musselman, Superintendent (Non-Voting Member)	X		
Ms. Allyson L. Folk, Secretary (Non-Member)	X		

OTHERS

Mr. Joseph W. Stroup, Director of Curriculum and Instruction

Mr. Ryan L. Wagner, Business Manager

Dr. Thor R. Edmiston, Principal, Midd-West High School

IV. **ITEM FOR WORK SESSION**

A. **BUSINESS AND FISCAL**

Mr. Victor L. Abate

Mr. Abate stated the purpose of this evening's special meeting is to discuss the proposed preliminary budget to see if we can bring it down. So, Mr. Wagner, do you have anything additional you'd like to add this evening?

Mr. Stroup inquired are you (Mr. Wagner) hearing this?

Mr. Wagner responded no, I couldn't hear.

Mr. Stroup stated Mr. Abate asked if you had anything additional you wanted to discuss as far as the budget. I can pull up the slides that we talked about today if that's where you want to start.

Mr. Wagner responded yeah, that's probably as good as any.

1. **DISCUSSION ON 2021-2022 PROPOSED PRELIMINARY GENERAL FUND OPERATING BUDGET**

Mr. Stroup stated the first one that's up, and you (Mr. Wagner) can't see this, but maybe you can follow along on your computer at home because I know you have these slides. This would be budget Option #1, which is our current proposal, and you and I can just kind of talk us through that. I think everybody here has seen this before.

Mr. Abate stated yes, Mr. Wagner sent it to the Board, and he also sent a detailed line item of the budget to the Board members as well.

Mr. Stroup reviewed Option #1 where the District has a \$1,046,459.00 deficit. The plan is to fill that deficit in with ESSER II. So, in sense, there is not a deficit in the budget because we have this federal money coming in to help support it. So, that deficit is only with local and state revenue considered. What was proposed in that budget was a half mill of tax increase which amounts to \$85,341.00. That's all the more we could raise taxes at this point because this has been tentatively approved as the budget. There is \$520,000.00 worth of potential position cuts, and they're all eliminated by retirements. That combined with the half mill increase would take the budget deficit we had down by approximately \$600,000.00 to that \$441 (\$441,118) figure. The ESSER monies run out in 2024-25 and 2025-26.

Mr. Wagner stated the projections on the Index are that it's going to be decreasing for the next few years so that the possibility of increases is smaller.

Mr. Stroup stated so, we might not even be able to on that Line 3 out to 25-26 get to that \$2,066,057.00 figure if that would happen. So, again, those are just projections. The next one (slide) is Budget Option #2 with no tax increase, and the \$520,000.00 potential. The changes are very, very slight. It changes the difference at the bottom line by about that \$85,000.00 figure of that tax increase. Option #3 is no tax increase with budget cuts from the \$1,000,000.00 debt refinancing, and that's the higher figure. There was actually a \$500,000.00 one. We just showed you what the maximum amount that we were given and the type of relief that would provide. So, the 21-22 budget would still have this deficit because there is no relief built in the first year. Then the release starts to kick in of almost \$1,000,000.00, but we would have a surplus in the budget of \$37,463.00 for 22-23, and then you'd start to see the deficits come back to at 25-26 it would be \$924,106.00. Again, this is omitting. We don't know where the state is going to come in over that time.

Mr. Abate stated, Mr. Stroup, I have a question for you. This ESSERs monies, is there a time limit to which it needs to be spent?

Mr. Stroup responded September, 2024.

Mr. Abate inquired so, you could? Like the year, let's just say we have a \$50,000.00 surplus, you could move that money forward. It has to be spent?

Mr. Stroup responded that money does, but here's how it works kind of. In 2021-22 we have \$2,000,000.00 of ESSERs funds budgeted for salary, materials and resources. We're going to use ESSERs monies to purchase, and you saw a bunch of things we're buying as far as resources with funds. We'll have some payroll things to use the ESSERs funds for, and you'll be seeing those. Then the money in that budget that was for those materials, resources, computers will then come out and be transferred into a Capital Reserve account that you can use something. You can put into your PSERS account that you've already created to save money there to offset costs of the budget later. You can put it into a Capital Reserve account let's say for paying off the solar panels down the road because in five years' time if you pay off the solar panels, then that's going to general an additional \$300,000.00 possibly in savings with electricity.

Mr. Abate inquired so, there's a way to work around it?

Mr. Stroup responded yes.

Mr. Abate inquired has that been factored into this at all?

Mr. Stroup responded not where to put the money.

Mr. Boonie inquired did you have a slide there right now with the current half mill and also the debt refinance?

Mr. Stroup responded I did not put the two together, but you could do both and obviously we were going to be in better shape than the \$924,000.00 by \$85,000.00.

Mr. Boonie stated it's still a drop in the bucket compared to that \$2 million number.

Mr. Stroup stated yes, and that's ultimately what you have to decide. They're tough choices. Student population is declining. Back in 2014-15 when Rick and I were just starting here, you were at over 2,100 students. This year we're at 2,002. So, that's 100 we've lost in that period of time. Next year, we're predicting we're going to be about 1,993, and that was with 150 kindergarten students figured in. Right now, we are not at 150. We are closer to 130 kindergarten students that have registered. So, we'll see where that goes. We still have the month of May to get through and summer as far as registrations, but that's one of our predictors. The lower number of students in the District, that's a lower revenue. So, if we're actually at 1,944, the revenue that we're predicting in those budgets where we're \$2 to \$2.4 million off is also going to be lower.

Mr. Nesbit inquired where revenues based on these numbers?

Mr. Stroup responded no, the revenue was not based on those predictions. The revenue is based on current revenue.

Mr. Nesbit inquired and these numbers have the cyber students enrolled in outside cyber school are already out, correct?

Mr. Stroup responded correct.

Mr. Nesbit inquired which is how many roughly?

Mr. Stroup responded outside cyber schools, and we just ran the report two weeks ago, so, it was 115. There's 85 regular education students which adds to almost \$1,000,000.00 in expending and then 30 special education students which again is almost \$1,000,000.00 because it's \$34,000.00 for a student with an IEP.

Mr. Wagner stated roughly, yes.

Mr. Stroup stated and it's about \$12,000.00 for a regular ed student.

Mr. Wagner stated and as our budgets increase those numbers continue to increase even if it's the same number of students because it's based on budget expenditures.

Mr. Nesbit inquired prior to COVID, about how many students did we have in outside cyber?

Mr. Stroup responded this would just be a guess because I haven't looked at them. Maybe Ryan knows specifically. I'd say somewhere between 75 and 85. We've lost some over the year.

Mr. Nesbit inquired did we have any that were special education in outside cyber prior to COVID?

Mr. Stroup responded yes, and again, I don't have the exact number.

Mr. Nesbit stated what I'm getting at is what is the likelihood that these students would return as COVID settles down.

Mr. Stroup stated predictability of how many may return, Ryan?

Mr. Wagner stated you'd like to think that some of them are going to come back because they've seen how the schools operated safely.

Mr. Stroup stated I'll put it this way. We don't have much luck in getting students to come back that are having a good experience. The ones that come back are the ones that are struggling and failing out and failing to meet the requirements of that cyber program. So, my guess is the ones that are being successful won't come back.

Mr. Wagner stated yeah, that definitely will be the trend.

Mr. Nesbit inquired are we given any information as to the status and how successful these students are, or is it simply them coming to us and saying they're having troubles, we need to come back?

Mr. Stroup responded we find out about it basically when they're getting removed from that program.

Mr. Abate stated yeah, but not all of these students are going to be in that cyber program. Some of them have to be juniors and seniors, right?

So, if we could stop the flow now, by the time it's 2023 or 23-24, 24-25, that would drop. You're probably not going to get the juniors and seniors to come back.

Mr. Stroup stated no, no, and honestly, we've done a pretty good job with that over the years because when we first started, there was about 100 or 110 that were out in various cyber schools, and we reduced that number and brought some back because we had our own program. The issue is this year when we started to have to put some pressure on some kids because they weren't doing what they needed to, they just said, "Oh, well. We'll go somewhere else," and quite honestly, and that was in the letter I sent you all, we are going to apply that pressure again next year and not make it an option to keep up on your work. If you're not keeping up on your work, we'll bring you into the building, and you can work in the library or a designated area because we just end up letting these kids fall through the cracks, and they end up being in a high school program for six years and never graduate.

Mr. Boonie stated and I support you in that. I really do. Absolutely. What good is a diploma if it doesn't mean anything?

Mr. Musselman stated and you have absolutely no say in those outside cyber schools. You just get to pay the bills, and you get to raise taxes on people with no say, and that's what bothers me the most. It irritates me to no end that the local taxpayers have no representation on what goes into that cyber school. You don't have a say on the teachers they hire. You don't have a say on the credits. You don't have a say on the quality of the program, the curriculum, nothing. Just pay the bill.

Mr. Nesbit stated no school board to oversee them.

Mr. Musselman stated and that's what really, really bothers me. Taxation without representation is basically what they're doing. It irritates me.

Mr. Stroup stated and that's the thing. Like the IU and SUN Tech, we give representation. We have a say in their budgets, and we all have the chance to approve that, but these 15 to 16 cyber schools where kids are going to we have nothing except paying a bill.

Mr. Musselman stated even if there was a physical charter school in our District or ten miles outside our District, we would have a say in the development of that. In some respect we would have a little bit of say in at least in the start of that, and sometimes what they'll do, too, is they'll have like a Board that will actually get together. We're still paying the bills, but you had initial. Initially, you had a say in even the development of that. You have no say whatsoever in these cyber-charter schools. We have no clue how the kids are doing. We don't know. We have nothing. I've talked to people. How often is there interaction? In elementary, how often is there interaction between your child and his or her teacher, and they're saying, "Well, sometimes maybe a month. Every two months or so we might get a contact from the teacher." That's ridiculous. That's absurd.

Mr. Stroup stated I have an interesting article on it. I haven't finished reading it, but I can forward it out to the Board. Mr. Gunkle found it and gave it to me. It's from Stamford. It's a study on Pennsylvania.

Mr. Boonie stated he sent it to me as well.

Mr. Stroup stated oh, you got that? Good. I haven't gotten through the whole thing, but what I've read so far is very interesting.

Mr. Nesbit stated yeah, I'd like to see that.

Mr. Boonie stated one quick question just to make sure. I have been in contact with Mr. Rowe. I had posted something on his page about it, and he didn't respond. I did get an e-mail this past week, or I should say messaged through Facebook saying, "I'm not ignoring you. I'd like to get together and have some coffee and talk about it." So, I immediately responded, "Hey, I want to meet you ASAP." I haven't heard anything back now since then. So, I'm going to go actually to his office.

Mr. Musselman stated I've sent a couple e-mails to his webpage. I've never heard anything back, so.

Mr. Abate stated So, it wasn't just me.

Mr. Boonie stated I'm not going to give up.

Mr. Musselman stated Fred Keller would get back to me every time. I'm just saying.

Mr. Boonie stated I'm not going to give up. I'm going to try to get scheduled into his office.

Mr. Pinci inquired what's his education background? Because I keep hearing he never attended public school.

Mr. Musselman responded he was home schooled. He was home schooled. I met with him early on. He had the superintendents have a meeting with him, and he actually was home schooled.

Mr. Nesbit stated he was under Fred Keller.

Mr. Musselman stated I don't know that.

Mr. Boonie stated I don't know that either. I think he did. My question is before I go talk to him, I want to make sure I understand it clear on the financing issues. When we have a student go out to one of those cyber schools, we have to pay the bill, and you just gave us the cost for those. The state subsidy that we normally would get for that kid, do we lose that as well? Like the state, he no longer counts as a student at our school, so?

Mr. Musselman responded it basically flows through us.

Mr. Boonie stated okay.

Mr. Musselman stated it actually flows through us to them, basically.

Mr. Boonie stated I just wanted to make sure I understood that.

Mr. Stroup inquired is that accurate, though? The whole state subsidy? I thought it was just a portion of that subsidy that comes back.

Mr. Musselman responded it's the basic ed funds that you get based on the ADMs. Actually will flow through the home school, and then we're supposed to add to it and pay that bill. So, some of those dollars are also basic ed funds that actually flow through the District.

Mr. Abate stated, Ryan, I have a question on the budget that you sent the line items here. On line item 142 to 147, there's a 62% increase in non-capital equipment replacement. Are those for the computers for the elementary school?

Mr. Wagner inquired is it like down in the 2260s?

Mr. Abate responded 10-1110-767 and then.

Mr. Wagner stated yes, that's what that is.

Mr. Boonie inquired can I ask a quick question on that, Joe? The 500 and some odd laptops that we got, is that like planned as new ones for all the elementary, or is it this year and next year to try to work that year ahead as we talked about?

Mr. Stroup responded that's for this year. It's in this year's budget. Remember, we just paid for them with ESSER funds. So, that money that we spent will then be backed out of the budget and moved to a Capital Reserve area of your choosing to designate for some other expense down the road so that we're better prepared for 25-26 and beyond.

Mr. Boonie inquired so, but I'm saying, basically, is that enough laptops that would have been normally done for a two-year period, or we're just kind of replacing a bunch of the old ones?

Mr. Stroup responded that's going to be one year now, so.

Mr. Boonie stated okay. From now on, it will be 500 and some a year, or?

Mr. Stroup responded yes, because kindergarten through eighth. There's three groups now getting new computers since we're K to 12, and that's one teacher group as well.

Mr. Pinci made a statement, but it was inaudible.

Mr. Stroup stated yes.

Mr. Abate stated and, Ryan, I also noticed a huge jump in our workman's comp. Like what was that about?

Mr. Wagner responded well, we had quite a few claims this year. So, I'm anticipating that our premium is going to go up substantially.

Mr. Abate inquired workman's comp?

Mr. Wagner responded yes. We had a couple large claims.

Mr. Abate stated and I have one more question. Tax assessment collection services, what actually is that?

Mr. Wagner responded it's the fees you pay your tax collectors. It's what we pay the county as part of the agreement for them maintaining the real estate rolls, and it's some of the fees that we pay for the outside, RBA and Infocon, for our software for the tax collectors and then the actual printing of the tax bills. That's something that can be reduced because of being with Berkheimer, but.

Mr. Pinci inquired how do we feel about this refinancing?

Mr. Abate responded that will have to be discussed at a meeting unless it's tied to the budget.

Mr. Pinci stated but it is.

Mr. Abate stated okay. Will those monies be in the 21-22 budget, Ryan?

Mr. Wagner responded no, they will be. Which monies do you mean?

Mr. Abate responded for the bond refinance. For the reduction in the debt service.

Mr. Wagner stated 21-22, no.

Mr. Abate stated it will be 22-23.

Mr. Wagner stated yes.

Mr. Stroup stated this is the one that would create some relief for us. We generated some relevant factors to consider. We can go over them. State contributions for this year and the future are unknown. I think I did mention this, but the Republican lawmakers are warning us to plan for a zero increase this year and possibly for as long as there's ESSERs funds available. So, that would mean possibly up to three years.

Mr. Abate inquired so, you're saying flat funding but not reduction?

Mr. Stroup responded right. Without knowing what the state contribution is, it looks like the local district will need to cut or generate an additional \$2 to \$2.4 million for the budget by 25-26. Additionally, the District has a declining student population. The trend appears to be continuing. With or without the tax increase locally, the community will need to brace themselves for some tax increases within the next four years if the Board decides that no more formal cuts in employees or programs would occur, and I still have that chart to go over for what we're looking at this year. A proposal to eliminate positions in this year's

budget will impact no current employees nor effect any current programs. A lot of them are due to that declining population. We won't know if that will always be possible. We'll certainly look at things as they come up. The Board does have \$2.6 million in a reserve account to offset PSERS spikes. This can be used with a plan to offset or defer some tax increases, but we still must remain in position to meet the desired revenues when those funds are exhausted. For example, if we do nothing until 2025-26, we could backfill the budget and use \$2,000,000.00 of that to offset the costs, but then the next year we're going to be at \$2.7 million, and we won't have that money to backfill the budget. During the 21-22, 22-23 and 23-24 budget cycles, ESSERS funds will be used to offset, and those funds can be transferred back into a reserve account to fund other initiatives. There are other projects coming up or endeavors that the Board will want to keep some funding open in the next few years; solar buy-out, stadium lights, bleachers, etc., and I think you all know that, but when this stadium gets built, and we're not able to use it for lights or bleachers or something like that, there will be pressure on why to all of us to rectify that, and then there's just a lot of unknowns moving forward as to expenses with the change in government at the federal level, the minimum wage increase, PSERS, inflation, the contracts coming due and other unfunded mandates. So, it is really a tough budget cycle this year, and I expect the next couple.

Mr. Abate inquired, Ryan, when do you expect that our health insurance rates would start to come down?

Mr. Wagner responded more adverse claims are dropping off. So, next year we should see a smaller increase.

Mr. Musselman stated with the consortium the way it looks is is we're starting to come out of it. We had a year of bad luck so to speak, but we had high claims that hit us, and so, you should start seeing that come down as far as your rate. Actually, it's not going to come down. It's just going to be lesser/lower increases.

Mr. Wagner stated they probably should be half as much next year.

Mr. Musselman stated yeah, because they typically ride on there for about three years, and we'll be up for about three years of having these really high claims. We had a bad year there.

Mr. Wagner stated next Friday at the health insurance consortium meeting both carriers will be presenting proposals to the entire group; Highmark and Blue Cross. So, there could be an opportunity there as well to get some savings.

Mr. Boonie stated the budgets for the 2024-25 and 25-26, being that we have the two contracts coming up, currently those proposed amounts, are they just factored in the same rate increases what's currently in the current contracts, or do you just not put any estimate in there for the increase for the contracts?

Mr. Wagner responded we went back a number of years and averaged out what the increase was across those years and applied that going forward so that it took into account previous contract.

Mr. Stroup stated it's like 2.7 across the board in that neighborhood for where we don't know where we need to be.

Mr. Boonie stated I was just wondering if there was going to be a whammy on that based on negotiations.

Mr. Stroup stated you can do better in negotiations, or you can end up doing worse, so.

Mr. Nesbit stated in the past as part of my tenure the school district had offered like a golden handshake to those who were older or tenured teachers that were closer to retirement. Would it be beneficial to offer to pay health insurance to maybe some teachers that are closer to retirement but are hanging on because of the health insurance costs maybe to encourage them retire early if we pay their health insurance until they're able to receive Medicaid/Medicare?

Mr. Wagner responded yeah, it's certainly something to look into because you'd be taking off at the top of the salary schedule and replacing at the bottom.

Mr. Musselman inquired what's our premium a year right now, Ryan, for a single? \$16?

Mr. Wagner responded a single for next year will be \$93. Just over \$9,300.00.

Mr. Musselman inquired \$9,300.00?

Mr. Wagner responded yes, for a single person.

Mr. Musselman stated now, that's the premium that we pay, right?

Mr. Wagner responded yes.

Mr. Musselman stated okay.

Mr. Stroup stated and maybe if I show you this chart here of positions in the \$520,000.00 that will help give you an idea of what the costs of people are. The positions that we're not replacing that were in the budget and taken out of that \$520,000.00 would be the second SRO Officer. We're not going to fill that. That has been in the budget for the last two years. So, that would be removed. We have a middle school math teacher, and this is the only one we're not sure of yet. She's new. She's told us she's looking. She has a boyfriend living in another state. We think she's leaving, and we will not need to replace her if she does find another job, but we haven't received a letter yet. So, with that new teacher salary/benefits, that's what the potential savings would be; \$78,000.00.

Mr. Nesbit inquired you would eliminate that position?

Mr. Stroup responded yes, the middle school population is down so we can do it with less sections. ME special education teacher retiring, we're going to transfer somebody from West Snyder to fill that position and

save us about \$100,000.00. High school math retirement, again, somebody that's on the upper end, saves about \$100,000.00. High school guidance secretary, that position is going to be combined. Beth Nornhold actually came to us. I think we did mention this before. She will be consuming both. That will save us roughly \$56,000.00. High school English teacher, we just had today a posting come out because a middle school English teacher is leaving. We do have the ability to move one of the high school English teachers to the middle school to fill that position. That will save us roughly \$85,000.00 in that transfer. High school paraprofessional retired earlier in the year. We didn't replace her, and that position will not be replaced, and then the District Office secretary which would have been Jane Zimmerman, and we outsourced the transportation, and that will be about a \$30,000.00 net savings after we then pay Weikel's for doing her busing part. So, that's where the \$520,000.00 in savings comes from. So, if you get higher end to brand new teacher, and it depends where they are in their health insurance status for each of them, sometimes the teachers are at the high end are down to themselves or just them and a spouse because all the kids are off. So, it depends. Somewhere at \$25,000.00 to \$30,000.00 in savings there from a new teacher, and sometimes we hire teachers with a couple years' experience, too, based upon the position we're filling, so. \$30,000.00 maybe the savings, and it depends how far out you're willing to go and how much of that insurance you're willing to put into that to create that early retirement incentive. That's scary for anybody looking to retire.

Mr. Musselman stated and you may just. Yeah, it is a big deal. You may also just be encouraging people that are going to leave anyway. It's just giving them that additional, even \$9,000.00 a year, to leave. So, you may be encouraging that. The other thing is, too, with new teachers coming in, if you look at somebody leaving. Let's just hypothetically say they're 60 years old. They're probably not. They're going to probably be at 55. So, if you're going to do it for how many years? Five years, or if you're going to wait until they're 65, that's ten years? That's a long time to do that at \$9 to \$10,000.00 it will creep up, and I'm looking then at a new teacher coming in within that same period of time, they could start a family. Now their insurance increases, and that's significant. A family rate that we pay premium for family, Ryan. Is that \$20?

Mr. Wagner responded it's like \$26.

Mr. Musselman stated \$26,000.00 a year. So, you start to eat up that if that person has a family. You start to eat that insurance, that gap up. You start to do that plus they're going to be going back to school. You're going to be doing tuition assistance for them to go to get their Level II certification. I'm just saying there's factors to consider in that, too.

Mr. Boonie stated it's a lot different than ten years ago when you could offer health insurance that it was only costing you \$5 to \$10,000.00 vs.

Mr. Musselman stated yeah, it used to be if they were like, "Hey, we'll give you health insurance." It wasn't a big deal, but it's become a huge deal. When you start going out and looking on buying this stuff on the economy, it's a big deal. I mean it's a really big deal.

Mr. Pinci stated I went a couple years without it.

Mr. Stroup stated the third counselor is back in the budget. Some of you were on when we had the committee meetings, and so, the third counselor technically is back in the budget. That would amount to an \$80,000.00 position for a brand new one. So, you can equate that with the middle school math position as well if you're looking at other potential things that we're doing there, but that one has been put back in at this point.

Mr. Boonie stated the one thing about a guidance counselor with what our kids have endured for the past year mentally having a third counselor is one area I think is beneficial. I know at least at our school some of our kids really have been stressed.

Mr. Nesbit stated stress and depression.

Mr. Boonie stated the big one, yeah, is depression. I'm dealing with a student that up until this past year mom and dad had an amazing student. I can't imagine how many kids are having a rough time with this especially the ones that are doing cyber where they aren't seeing their friends, etc. I think we're going to see some damage from this pandemic for a few more years mentally for those kids.

Mr. Stroup stated yeah, and quite honestly, moving out in the future, there's a potential because of class sizes if they continue to be reduced that positions at the high school may be able to be reduced as well because you won't have the need for classes. We have a really large class. Is that a sophomore class?

Dr. Edmiston responded next year's sophomore class.

Mr. Stroup stated next year's sophomore class is like 190. When that class gets through, there may be some wiggle room.

Mr. Abate stated well, if you start retirements and looking out. That's three years then before those kiddos graduate, right?

Mr. Stroup responded yes.

Mr. Abate stated if you start through attrition not filling them.

Mr. Stroup stated yes, and that's exactly what we're doing and looking at.

Mr. Abate stated well, Ryan, I don't have anything to take out of your budget, so, and I've tried.

Mr. Musselman stated we did get some, and you will see this, too, coming up. We just talked with Higher Information Group about our copiers. Ryan, we think we can save what? \$50,000.00?

Mr. Wagner responded \$55,000.00 a year over our current lease.

Mr. Musselman stated there's a swing that we didn't anticipate.

Mr. Stroup stated that's amazing work, Ryan.

Mr. Nesbit inquired how is that savings being accomplished?

Mr. Wagner responded the contract price for copies is lower, but the equipment is just super, super cheap right now for whatever reason.

Mr. Musselman stated that was what their quote was, so, and it's the same number of copies, I believe, that we have now.

Mr. Wagner stated yes, and better equipment.

Mr. Nesbit inquired same number of machines?

Mr. Musselman responded yes, we're not taking away any machines anywhere. We also got information on bandwidth, I believe, and it looks like we may be able to get that at a less price.

Mr. Boonie stated the way they allot bands of cable tv channel or when you're sending data across the cable tv line which is essentially what we're doing through Service Electric, the way they allot bands drop clear back to 100 because the 100 is really kind of slow considered by today's standards. It actually is better for them and easier for them to manage if they're actually kind of selling us what's the mainstream. I guess the equivalent would be prices of RAM for computers. If you try to buy RAM for really old computers, you'll pay a lot more than what you'll pay for RAM for current because this is the bulk of what's being done and the way we handle it. At least that's what Giuls was saying. Whatever way it happens, as long as it's happening, it's good.

Mr. Nesbit inquired *inaudible* go through Service Electric *inaudible*?

Mr. Boonie responded well, they're sister companies. They're owned by the same. Service Electric and PenTeleData are sister companies owned by the same corporation.

Mr. Musselman stated that's helpful, and then you have that refinancing piece, too, if you want to consider that. I know that we had discussions on that as well. There's a refinancing flat, and then there's one where you're basically extending that. There's pros and cons. If you go to a bank or if you go through a bonding agent, but if you're going to do that, you need to make your decision soon because interest rates are starting to creep up again. As inflation starts to hit, you're going to see that, and that option could walk away from you. There's pros and cons.

Mr. Stroup stated and keep in mind here, too, that the other thing is if we run with just this option one which is the approved budget, we would transfer about \$1.55 million into some other account at the end of the budget cycle for a Capital Reserve project. What you guys do with it then is ultimately your decision as far as offsetting costs later or putting into projects. We just talked about tonight a building project possibly for the District Office, and so.

Mr. Boonie stated yeah, tonight at the Buildings meeting, we had some serious discussions that we have some serious issues with the current

Administrative Offices; new roof, HVAC systems that need to be replaced, bathrooms that need to be redone. We don't meet ADA compliance. Just to fix everything that needs fixed just so it continues to function would be over \$100,000.00 until we get all those different things, and we're still not ADA compliant. We still have the issue of where to store all the papers and the weight of all those papers on that second story. So, it's something that we need.

Mr. Musselman stated there's no sprinkling system. There's no security system. It's not ADA compliant. I mean there's a lot of drawbacks to it. It served as well for many years, but what do you want to do with it. Do you want to put \$100,000.00 into it, or don't you, and that's your decision?

Mr. Boonie stated \$100,00.00, again, is just a.

Mr. Musselman stated that's a Band-Aid, basically. It's a roof, and it's HVAC, but you're going to have to do asbestos abatement to even to do some of the minor stuff. The carpet is down to where you can see the threads in the carpet, so.

Mr. Abate stated so, we talked a lot, but we didn't resolve the issue of the budget.

Mr. Musselman inquired well, what is the issue?

Mr. Abate responded we had an issue that some people didn't want to raise taxes, but I don't really see an alternative at this point. I mean if we're going to try to stay ahead.

Mr. Boonie stated right.

Mr. Abate stated just to keep our head above water.

Mr. Boonie stated I'm willing. I don't mind putting on record that I'm a little frustrated that we hold this special meeting, and the people who raised concerns didn't show up. That frustrates me. I think we have to go with what we already approved; the preliminary, and I think for the next meeting we need to move on this refinance because if we don't, it's still going back to 2025-2026 school year. So, that's just my opinion, but.

Mr. Pinci stated I agree.

Mr. Nesbit states I agree with everything you just said, and while it's enticing to prolong paying off the debt and lessen the payments, I want it out of our life. I want to keep it on the schedule we got and just refinance it and take it down to the *inaudible*. That's how I'd like to proceed.

Mr. Pinci inquired how much savings? \$1.5 million, is that what it is? Is the savings \$1.5 million if we refinance?

Mr. Stroup responded I think you end up paying more over time by about \$1 million, but you get relief in almost \$1 million over the length of the term.

Mr. Abate stated 11 years.

Mr. Stroup stated but you end up paying more.

Mr. Pinci stated I understand you pay more.

Mr. Stroup stated okay. I wasn't sure what your question was asking. Ryan, do you have those exact figures?

Mr. Wagner stated give me a second here, and I'll look.

Mr. Abate stated I know it's 11 years.

Miscellaneous conversations were occurring at this time.

Mr. Musselman stated but if you were to do one of those and take what you're going to save those first two years when we don't need it because we have ESSERs monies, and you put it in your principal, I think it would pay about two years, Ryan, or something to that effect?

Mr. Wagner responded it's \$1,025,214.00 when you stretch it out to the 2032, but like we had discussed, if you take that money that you don't need in those first two years, apply it to your principal, you could shorten that up back to maybe just being a year ahead.

Mr. Abate stated that's why I'm more inclined to go with a bank note with a no pre-payment penalty.

Mr. Wagner inquired like the 19 and 20 Series?

Mr. Abate responded yes.

Mr. Nesbit stated I like that idea.

Mr. Musselman stated and then in the years you need the cash, you're going to have additional cash to stay afloat.

Mr. Boonie stated and if things do get better, and it's not as bad as projected, we can apply that to the principal.

Mr. Musselman stated you can apply it the principal, or you can put it in Capital Reserve. You can address some of these issues that you have. We are blessed to have really nice buildings, and we're blessed and everything else, but we still have the District Office. You still have a partial stadium that's back there, and as Dan brought up tonight, we do not want this campus to get like what you had before where you have to go and do brand new building projects, so. He wants to keep up with little places where the concrete needs fixed, and he wants to keep up with some of things that are breaking down because if you don't address them now, they just get worse, and they get more expensive. He talked about the roof. I think how much more was it from a year or so ago he

got prices, and to this one is like \$5,000.00 or something because we waited.

Mr. Abate stated \$9.00 for a 2 x 4. Ryan, I have one more question, and I think it has to do with special education. So, I already know the answer, but the PRRI tuition and tuition to other districts, is that the special education?

Mr. Wagner responded the PRRI is special education, yes. I forget what the acronym; Private Residential Rehabilitative.

Mr. Abate stated I mean if you get one or two more this year, and your budget is shot to you know what.

Mr. Wagner stated yes. We had one last year that was.

Mr. Abate stated costly.

Mr. Wagner stated along those lines, yes.

Mr. Abate inquired okay, does anybody have anything else? We have to vote on this the end of May. Is that correct, Ryan?

Mr. Wagner responded no, that would be June 14.

Mr. Abate stated June 14.

Mr. Wagner stated yes.

Mr. Abate inquired that's the earliest?

Mr. Wagner responded yes.

Mr. Abate stated okay.

Mr. Wagner stated if anybody has any questions or needs any information, please don't hesitate to reach out.

Mr. Abate inquired does anybody have anything else? Ryan, thank you very much.

V. **CLOSING CEREMONIES**

VI. **ADJOURNMENT**

Mr. Victor L. Abate

There being no further business, Mr. Abate adjourned the work session at 6:53 p.m.

Recording Secretary:

Chairperson:

Date:
