

FINANCE AND LONG RANGE BUDGET PLANNING COMMITTEE
MINUTES – MEETING OF FEBRUARY 17, 2009

In attendance:

Committee: Thomas Reinboth; Joseph Simpson; Andrew Pollock

Board: Betty Huf; Mark Miller

Staff: Timothy Vail

Public: Robert Vining; Barbara Patrick

Press: None

Call to Order:

Mr. Reinboth called the meeting to order at 6:32 p.m.

Approval of Minutes

Motion to approve the minutes of the January 12, 2009 and February 3, 2009 meetings as submitted by Dr. Pollock. Second by Mr. Simpson. Motion Carried 3-0.

MBIT 2009-2010 Budget Approval

Mr. Vail indicated that this evening's agenda backup includes a copy of the final proposed budget for the Middle Bucks Institute of Technology for FY 2009-2010. He noted that Centennial's share is \$1,848,504 (as outlined on page 13 of the document) which is slightly down from the 2008-2009 budgeted figure of \$1,850,716. Board action to adopt this budget as presented is the next step in the process. Mr. Vining, Business Manager of MBIT was in attendance to answer any questions committee or board members may have had. He noted that Centennial's contribution is \$1,848,504 which is slightly lower than last year and the Lease Rental Debt budget in the amount of \$1,469,100 includes Centennial's share of \$208,172. Total Centennial contribution for the year is \$2,056,676. Dr. Pollock noted that he would like to have seen a 10% decrease in the overall budget. Mr. Vining indicated that the staff worked very hard to get it down to the 2.79% increase in member district contributions, but did note that Centennial actually is seeing a slight decrease due to changes in enrollment percentages.

Motion by Dr. Pollock to move this item forward for Board review and approval as submitted. Second by Mr. Simpson. Motion Carried 3-0.

Keystone Medical Coverage Amendment

Mr. Vail reported that per discussion at the December, 2008 meeting Administration has been working with Keystone Health Plan East on possible solutions to the large 22.44% increase in premium rates for 2009-10. He reported that we are now in receipt of correspondence from our Keystone Health Plan East representative certifying that Centennial can formally withdraw from the Keystone Affiliation with a letter to him indicating our desire to withdraw and become a stand alone entity for an effective date of 7/1/2009. If the district elects to do this our rate of increase for 2009-10 will be amended from the current "first look" rate increase of 22.44% to an increase of 9.31%. Mr. Vail indicated that this action would result in 2009-10 estimated budget savings of approximately \$388,600. Keystone will need the letter from the District not later than March 15, 2009 in order to change our status effective July 1, 2009. Mr. Vail also indicated that according to Keystone the pros and cons of staying/leaving would be that the Keystone Affiliation provides some protection from large, year-to-year swings and claims experience (although obviously that made no difference this year). The affiliation stands at 3500 contracts and distributes the risk of large claims swings over that entire population. This can impact a group positively, if their own claims are running worse than the affiliation, or negatively, if their claims are running better. Mr. Vail explained that if Centennial leaves the affiliation but then desires to return at a later date, they would not be able to return for 3 years after the 7/1/09

dropout date. He explained that given that the District is the largest single member of the affiliation representing 650 of the 3500 contracts, it is doubtful that future differential increases assessed to us by being a stand alone entity would vary greatly from recent experience.

Dr. Pollock suggested also looking at Blue Shield as an option. Mr. Vail indicated that could be done, but due to the very specific nature of the medical benefits language in the CEA agreement we would more than likely need to negotiate a change in carrier. He suggested that those options would be best explored during contract negotiations coming up next year. Motion to forward this item as submitted to the Board for review and approval by Dr. Pollock. Second by Mr. Simpson. Motion Carried 3-0.

Time Management System Equipment Needs

Mr. Vail reported that in January, 2008 the Board authorized the purchase of all software and hardware equipment needed to implement the new time management system on a district-wide basis. The amount appropriated at that time was \$20,823 to be taken from the capital reserve fund. Subsequent to this action Administration began the process of implementing the new system, and based on the Pilot program conducted over the spring of 2008 recommended that the system be implemented on a building by building basis over the course of the next two school years. Mr. Vail indicated that we are now at a point where we have spent just under \$20,000 on software and equipment and estimates that we will need additional equipment in the buildings to be implemented in Year 2 (WTHS, McDonald, Stackpole and Willow Dale). Additional amount needed should not exceed \$7,070. This represents the upper limit of touch screens in all remaining buildings that may be needed for the upcoming implementation. Committee members indicated that they had no problem with recommending funding the additional equipment request. Discussion focused more on the transition of the 10-month support staff back to even bi-weekly payroll amounts. Dr. Pollock indicated that if software modifications are necessary he could support making them. Mr. Vail responded that this is a complex issue and he would take the matter under advisement. Motion by Dr. Pollock to move this item forward for Board review and approval as submitted. Second by Mr. Simpson. Motion Carried 3-0.

Refund Business Privilege Tax Overpayment

Mr. Reinboth reported that this item was originally brought forward at the December, 2008 Finance Committee meeting at which time it was disclosed that the amount of the refund being requested by Berkheimer on behalf of Tenet Health System might be in error given the existence of an interim owner of the property before Abington Hospital took over in October, 2007. He indicated that Berkheimer is now advising that the refund request for \$118,341.39, of which the school district is responsible for \$71,004.83 due to the 60/40 split of BPT revenues with Warminster Township, is still a legitimate liability. However, the interim owner (Solis Healthcare-Roxborough) will need to remit their share of the taxes due for their period of ownership amounting to \$11,154.27. The net result is that our business privilege revenue is reduced by \$59,850.56 for the year. Mr. Reinboth indicated that Administration is recommending that the Board directly refund the money to Tenet based upon their earlier agreement to refund in two equal installments - \$35,502.41 now and the remaining \$35,502.41 in July, 2009 at the beginning of the new fiscal year. Administration also recommends that the request by Solis to pay their portion of the tax over a period of 1 year on a quarterly basis be approved as well. Mr. Reinboth indicated he would abstain from voting on this item given that he is employed by one of the two parties involved, but that Administration's recommendation is legitimate. Motion by Dr. Pollock to move this item forward for Board review and approval as submitted. Second by Mr. Simpson. Motion Carried 2-0-1.

Adjournment

Meeting was adjourned at 6:52 p.m.

Respectfully submitted,

Timothy E. Vail