

**MINUTES OF BOARD RETREAT HELD
October 28, 2010**

The Board Retreat of the West Windsor-Plainsboro Board of Education was called to order by Mr. Hemant Marathe at 5:30 p.m. in the administrative conference room at High School North. The following Board members were present:

Mr. John Farrell	Mr. Robert Johnson	Mr. Hemant Marathe
Mr. Anthony Fleres	Mr. Richard Kaye	Mr. Randall Tucker
Mr. Todd Hochman	Mr. Alapakkam Manikandan	Mrs. Ellen Walsh

Present also were: Dr. Victoria Kniewel, Superintendent of Schools; Mr. Larry Shanok, Assistant Superintendent for Finance/Board Secretary; Dr. David Aderhold, Assistant Superintendent Pupil Services and Planning, and Mr. Russell Lazovick, Assistant Superintendent Curriculum & Instruction.

CONVENE

In accordance with the State's Sunshine Law, adequate notice of this meeting was provided by mailing a notice of the time, date, location and, to the extent known, the agenda of this meeting to the PRINCETON PACKET, THE TIMES, THE HOME NEWS TRIBUNE, AND WEST WINDSOR and PLAINSBORO PUBLIC LIBRARIES. Copies of the notice have also been posted in the board office and filed with Plainsboro's and West Windsor's township clerks and in each of the district schools.

No members of the public were present.

BOARD PRESIDENT'S COMMENTS

Mr. Marathe welcomed everyone to the retreat and thanked them for their participation. The main purpose of this retreat is to understand fully the district challenges as a context for setting direction for the administration.

SUPERINTENDENT'S COMMENTS

Dr. Kniewel thanked the board for its participation. Tonight's outcome should be to engage the Board and administration in a way that is meaningful, powerful and furthers the strategic agenda of the district. All participants should understand the financial picture for the 2011-2012 budget; the impact that last year's budget had on the district; the structures necessary to support "Whole Child, Every Child"; and, generate questions for increased understanding of Special Education.

CONTEXT FOR BUDGET DISCUSSION

To frame the discussion the Superintendent asked the board to speak to the core of the district that should not be lost as the fiscal constraints tighten further. Naturally, the board spoke of the need to focus on students. To give attention to preparing all students for 21st century challenges. To provide for the whole student, co-curricular activities as well as classroom activities. To have faculty and community engagement in our actions. In a tightening fiscal environment, how do the needs, requirements and mandates of special education get incorporated without hamstringing the regular education student?

DISTRICT GOALS IN ACTION

Mr. Lazovick utilized Performance Matters to show the impact of data on instruction. A particularly powerful example emerged with respect to language arts instruction. The board was walked through the data analysis and the subsequent staff discussions and actions.

IMPLEMENTATION OF CURRENT BUDGET (2010–2011)

The Superintendent noted that the district has been realigning and reducing costs over the past eight budgets. The process generally realized some reductions in a specific area one year while continuing to work toward additional reductions in subsequent years. The 2010-11 budget – faced with massive cuts in state aid – required the district to incorporate many of the individual steps that had been planned to be done over several years. In many respects the “inventory” of realignment areas is nearly “bare.” Dave did a heroic job last budget cycle in working with principals to realize the needed savings.

Mr. Aderhold provided the Board of Education with an overview of the budget process utilized in preparation of the 2010 – 2011 school budget. The overview discussed the original targeted budget reductions required to arrive at a 2.2% budget to budget increase. In order to arrive at this target we targeted potential savings associated with the privatization of Buildings and Grounds, equalization of budgets for HSS and HSN student activities, reduction of supplies in the amount of \$250,000, reduction of three administrators and the reduction of one teaching position. In addition, arriving at a 2.2% budget to budget increase several concessions were negotiated with the teachers and administrators associations.

In anticipation of a cut in state aid our March 18th budget projections focused on an anticipated 5 to 15% reduction in state aid. These reductions included guidance staffing, elementary computer and health teachers, middle school literature and math lab teachers, reductions in capital spending, decrease in an additional two administrators, central office supplies and staff and a reduction in dollars budgeted for the Charter school.

Following the Governor’s announced budget reductions which totaled 5% of the total budget (accounting for approximately \$7.6 million) on March 17, 2010 the district had to dramatically increase the number of position and programmatic cuts. Arriving at such a budget required enacting all cuts listed above as well as a multitude of additional reductions. Staffing reductions were felt at all levels; high school, middle school and elementary. Each elementary school reduced one grade level teacher. Middle schools reduced on mini-team and guidance counselors. The high schools cut several departmental positions. Additionally, cuts were made in athletics, transportation, student activities, special education, field trips, general supplies, library and nursing services, and co-curricular activities (such as Outdoor Education).

Overall, the budget changes required to arrive at a 0% budget to budget increase reduced the services provided to our students and increased class sizes. Any subsequent cuts will be felt in the core of our programs.

A discussion by board members centered on areas where the district might be “thin.” These included administrators enough to keep assessment of staff on track; class sizes, especially in the earliest grade levels; dealing with parent desires both for advanced classes and dropping such classes.

A copy of the PowerPoint presented during the BOE retreat is attached.

FISCAL REALITY

Mr. Shanok led a discussion of the major components framing the 2011-12 budget process. As a first step he reviewed a number of the actions taken in previous budget efforts. He then outlined a number of the functional areas that would require additional dollars if they continue unchanged for the 2011-12 school year. Finally he provided a several benchmarks by which to assess the success of the district's budget efforts.

A number of general fund spending categories were reviewed in the context of past budget actions and implications for the future. A very useful one is health costs. Health costs have more than doubled over the past decade. While the move to the state plan for medical won the district some time, the January 1, 2010 increase of 25% demonstrates that the plan is in difficulty. And early in that ten year period – as well as most recently – expenditures have increased by about (or more) than two million dollars in one year alone. Budget \$2 million and have \$2 million of increases: no additional budget problems. Budget \$2 million and have only a \$1 million increase: there is a healthy amount of tax relief coming up. Budget \$1 million and have \$2 million of increases and immediate drastic cuts will be required – not simply in areas of least interest, but in any area in which the dollars are not completely committed; this could hurt students.

Consider the future. While 1.5% of salary from employees toward benefits is a nice amount in its first year, subsequent years see little additional dollars. This is not very useful should expenditures increase by \$2 million or more – as they have four of the past ten years. Even a modest but hard won employee contribution is of marginal help. 5% of a two million dollars increase still leaves the district with a need for an additional \$1.9 million for the next budget. Meaningful percentages are needed; percentages high enough that employees will be receptive to increases in copays/deductibles as well as plan changes. These considerations take on even more importance in a 2% cap environment (even if exempt from the cap, there will be pressure not to exceed 2%).

Another area in which the district has taken steps to constrain the growth of spending is energy. Whether it was the new chiller/boiler at High School South a few years ago, or last summers High School South corridor lighting project, the district has been encouraging and investing in this area. Staff pays more attention to HVAC conditions and lights. The Phase I solar installations at both high schools this summer were another sound step. Our intention is to have a referendum for a larger Phase II solar in April is another exciting avenue for action. Indeed, three of the past four years have seen energy expenditures at around the \$3 million level – however, the other year saw a 15% year to year increase in costs as energy prices and the weather can conspire to drive costs higher. Just as in the health area, costs exceeding budget can be toxic to valued programs.

While highly valuing co-curricula activity, changes are happening there too. While over the past ten years no significant increases were allowed, expenditures have crept higher – until the past year. Holding a firm dollar limit stipends, as official and meet fees escalate have meant a “shaving” of activity. Such incremental reductions will continue and attract more attention as time passes. Some call for student fees but our families already place a great deal of funds into them unofficially from a budget standpoint. Explicit fees have serious negative potential consequences, often on the students least able to deal with them. And in most districts, collection problems appear to compound when fees get much higher than the \$150,000 level – not a great deal of help in a \$2.3 million co-curricular effort, given the negative aspects.

How have the efforts alluded to impact the district over the past eight budgets? Over those years, enrollment is up 12%. How has staff grown? While the general public clamors about the “increasing” ranks of administrators, the district has been reducing in the face of growing enrollment – and has more aggressive administrator to student and faculty ratios than the state average. With the reductions in the 2010-11 budget, total administrators are down 21% over the eight years.

Until the 2010-11 budget the regular education teacher count was up slightly as the district squeezed for more utilization from partially engaged staff as well as disallowed small class sizes and gently increased general class size, especially in the upper grades. With the reductions this year such staff is down 2% in the face of 12% enrollment growth.

With better utilization of office automation systems, secretarial staff is down 22% across the district and regular education instructional assistants have been reduced 61%. The move in Buildings & Grounds was stressful but essential in the face of \$7.7 million state aid reduction. With having brought back to the district a number of special education students that had previously been served out of district, better services, often at lower total cost, have increased staff in that area. Certified staff has increased 27% and IAs by 70%.

So, the staffing aspect has received a great deal of attention. How have the dollars followed? The budget is up 31% over that time. How can we assess that figure?

The district started the period (using the State of New Jersey’s comparative spending guide, actual costs) at a per pupil spending level comparable to sister districts Hopewell, Lawrence and Princeton; district spending was \$336 above the state average. For the last actual data available, WWPRSD spends \$2,253 and \$2,358 respectively per pupil less than Hopewell and Lawrence and \$4,359 less than Princeton. The district’s spending is \$1,285 under the state average for larger k-12 districts. The increase in district per pupil spending is 14%. In comparison, the consumer price index over that period is up 19%. Also of interest is the employment cost index for state and local government workers, which is up 23% over that time period.

How might we look at the 31% increase in total budget mentioned earlier? The Finance Committee some years ago suggested that a “fair” increase would be defined as the increase in the employment cost index of state/local workers plus the increase in enrollment minus one percentage point. Compounded over the years this figure is 33% - a favorable comparison to the 31%.

So, where might the 2011-12 budget stand? If all existing programs and personnel continue as is, what are the financial demands? What resources might be available?

A 2% increase in the general tax levy could bring just over \$2.7 million additional dollars into use. Unfortunately, tightening resources, as predicted, brought down the year to year amount of tax relief available to aid the budget. The governor’s taking \$2.9 million of state aid from 2009-10 is rather directly linked to the fall in available relief. Other revenue or cost reductions would be needed in the place of such tax relief dollars.

Resource demands? The WWPEA is currently due (based on the last salary guide) almost \$3 million additional dollars next year (this may be reduced when staff departures are fully taken into account as the budget process proceeds). Similarly, the WWPAA is due about a quarter of a million dollars additional next year. Other employees desire comparable treatment to the EA and AA staff. The State Employees Health Benefit Plan has already announced an 8% increase for January 1, 2011 and the prospect for a 2% increase on January 1, 2012 is bleak. Prescription and dental premium increases are likely. This year is the last for ARRA funds that have provided a million per year for the past two

years. The April 2011 PERS payment required by the state is up \$332,798 or 23% from a year ago; what will April 2012 figure be? If the charter school needs to be budgeted for next year, an additional \$0.8 million will be needed.

Clearly the pressures are great. Which of these pressures can be slacked? What reductions can be made in current spending areas? Will a meaningful toolkit finally appear? These are the considerations as 2011-12 is developed.

SPECIAL EDUCATION QUESTIONS

Dr. Kniewel provided the Board of Education an opportunity to generate questions about Special Education. As time was limited, Dr. Kniewel informed the Board that this would be an opportunity to ask questions and not a time to receive answers. She shared that the questions of the Board of Education would either be answered by district administrators or utilized during the program review.

Questions generated are listed below:

- Can we do a compliance review to ensure that students are classified and placed appropriately? (Specifically with regards to residency)
- Can we consider using an outsourced service to lower cost? Should we?
 - Outsourcing current staff duties to a firm?
- What is the right leadership/professional development for Special Services?
- What benchmarks are available in other districts to measure how Special Services is performing in WW-P?
 - Do we spend more on litigation than others?
- At what point are community expectations unrealistic?
- Are we settling (litigation) too quickly/easily?

The Superintendent and Mr. Marathe thanked everyone for their participation.

Upon motion by Mr Manikandan, seconded by Mr. Tucker, and by unanimous voice vote of all present, the meeting adjourned at 9:48 p.m.

Larry Shanok, Board Secretary

Prepared by:

Kathleen M. Bertram