

Location: 1600 Lombard St., Philadelphia, PA

Time: 5:30 PM

Next meeting: Wednesday, May 8, 2019

Board Attendees:

Sharon Berney	phone	Timothy Spreitzer	present
Camilo Dominguez	phone	Jo Tionson Perez	phone
Jamila Dugan	absent	Mehreen Zaman	phone
Maureen Eagen	present		
Rachel Hudson	phone	<i>Ex-officio</i>	
Jamill Jones	absent	Tanya Ruley Mayo	present
Allison Kelsey	present	<i>Also Attending</i>	
Michele Lamm	present		
Harry Moseley	phone	Mike Danyo (Santilli & Thomson)	
Gina Mosley	absent	Kristen Long (staff)	
Krista Pfeiffer	present	Dave Peterson (staff)	
Rachel Salis	absent	Patricia Prendergast (staff)	
Silverman			
Eleanor Sharpe	phone		
Virgil Sheppard	absent		

Who	What
Eagen	Maureen called the meeting to order at 5:32 pm.
Eagen	Maureen asked if there were any public comment. There was no public comment.
Danyo	<p>2019-2020 Budget Presentation: Maureen stated that Mike Danyo will review the three budget options that were considered by the Finance Committee based on requests from administration and our financial situation. Mike reviewed the following:</p> <ul style="list-style-type: none"> • Option A - Status Quo - Projected Surplus \$414,914 <ul style="list-style-type: none"> ➤ Assuming 3% increase in subsidy rates for special ed. and regular ed ➤ Budgeted special ed. enrollment at 135 and regular ed. enrollment at 690 ➤ Have historically budgeted special ed. enrollment conservatively – currently have 143 special ed students enrolled ➤ Decrease in federal funds – had carryover this fiscal year due to a large increase in federal funds the prior year. Just notified that there will be a downward adjustment in federal funds next year too. By budgeting special ed. enrollment under budget, we should be able to cover adjustment. ➤ Academic contract with West at risk. Have budgeted flat at \$450,000. If this goes down or is eliminated, will not feel the full impact. ➤ There is always risk with the subsidy rates – will not find out next year’s rates until the end of June. A 3% increase is fairly conservative. We saw a very large increase last fiscal year. The District’s preliminary budget has District spending \$100 million dollars on charter schools

Who	What
	<p>next fiscal year. We anticipate a subsidy increase.</p> <ul style="list-style-type: none"> ➤ Staffing assumptions in Option A: <ul style="list-style-type: none"> ○ Current staffing as of April 2019 – approximately a \$500,000 increase in salaries and medical benefits ○ 3% raise for all employees ○ Full impact of our social worker/counselor coming back for the full year (was on sabbatical part of 18/19), hired a behavior specialist within the last month, hired a new CEO, and hired an additional ESL teacher last fall. ○ Factored in a minimum wage rate increase ○ Medical insurance rate increase of 10% - learned today that medical insurance rates will decrease by 12% and the new carrier is Blue Cross/Blue Shield Personal Choice. This is very good news. Savings will be used to offset any federal funds that we lose. • Other Expenses Option A <ul style="list-style-type: none"> ➤ Increased special education professional services/Approve Private Schools ➤ New debt payments/additional cost of new space • Capital Improvements not Included in Budget – to be paid out of the surplus in the 18/19 budget <ul style="list-style-type: none"> ➤ Computer and technology upgrades for teachers ➤ Furniture replenishment ➤ Capital Improvement on building - HVAC and Roof Repairs ➤ Books for 19/20 • Option B – Projected Surplus \$339,885 <ul style="list-style-type: none"> ➤ Includes all assumptions in Option A plus: <ul style="list-style-type: none"> ○ Hiring a math tutor – cost \$29,868 ○ Additional 2% raise for teachers with 4,7,10 & 13 years of service with ICS – cost \$45,161 • Option C – Projected Surplus \$208,200 <ul style="list-style-type: none"> ➤ Includes all assumptions in Options A & B plus: <ul style="list-style-type: none"> ○ Additional building improvements not included in capital improvement budget. For example, security software, lights on 16th Street, water bottle filler, window cleaning – cost \$46,700 ○ Hiring an additional special education teacher – cost \$84,985 ➤ In year 4 of Option C, we begin to see decreases. <p>The Finance Committee along with Tanya are recommending the adoption of Option B. Depending on the subsidy rates, we may be able to add items from Option C.</p> <p>Jo Tiongson-Perez asked has the surplus ever been at the \$208,000 level in previous years. Mike responded the surplus was at this level four to five years ago. Jo then asked why not go with Option C since we have a high surplus in all three options. Mike responded that we begin to see really small surpluses in future years and we wanted to wait and see where the subsidy rate would be for next year. Mike continued to explain that in year two of Option C we begin to see \$61,000 deficits and run the risk of</p>

Who	What
	<p>not being able to meet our debt coverage ratio. Harry Mosely added that when reviewing the options, we have to look at the 5 year projections. Based on the projections with Option C, we will not be able to meet our debt coverage ratio.</p> <p>Jo then asked if hiring a special ed teacher would eliminate the \$325,000 cost for special education services. Mike responded that hiring an additional special education teacher would not eliminate the services we need from outside providers. The outside services are for one-on-one aides, speech therapy, occupational therapy, etc. and the additional teacher would not be providing those services. Mike continued to say that students who needed personal assistants this fiscal year is the highest it has ever been. Last time Mike checked, ICS' special ed services have increased by 35% and we have increased revenue by 25%. Jo then stated that according to the HR Staffing proposal, the APS yearly expense would not be eliminated, but it would be decreased by hiring a full-time special education teacher. Tanya responded that this is one of the things we considered in terms of trying to stem an on-going issue is to look at the addition of the special education teacher to help relieve some the placements in APS. We are looking at it as part of a strategy. Tanya continue to explain that this year we added a Behavior Specialist and we were hoping that these two hires would work in concert to help drive down what we are spending on sending students outside the building versus having them here and trying to meet their needs. Krista Pfeiffer asked if Option B includes the special education teacher. Mike responded Option B does not include the special ed teacher, but it does include a math tutor. Tanya added the math tutor is for additional support for 4th grade. Allison Kelsey asked if the special education teacher may be hired depending on the subsidy rates. Mike responded yes. Krista then pointed out that Option B has a projected surplus of \$339,000. Tanya explained that initially the budget isn't impacted, but in the 5 year projection the budget starts to be upside down. Krista then asked if a special education teacher is not hired then how are the needs of those students going to be met. Tanya responded that she and Kristen are having conversations around striking a balance between providing services that meet students' needs within the budget.</p> <p>Mehreen Zaman asked what would account for such decreases in the next three to five years. Mike replied that the budgets project out 3% revenue and 3% salary increases. The raises and the benefits associated with those raises are outpacing the revenue in coming years. Without knowing from year-to-year what the subsidy rate is going to be, it is hard to project revenue. The District is projecting deficits going forward. They have a fund balance right now, but with the new union contracts, they will be running a deficit again. Krista asked do we stick to the projected 5-year budget. Mike responded that it is always changing. For example, if subsidy rates are high, we may hire that additional special ed teacher. Michel Lamm asked if there is money built in for any construction issues that may arise. Mike stated it has already been built in the cash number. A contingency was put in to make sure we meet the cash covenant. We calculated 6% to 7% in overages for construction. Jo asked if the 3% raise happens every year. Mike stated it varies every year. Last year it was 3% and the year before that it was 2%. This was a good year so raises will be given. In Option B, we will also be giving out 2% longevity increases for staff who have been at ICS for 4,7,10 & 13 years. Jo then stated that this is a cost of living raise not a performance base raise. Mike responded that ICS does not have at this time any performance base criteria. Tanya added that she is working with the HR committee on a compensation study to</p>

Who	What
	<p>figure out where the starting point is and where our salaries fall across the board. They have come up with a salary scale draft, which will be shared at another time, but have really good initial information to start as they move forward.</p> <p>Maureen asked if there any other questions. She stated that Option B is the option that will be voted on. Krista Pfeiffer asked with the passing of Option B, we could still hire the special education teacher if subsidy rates are higher than expected. Mike responded yes.</p>
Eagen	<p>Resolutions: BE IT RESOLVED that the Board of Trustees of Independence Charter School hereby reviews and accepts 2019-20 Independence Charter School Budget as presented by Michael Danyo of Santilli and Thomson and hereby incorporates into these minutes by reference the report statements;</p> <p>FURTHER RESOLVED, that the Board of Trustees of Independence Charter School hereby approves the 2019-20 Independence Charter School Budget as presented; and</p> <p>FURTHER RESOLVED, Tanya Ruley-Mayo, CEO or any officer of this Board is directed and authorized to execute any document necessary to effect this resolution.</p> <p>Motion to Approve: Allison Kelsey 2nd: Timothy Spreitzer</p> <p>Roll Call Vote Sharon Berney - Yes Camilo Dominguez - Yes Maureen Eagen - Yes Rachel Hudson- Yes Allison Kelsey - Yes Michele Lamm - Yes Harry Moseley-No Krista Pfeiffer- Yes Eleanor Sharpe- Yes Timothy Spreitzer - Yes Jo Tionson Perez - Yes Mehreen Zaman - Yes</p> <p>Action: Passed (roll call)</p>
Eagen	<p>Adjournment Motion to Adjourn: Krista Pfeiffer 2nd: Timothy Spreitzer Action: Passed unanimously (voice vote) Maureen adjourned the meeting at 6:00 pm</p>

Respectfully submitted by: Patricia Prendergast