

**General Library Item**

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**Scarsdale Board of Education
Education Report Meeting Highlights
April 4, 2022**

Board of Education:

Karen Ceske, President
Amber Yusuf, Vice President
James Dugan
Carl Finger
Robert Klein
Jessica Resnick-Ault
Ron Schulhof

Superintendent of Schools:

Dr. Thomas Hagerman

Superintendent's Cabinet:

Gerald Crisci, Director of Instructional Technology and Innovation
Stuart Matthey, Assistant Superintendent for Business and Facilities
Dr. Edgar McIntosh, Assistant Superintendent for Curriculum, Instruction and Assessment
Rachel Moseley, Director of Informational Technology, Chief Information and Data Protection Officer
Ray Pappalardi, Director of Physical Education, Health, and Athletics
Dr. Drew Patrick, Assistant Superintendent for HR and Leadership Development
Eric Rauschenbach, Assistant Superintendent for Special Education and Student Services

Special Meeting

At 5:00 p.m., Karen Ceske, President of the Board of Education, convened a Special Meeting with leaders from various community groups in which Board members hold liaison positions. They each shared the highlights of the work of their organization this year.

Business Meeting

At 6:30 p.m., Ms. Ceske convened the Business Meeting acknowledging that all Board members were present along with Superintendent Dr. Thomas Hagerman and his Cabinet members with the exception of Ms. Moseley, who was not present.

Ms. Ceske reported that prior to the Business Meeting, the Board met with community organization liaisons, and reiterated the Board's appreciation for the work the community organizations are doing on behalf of students, the District, and the Scarsdale Community.

Ms. Ceske reported the Board unanimously selected Dr. Drew Patrick as the interim superintendent. She highlighted his impressive background in both administration and the classroom, and said, "The Board is confident that Dr. Patrick is the best individual to lead our schools at this time. We believe that he will provide important continuity for our students and schools in the year ahead. He possesses a deep knowledge of, and true passion for, education, along with leadership expertise, a collaborative nature, and exceptional interpersonal and communication skills. He understands the culture and values of our schools and is dedicated to the success of all of our students in addition to the members of our faculty and staff."

Ms. Ceske also read an update about the District's IRS issue:

The other important matter this evening is assuring the community that the Board and District are working with legal counsel and other appropriate advisors to resolve the current IRS payroll tax issue. We understand that the community seeks additional information on this issue and timely answers to its questions. I will add more context to the factual information shared at the March 30th Special Meeting and provide some further clarification. We do ask that the community understand that this is presently a matter requiring consultation with and advice from legal counsel, and therefore the Board is still limited in what it can disclose. The Board is committed to providing transparency, and we will update the community as we are able.

The primary issue before us is one of timing. To be clear, all tax payments were made in 2020. However, when keying a Q1 deposit into the payment system, an error occurred, resulting in part of the Q1 payment being paid late and, thus, a corresponding IRS "failure to deposit" penalty was assessed. Moreover, a Q3 deposit was applied to Q2 and a Q4 deposit was applied to Q3, resulting in two further IRS "failure to deposit" penalties being assessed in Q3 and Q4, respectively.

In addition, because Q2 and Q3 had been fully paid at the time the Q3 and Q4 misapplied deposits were made, respectively, the Q3 and Q4 deposits were therefore deemed "overpayments" in Q2 and Q3.

The penalties assessed in Q1 and Q3 totaled \$861,320. The penalty in Q4 totaled \$448,316.81. Because of the IRS's penalty structure, instead of being refunded to the District, the District's Q3 and Q4 tax payments, which had been misallocated and deemed "overpayments" in Q2 and Q3, were applied by the IRS to pay this \$861,320 penalty; as a result, a tax shortfall of \$843,558 occurred in Q4.

The District has already filed an abatement request and refund claim for the funds used by the IRS to pay the Q1 and Q3 penalties. The District has been advised, verbally, by the IRS Office of Appeals that the Q4 penalty may be abated when the Q4 taxes are satisfied.

In addition, the IRS has also assessed a penalty of approximately \$412,837, plus interest, pertaining to an unrelated error with respect to the District's filing of its Q2 2021 payroll tax return. The District has already filed a request for abatement of this penalty.

In June of 2021, the IRS sent the District a notice of intent to levy and notice of rights to a hearing. Over the next several months, District officials had several communications with the IRS regarding the clerical errors in an attempt to clarify what had occurred and to request abatement of all penalties. Despite verbal assurances by the IRS to District employees on several occasions that it would not impose a lien on the District while it was cooperating in an effort to resolve the matter, a federal tax lien was filed by the IRS in October 2021 in the amount \$1,309,118.34. Our lawyers are working towards getting this lien released.

The Board was informed about this situation on Friday, March 25th, held an Executive Session with our tax attorneys from BSK on March 28th to discuss the legal consequences, including the potential likelihood of litigation, and disclosed the details of the situation to the public and took action at the March 30th Special Meeting to authorize payment of the outstanding Q4 taxes. We held a Special Meeting on March 30th because we were required to take this action by this date.

In consultation with our auditors, we have confirmed that the \$843,558 payment to the IRS for taxes that are due (not penalties or interest) can be deferred and recorded as an account receivable in the General Fund. It will simultaneously be recorded as an allowance against the accounts receivable in the Government-Wide financial statements, along with a footnote disclosure providing more information for the readers of the financial statements.

To reiterate, the District has filed for an abatement of these Q1 and Q3 penalties and, if successful, the penalties will be abated, which will result in the \$843,558 tax payment becoming an overpayment that can then be refunded.

This issue does not impact the 2022-2023 budget, and the District is seeking a full refund and abatement of all assessed penalties, and if successful, payment of these penalties will not be owed. The exact timing and outcome of such refunds are uncertain. To reiterate, the District has filed for an abatement of these Q1 and Q3 penalties and, if successful, the penalties will be abated and interest will be adjusted, resulting in an approximate \$861,320 refund to the District, which can then be applied to the receivable.

In concert with the District, our auditors, and the IRS, corrective measures and additional internal controls have been instituted to ensure these errors do not occur again. The Board has also called for an audit of the District's payroll tax processes, including a review of internal controls with the District's Administration and further investigation into this matter.

We acknowledge that the community has the right to answers, and we will continue to update the community as and when additional factual details become available, but for now, we cannot comment or elaborate further because of the legal implications.

In his opening remarks, Dr. Hagerman extended congratulations to Dr. Patrick, reiterated his many strengths and skills, and expressed excitement for working with Drew throughout this transition. Dr. Hagerman also recognized the successful Young Writers Workshop at Greenacres School, which this year launched a special preparatory program for second graders. He noted Scarsdale Middle School is celebrating Autism and Neurodiversity Acceptance month, which began Monday with an extended keystone dedicated to the subject. Dr. Hagerman also acknowledged and lauded students at Scarsdale High School who have been selected and recognized for numerous awards and performances.

In Board member reports, Mr. Schulhof reported on the Scarsdale Safe Coalition's community Book Read, which will be *Believing* by Anita Hill. The read will culminate with a virtual event with the author April 19. He directed community members to the Safe Coalition website for more information.

Ms. Resnick-Ault spoke as a liaison of the District Safety Committee, and shared that updates have been made to safety policies around bus accidents, school evacuations and other safety issues.

Hearing From Those Present

Members of the public were invited to address the Board and 3 audience members spoke in person. There was also 1 virtual participant.

Written Communications

Ms. Yusuf reported the Board had received 36 messages between March 4th and 30th as listed in the [Board meeting agenda](#), all of which received a response from the Board and/or District Administration.

Personnel Report

Dr. Patrick presented the *Personnel Report*, and shared the news of the recommendation for Mr. William Yang as the new Coordinator of Digital Learning & Literacy, filling the position created by the retirement of Mr. Crisci. The Board will be asked to vote on Mr. Yang's appointment at the April 25 meeting.

Consent Agenda

The Board approved items on the *Consent Agenda*, including the *Personnel Report*.

Information and Discussion Items

The Board considered items under the *Information/Discussion* portion of the agenda.

- Appointment of the Interim Superintendent of Scarsdale Schools, 2022-23: Ms. Ceske reviewed the criteria, priorities, and process set forth for the search for an interim Superintendent of Scarsdale Schools. She then reported that the Board was unanimous in its decision to appoint Dr. Drew Patrick and will formally adopt the resolution for his appointment, effective July 1, 2022, later in the meeting.
- Succession Planning for the Superintendent: Ms. Resnick-Ault reported that she and fellow Board members Mr. Klein and Mr. Schulhof have been working on the Request for Proposal (RFP) for superintendent search

firms. Mr. Schulhof noted that they are working with legal counsel to finalize the RFP to be sent out later this week.

- Policy Series 2000 - First Reading: Ms. Ceske provided an overview of the work of both the previous and current subcommittees for the 2000 policy series and presented the first reading of the policies. Mr. Schulhof made a suggested edit to Policy 2341 - *Board Meeting Agenda and Procedures* which will be reflected in the second reading of the policies. The listing of the policies that were reviewed, suggested revisions, and recommendations for rescinding policies can be viewed here.

Action Items

2022-2023 Budget Resolution

The Board voted unanimously to adopt the 2022-2023 Budget Resolution, with each member expressing strong support for the Budget.

The Board also adopted the 2022-23 Property Tax Report card; the resolution for the appointment of Dr. Patrick as the Interim Superintendent of Schools effective July 1, 2022; and proposed new textbooks for the High School.

Hearing From Those Present

Members of the public were invited to address the Board for the second time. One person spoke in person, one spoke remotely.

Wrap-Up Items

The Board adjourned the meeting at 7:54 p.m.

The Board meeting may be viewed on the District website, under Scarsdale Cable TV/Board of Education VOD, [here](#).

Upcoming Meetings

Tuesday, April 19, 2022:

- Special Meeting - SWBOCES Vote, 9:00 a.m., Room 170-172, High School

Thursday, April 21, 2022:

- Board Coffee, 3:30 p.m., High School Picnic Tables

Monday, April 25, 2022:

- Special Meeting and/or Executive Session, 5:30 p.m., Room 170-172, High School
- Education Report and Business Meeting, immediately following, High School

Thursday, April 27, 2022:

- Board Coffee, 5:30 p.m., High School Picnic Tables

Administrative Content

Executive Content

