

BETHLEHEM AREA SCHOOL DISTRICT
BOARD OF SCHOOL DIRECTORS
BUDGET HEARING #3

MARCH 11, 2009

The second 2009-2010 Budget Hearing of the Board of School Directors of the Bethlehem Area School District was held on Wednesday, March 11, 2009, beginning at 7:07 p.m. in the Dining Room of the Education Center, 1516 Sycamore Street, Bethlehem, Pennsylvania.

President Leeson presided.

Members present: Members present: Directors Amato, Cann, Dexter, Haytmanek, McKeon, Tenaglia, and Leeson – 7. Members absent: Directors Follweiler and Koch – 2.

MEMBERS PRESENT

Others present: Dr. Joseph A. Lewis, Superintendent of Schools; Stanley J. Majewski, Jr., Board Secretary; administrators, members of the press, and other interested citizens and staff members.

OTHERS PRESENT

President Leeson offered courtesy of the floor to visitors. Speakers are asked to come to the podium, stating their name and address. Public comment in the first session is limited to 30 minutes. Speakers are limited to three minutes each. The board requests that, when possible, all individuals supporting a like position on a topic select a speaker to present their views to avoid repetition. If that is not possible, all are welcome to speak. As per school board policy, generally, speakers are limited to taxpayers, residents, or employees of this school district. At the conclusion of the regular school board meeting, another block of time will be allocated for public comment. At that time, the same rules will apply. It is asked that speakers observe proper decorum, without personal attacks towards a specific individual or individuals. It is not the custom for the board to enter into a dialogue at these meetings about concerns. However, the board does listen with care to issues raised. Speakers will receive responses, in some form, by the administration.

COURTESY
OF THE FLOOR
TO VISITORS

The following persons addressed the Board of School Directors:

1. John Del Vecchio – 2061 Tenth Street, Bethlehem –
Mr. Del Vecchio stated that a tentative budget was approved at a meeting in February. He reviewed the tentative budget in addition to last year's budget and noticed that nothing was projected for new equipment for the last two years. He asked if there was a way to tentatively draft some money for transportation. He was concerned about nothing being planned for modernization.

President Leeson replied that it was not procedure to respond to commentary but shared that she did not believe they put anything in the budget for the last few years. She stated that it previously came from the capital reserve money.

2. Russ D'entrone – 1125 Granite Drive, Bethlehem –
Mr. D'entrone, a resident of Hanover Township addressed the administration about his concerns with the current proposed budget, which he understood would be an approximate 7.5 percent tax increase. Given the current economic situation, he proposed a zero percent tax increase. He recalled inflationary cycles during the 70s with interest rates of 21 percent but the current situation surpassed that time by all parameters. The recession was devastating with the CPI (Consumer Price Index) of a fraction of a point. He noted that inflation was almost nonexistent, stating that it increased somewhat last month because of a bump in energy costs. He commented that interest rates were low, with mortgages in the range of 4.5 percent, if anyone could get one. He said the money that they wanted to take from the community was drying up with no end in sight. He noted that local unemployment, according to the Morning Call newspaper, was the third highest in the state and he added that it could possibly hit double-digit parameters. He stated that no one was immune from the effects of the downturn including the schools. He brought attention to the problem the district was facing because of the bond-swapping situation and said that it shouldn't mean that the district should hit the community again after the economy had already done its dirty work. If cuts had to be made to allow families and individuals to keep whatever funds they had, then it was the district's responsibility to propose a budget that allowed it. Mr. D'entrone said that it was safe to assume that no one wanted to see the quality of the educational programs diminish. Funding programs, which were nice to have, but were not within K through 12, or materials, which would be nice to have next year, but weren't necessary, should be removed from the budget. He noted that ironically, the federal government was proposing to stimulate the economy through tax rebates, but when one considered the amount of the proposed tax rebates, the district's tax increase would take all of it. The government's goal was for people to spend money in restaurants and stores. He commented that it was debatable if it would work because it was not a large amount of money. He said that he would much rather spend it where he chose rather than be forced to spend it on a daycare or Pre-K Program for somebody else. He was aware that the SPARK Program had been discussed at past board meetings and also recently in the media. He felt that it was one of many expenditures, which should be stricken from the budget. He explained that if other schools did not have programs like SPARK because they could not afford them, then what made them think that the district could afford them. He said that the only reason was that they could tax the residents to pay for it and obviously they could not afford it. He said that although he was always a strong proponent of K through 12 education, he did not want to discuss the merits of the programs or those of the other non-mandated programs, which were traditionally more of a social service nature, rather than educational, because that was not the issue.

Mr. D'entrone said that the issue was about the budget where they belonged. For instance, at one of the last board meetings he attended, SPARK was compared to the federal funded Head Start Program, in addition to being compared to the same program in an article published last August in the Morning Call. He thought that it belonged in that program rather than on the backs of the district's homeowners. After reading the revised budget, he noticed other programs with the same parameters, which appeared to more of a social service nature. He expressed that he did not like to be critical or complain or even express concerns without offering suggestions or solutions. He felt the district should focus on quality K through 12 programming at the present time for the foreseeable future, because they did not know when the recession would end, so they would not be a negative impact on the already hurting local economy. He proposed that every program be removed from the budget which was not K through 12, athletic, or extra-curricular and attempt to mentally evaluate it before putting it back into the budget, considering the impact on the taxpayer. He asked how they would tell the taxpayer that they had to take more of their money to pay for those programs. He realized the budget process was not easy with consideration of the recession. His perception was that they had not given serious thought or concern toward where the money would come from which they proposed to take. He gave the example of benefits becoming dinosaurs in the pension world because of the costs. Therefore there were so many people relying on their 401(k) or 403(b) plans, traditional IRAs, Roth IRAs, and savings; all of which had been hammered by the economy, yet the district wanted more from them. He asked what would be done when the state public employee and teacher's retirement funds faced a major shortfall in 2012, when the district contributions must go from 4 percent to 29 percent. He added that he hoped someone was looking at it at the present time and that they were not planning on the Sands Casino to bail them out, because the thought was there were no guaranteed returns and winnings. He concluded by extending his wishes for success as they made further cuts.

Dr. Lewis addressed Mr. D'entrone stating that he had some misinformation. He explained that the school districts in Scranton, Easton, Wilkes-Barre Area, Bethlehem, Pottstown, Pittsburgh, Greater Johnstown, Erie City, Allentown, Reading, Lancaster, Lebanon, York City, Philadelphia, Chester Upland, and Harrisburg, all had Pre-K Programs. He noted that for the most part, they were all urban school districts and brought attention to Mr. D'entrone's statement that other districts did not have the program. He added that the study was based on size and demographics. He said that his concern was about their students who had needs. Dr. Lewis stated that if they did not provide the service upfront, he guaranteed it would be seven times the amount to remediate the students in the future. They were looking at consequential thinking as it applied. His last point was that almost one-half of the funding for the program, which was close to \$1,000,000, came directly from the state.

The savings was not what people tabbed to be a \$2,000,000 hit on the budget, but rather significantly less. He understood that nobody wanted to hurt anyone in the equation and commented that they would again be showing that they were trying to make further cuts. He expressed that he would love to come back with a budget significantly under the index, but he questioned if it was possible. They had to weigh the needs of the community and the quality of the programs that their community had come to expect with the economic situation of the taxpayer. He said that gaming was not the only answer, but there had been significant predictions that the revenue for the offsets on the homestead exemptions would increase. He agreed that it seemed as if it was put in one hand and taken out of the other, but it softened the blow a bit if someone was underwriting some of the increase.

Mr. D'entrone disregarded the projections and stated that they had previously run into that problem. He inquired about a list of schools that did not have a SPARK Program and if they did not have the program, he questioned if they were relying on Head Start. He commented that if they were relying on that program, than why wasn't the school district relying on Head Start.

Dr. Lewis replied that Head Start was maximized at the present time.

Mr. D'entrone commented that it was not the district's problem.

Dr. Lewis responded that they could continue to argue the matter but it was not his intention to get involved in an indepth discussion.

Mr. D'entrone added that he should have prefaced that he did not want to attack SPARK but only used it as an example because it was publicized. He said he was sure there were other programs within the budget, which possibly belonged in someone else's budget instead of the district's budget.

Dr. Lewis concluded that he agreed with him, wholeheartedly, on that point.

3. Nancy Lawrence – 3561 Stephen Crane Lane, Bethlehem –
Mrs. Lawrence stated that she was a taxpayer who felt that she had to pay for the decisions made decades ago that probably needed to go which resulted in the budget crisis. Some decisions might have been clearly made with good intentions, but now the taxpayer had to bail them out. She did not see any other way around it. Mrs. Lawrence stated that they were already bailing out major companies that had mismanaged funds because of the hard economic times. She thought it was important to know that she heard from many speakers about not raising taxes and she did not want her taxes raised. She considered herself to truly be middle America and did not have the money, not earning six figures a year with two salaries.

Mrs. Lawrence said that something had to be done and did not envy the decisions that had to be made, but they were elected by the people and spoke for them, especially the children of the district. She expressed that she did not think she could be in their position at the present time and admired them. She concluded that tough times called for tough decisions and desperate measures. She heard a lot of money talk because she was attending the finance meetings but she noticed that they were not electing to cut educational programs, personnel, and they were reluctant to cut transportation. She commented that as the gentleman before her stated, they should cut all non-mandated programs. She added that everything in the proposed budget impacted the students or the staff in some way. They could not come out of a financial crisis with only impacting the students and people in the district. They would have to impact the taxpayer in one way or another. They were not a business and they could not treat it as such. As a parent of two children in the district, she would be paying for it in one way or another. She said that she would rather pay to keep all of the children in appropriate academic programs, from the child with special needs to her child in AP honors class. They all needed to be challenged. She noted that sports programs were important because it kept kids out of trouble along with appropriate enrichment programs. She concluded that she would rather pay tax dollars than risk a free public appropriate education for any child, because they would end up paying for it later, and would be paying dearly.

4. Anthony Velardi – 3554 Temple Court, Bethlehem –
Mr. Velardi stated that he was a technical assistant at East Hills Middle School. He expressed concern regarding the proposed cut of three technical assistant positions, including his own. He felt they would be cutting service as opposed to just cutting people. He said the employees weren't just extra people that technology had and added that the department was understaffed. He commented that Robin Lutchter's position had not been filled in addition to another position in the department. He concluded that the department was running "bare bones" at the present time.

President Leeson stated that she believed Dr. Lewis was asked a number of questions at the last budget hearing. She thought he responded by a written response. She inquired if there was anything he wanted to review with the board regarding this response.

PRESIDENT LEESON –
INTRODUCTION

Dr. Lewis addressed questions, stating that his cabinet was present and they contributed immensely to the supporting documents. There were multiple pages of supporting documents to answer questions, which were posed, to hopefully assist the board in making some of the decisions. He suggested they answer the questions and discuss the additional adjustments.

Director Amato inquired about the final figure regarding the amount that needed to be cut.

President Leeson suggested that they allow Dr. Lewis to provide his input and then the board could have discussion.

Dr. Lewis referred to the distributed document, which was readjusted. He noted there were a few copies available for the public. He explained that Mr. Majewski, upon his return, was also able to evaluate the document. He pointed out that Tier 1, those recommended by administration was presently at 7.15 percent increase, which with exemptions would get it down to the required measure by Act I. He described the following further reductions:

PRESENTATION TO
THE BOARD BY
ADMINISTRATION

- The reduction of one additional staff member at Career Academy –
- An athletic reduction of \$25,000 in the area of staff positions with some oversight at the middle level and other various adjustments such as co-ed middle school soccer –
- Home school visitor reduction in special needs area – with possible restoration using IDEA (Individuals with Disabilities Education Act) monies –
- Recommendation of a partial reduction of one period for department chairpersons – Individuals in major areas who had two work periods would have one and those with one would have zero; however they would receive a stipend as they had in the past. There was preliminary discussion with the union on the issue and it was noted that they seemed to be neutral on the matter, as it was a contractual adjustment.
- The annual PBS (Public Broadcasting System) contribution of \$15,000, in addition to United Streaming services and other various methods would no longer be subsidized. The services were coming in through other varied methods over the commodity internet they presently owned through the Intermediate Unit.
- The SAT Prep Course, which was installed within the daily curriculum, would be offered as a self-sustaining program such as summer school. It would, in essence, move 1.5 staff members to other courses within their discipline through attrition.

Dr. Lewis noted that the aforementioned changes would bring the tax increase down to 7.15 from 7.5. He explained that they did not go through and readjust all of the budget pages, only adjusting the total reduction, because Mr. Majewski was away and they did not want to make errors.

He referred to the second page, which were Tier 2 areas and could be moved, but were areas that administration did not recommend. He pointed out the addition of the right column on both Tiers 2 and 3. He explained that it showed the impact to the 7.15. For example, if all general duty aides were considered with a reduction to the five remaining aides; they would have a .08 percent reduction of the 7.15, which would be a 7.07 tax rate increase.

Dr. Lewis stated that they adjusted it line by line in order to show the impact on the tax increase. He added that it was a work in progress with dialogue occurring and there were still unforeseen stimulus impacts, which might be able to offset some of it, meaning that it would become a non-expenditure because it would be sourced by a different dollar. He was optimistic in that the number had consistently moved downward, which was their goal.

President Leeson addressed Dr. Lewis, stating that he talked about the stimulus package and about more money being put into basic education and to basic subsidy. She knew they did not have any hard numbers on it at the present time, but she thought their last estimate was in the range of 9 percent. She asked if it might be higher on the side of revenue for next year.

Dr. Lewis replied affirmatively but cautioned that the state funding could be \$21, \$22 or \$23 million dollars, and he wanted the public to understand that when they stated there was a percent increase, it was not a percent of \$180,000,000, but rather it was a percent of that small contribution. He stated that Mr. Majewski worked on the numbers but, with no absolute certainty, they were not looking at much more than \$500,000 in additional unrestricted basic subsidy funds.

Mr. Majewski commented that initially, when looking at the trend with regard to what was coming out of Harrisburg, the government budget showed a 9.04 percent increase, which was applied. He added that they were starting to get information as it was going through the state and noted that it was possible that the revenue side might be presently overstated or understated; it was not known. He explained that part of the problem was sorting the information as the state was deciding to make some of the funds categorical or not categorical in the final budget. They were also getting information that some of the additional stimulus funding might reduce their expenditures with attention to special education or IDEA funds, or some of the others that might be able to reduce the general operating fund. They needed to continue to monitor the process that was going on in Harrisburg. Mr. Majewski explained that as soon as they received information that was somewhat clearer than it was at the moment, they would apply it to their budget and see how it would impact the bottom line. He noted that it was certain there would be a significant amount of money coming to them, which would likely reduce the general operating fund. It would probably be a combination of revenue and expenditures so they needed to keep everyone informed and adjust the budget accordingly.

Director Amato expressed that he did not know where he got the 5.59 that they needed to cut to get to a balanced budget. He stated that if they cut all three tiers down to zero, they would still have to address 2.95 percent.

Dr. Lewis disagreed.

Director Amato reviewed that if they adjusted Tier 1 with the proposed cuts, it would be \$6,600,000.

Dr. Lewis agreed.

Director Amato stated that Tier 2 would be \$900,000 and if they took all the cuts from Tier 3, it would be \$3,500,000. The total amount would be over \$11,000,000.

Dr. Lewis agreed. He stated that he thought Director Amato was talking about the percentage of tax increase.

Director Amato reviewed that they had over \$11,000,000 in reductions in order to get to an almost 3 percent increase for the taxpayer.

Dr. Lewis noted that if they made all those cuts, they would reduce the 7.15 by 4.2 with an increase of 2.95 percent.

Mr. Majewski stated that he believed it was 1.17 mills, which was 2.96 percent.

Director Amato said that they had to agree upon the dollar amount to get them to an increase of zero percent.

Mr. Majewski expressed that at the present time, with an increase of 7.15 percent; it would be slightly over \$7,500,000.

Director Amato disagreed that it would get them to zero percent.

Mr. Majewski explained that 7.15 percent increase translated into 2.83 mills and if they multiplied 2.83 mills times the value of one mill, it would equate to \$2,654,865, which was \$7,513,268.

Director Amato stated they cut \$6,600,000 from Tier 1 and were at a 7.15 percent tax increase. He said if they took \$900,000 from Tier 2, they would be at \$7,500,000. They would then take off .86 percent off of the 7.15 percent, which would equal a 6.29 percent increase. If they cut the third tier it would equate to \$3,500,000, which totaled \$11,000,000. He stated to deduct 3.34, which would leave them with a 2.95 percent increase. He commented that he heard everyone state that the economy was terrible, leaving them in dire straits, so they wanted to raise the millage.

Mr. Majewski explained if they took all three tiers, they would need an additional \$3,100,000.

Director Amato brought attention to the speaker who said that they were experiencing tough times and were in a recession, so how could they ask the taxpayers to continually bail out the banking and auto industry and now the school district. He pointed out that most of the people said they could not afford it any longer and agreed with their statement. He said that if they took off the \$6,600,000, it would still be a 7.15 increase. He questioned the replacement of the ten retirement positions worth \$250,000.

Dr. Lewis explained that it averaged \$25,000 per position when a seasoned veteran of 30 to 35 years left the workforce and a first, second, or third year teacher was hired as a replacement.

Director Amato inquired if they would be saving \$250,000 by replacing the ten retirement positions.

Dr. Lewis replied affirmatively.

Director Amato questioned the four elementary positions.

Dr. Lewis stated they were slot cuts so when the retiree left, the position was eliminated.

Director Amato asked if the elementary population would stay the same, what would happen to the students.

Dr. Lewis replied that it actually was slightly reduced. They redistributed a few people because some schools decreased in population with one school having a significant increase.

Director Amato commented about the reduction of one additional teacher at the Career Academy.

Dr. Lewis explained that the individual would go into a vacant position.

Director Cann thanked Director Amato for focusing the board by reviewing the situation. She proposed a different approach. She commented that the color-coding and tiers were very helpful when they started but she thought that it was past being useful. She thought it was laborious, time consuming, and did not think it was needed any longer. She said that she would like to extract a large part of Mr. D'entrone's commentary and ask them to provide one budget with all three tiers out plus the extra cuts they received by email from the athletic budget in addition to anymore they could consider. They then could add in which would crystallize what they were doing instead of saying that if they removed something and then had to evaluate where they were and so on. She said that if they wanted to add an item, then they would have to increase the tax and question if they could live with it.

Director Cann added that they surely would be putting items back in because some of the cuts were not appropriate. She doubted if they would get to a zero percent increase, but if they did, there was a need to consider that they had not recently budgeted for capital improvements and she thought it to be so bizarre. She stated that they just hoped there was money in the capital reserve for things that were needed on a regular basis so that they did not waste their physical investments. She expressed that Nitschmann was falling apart and questioned where funding would be obtained. She thought it would be ten years before they had an extra million to work with and added that she felt that she was playing the longest game of checkers with moving items here and there. She concluded that they needed to be done with it, take it all out and start from scratch, and then put items back, in order to very clearly see what was happening.

Dr. Lewis responded that administration would recommend items and change everything to green on the first page. He emphasized he would not recommend it, but would include it and there would be a dividing line and if they wanted it on one list, it would be agreeable. He added that he would make note that they would be items that they would not be recommended as cuts. He expressed that they were recommending a tax increase and noted that he knew it was unpopular. He stated that he had repeated that they were the lowest tax impact in the Northampton County School District collaborative of eight school districts. He explained that if a home were to be moved to any other district, the owner would be paying significantly more taxes. He was sympathetic but he would not balance the budget on the backs of the children. He frankly stated that they could fire or reprimand him but do not tell him what to recommend. Dr. Lewis stated that he would put it all together on one page but he would not recommend that the programs be cut. He predicted that in two, three, or five years down the road, the affected children would not be remediated and they would drop out of school and become a burden on society at a greater expense. He said that Bethlehem was a proud city and thought it was their obligation to support the kids. He addressed the board, stating that if they wanted to cut a program, it was fine, but they needed to direct administration as to what they did not want to fund. He was standing on principle and expressed that he kept pushing the costs down every week with demands on cabinet to look deeper and deeper and there was no more blood in the stone. He stated that it was fine if they wanted to do away with the other items or wanted to get it down below two mills. Dr. Lewis said that a ten-year history was just reviewed and they were recommending that they not continue to undertax the district. He pointed out that in 2002 he took over the superintendent seat and did not set the budget, which had a nine percent tax increase. Since that time they had been level in their taxes because they had a growing economy. He commented that since Bethlehem Steel left, they healed and five years later they had begun to see development and industrial parks, in addition to homes being built in Hanover and Bethlehem Township, which brought increased revenues.

Dr. Lewis concluded that this year was the first time they saw the market value drop in probably close to a decade. He noted that the facts were harsh but they could not, in good conscience, set the district up for failure in two, three, or five years.

Director Leeson commented that if they moved the house into the other communities, it was worth less.

Director Cann expressed that she did not want to be misunderstood. She explained that she was not addressing the inclusion or exclusion of any particular program or budget line item, but rather was talking about the process and procedure they used. She thought her recommendation made the process more clear.

Dr. Lewis responded that he would gladly put it on one sheet and there would be delineation.

Director McKeon stated that he had heard in the past from Director Craig and Dr. Lewis about the lowest millage rate. As stated earlier by Mr. Majewski, it was \$2,600,000 per mill. He ventured to say that in Easton, it was approximately \$1,500,000 per mill. He concluded that a mill was not a mill.

Dr. Lewis replied that he was not talking about the millage rate. He explained that he was talking about the real dollars paid on a home. He stated that he would bet his paycheck that they would pay more taxes. He added that they would pay more for the right to live in that town within that school district and guaranteed it.

Director McKeon argued that the millage in Nazareth was not pulling in as much as the millage in Bethlehem. He stated that Dr. Lewis was the chief executive officer of the school district and as a businessperson and educator, he was responsible for bringing the board a budget, which was not what he would like, but one of which they could live. He noted that in two years, they have not seen it. He commented that a few years ago it was smoke stacks, percentages last year, and this year it was a different format. He thought they should consider not having a discussion until they saw what came out of Harrisburg.

Dr. Lewis replied that he did not disagree because the stimulus would have a definite impact.

Director McKeon said that they spent 30 hours last year doing \$6,500,000 of budget refinement and they could be looking at more than that this year, but until they received the numbers, their efforts seemed fruitless.

Director Amato agreed with Dr. Lewis' statement that he did not recommend Tiers 2 and 3. He also agreed with Director Cann said but he did not agree with the Tier 2 and 3 cuts. He reviewed that they would be at a 2.95 percent tax increase based upon wiping off everything. He said it would then be on the shoulders of the board to make the decisions that needed to be made to put back in what was needed and to get them to a workable budget. He commented about SPARK and Career Academy and that they would not want to cut those programs so they would never get to the desired tax rate. Director Amato stated that the board would have to make the hard decisions that the taxpayers said they were elected to do. He said that every time they counted on the state for support, they received funds, but it was never what they anticipated. They were talking about big bucks to supplement some of the cuts. He added that Career Academy cost the district almost \$2,000,000. He asked if they thought they would receive that amount in stimulus funds.

Dr. Lewis replied that there was more than that but he did not know how much was restricted.

President Leeson asked for clarification and reviewed that they were at the point where Dr. Lewis was recommending a 7.15 percent tax increase and understood that he would continue to look for cuts, hoping that the stimulus package might help to somewhat reduce it. She also reviewed that Director Cann wanted to take everything out, which would bring them to a 2.95 percent increase.

President Leeson said there were other cuts discussed including the curriculum department, as mentioned several times by people in the community and by board members, which was not listed. They also had discussed technology, which was also not listed.

Director Dexter inquired about the time frame, which was reasonable for the board to expect to have a solid number from the federal and state stimulus because she was frustrated to think that they were taking time to go through the budget based upon a lack of information.

Dr. Lewis replied that Mr. Majewski could echo his thoughts in that they had seen budgets completed by the state in a definitive way in April and May and voted on by a June 30 deadline and they also saw budgets in November. They could complain that the legislature expected them to have a budget by June 30, but they did not necessarily do the same. He explained that the stimulus money had a more definitive timeline on it from the federal government. They either had to get it out and start the drawdown or they lost it as a state. He added that some states already said that they were not taking it, which he could not understand but he was sure it was political. His best guess, after some discussion today, was that they would probably see some fairly defined numbers within one or two weeks.

Director Dexter asked about a reasonable outside time for the board to develop a budget.

President Leeson commented that in previous years they actually started in April.

Mr. Majewski reviewed that they had a first budget hearing at the end of April and either one or two in May, which was the normal timeline for budget discussions. They could develop budget hearings at the end of April or the early part of May because it was done in the past. He noted that they could still have a budget passed by June 30. It was a reasonable expectation to get a budget to the board, have discussion, and have it approved by June 30, which would also allow them to monitor what was going on in Harrisburg as far as what they were providing in the subsidy. He knew the stimulus money would be fairly clear, but the whole budget development process in Harrisburg was a mystery until they actually approved the budget. The district could not wait that long but they could work with clear information that would probably come closer to May and June.

Dr. Lewis added that they were pressing the state daily to give them some definition and pointed out that Philadelphia was a major player in terms of influence and had joined the effort. He agreed with Director McKeon in that they might be unnecessarily arguing about items. He explained that he and Mr. Majewski needed to ascertain if they could spend certain dollars on specific items and he wanted to know from the Pennsylvania Department of Education if it was correct. He thought they could obtain some harder numbers very quickly, but agreed with Mr. Majewski in that until the legislature decided they would support the governor's distribution of the funds, they would probably be looking into late April and May before they had some assurance.

President Leeson stated there were three major programs on the list and commented that some people needed to know where the programs were going and what was happening with them in a timely fashion. She understood that the decision might not be made in March, but she thought they had to begin to get to some more definitive decisions on some of the programs in the near future, which was difficult. She knew one of the other possibilities was to cut a program. She knew that every week they get a clearer picture but they would not know until after the budget was passed. They might have to reinstate some programs if additional money becomes available after the state budget passed.

Mr. Majewski commented that part of the problem they ran into was that they had a requirement to pass the budget by June 30. He added that the state also had the requirement, but they did not always meet the deadline. He said that even if July came and the state approved a budget, they had to give the authorization for the district to reopen the budget to reinstate a program.

President Leeson thought they could adjust the program, if it was not a full program, like they did with the reading program.

Mr. Majewski replied that they stayed within their existing budget. They might have shuffled some money but the bottom line did not change.

President Leeson recalled that they might have received grant money.

Director Tenaglia addressed the 7.15 percent tax increase and asked if the assumption was that they would be eligible for the submitted exceptions when they passed the preliminary budget on February 23.

Dr. Lewis stated that in order to get below the 5.1, they needed to use some of the exceptions. He added that Mr. Majewski received a preliminary exception with electronic notification.

Mr. Majewski reviewed that there were two major areas which would provide them with an increase in excess of 7.15 percent. The other was associated with the grandfathered debt and he noted that he received an email from the Department of Education, which was looking for additional documents. It was not a done deal because he had to provide them with some additional documents. Even if it were not approved, they would have sufficient exceptions to be able to have the 7.15 percent increase.

Director Tenaglia asked if it would include special education.

Mr. Majewski replied that they did not receive a special education exception. They received it in maintenance of revenues, which was based upon the deterioration of some of the revenue sources; they would allow a larger than index increase based on the declined student revenue curve. He explained that they did not receive additional money, but they taxed higher to make up for it.

President Leeson asked Mr. Majewski about the relocation options for SPARK. She also noted the driver's education listed cost did not take the parents' contribution into account.

Dr. Lewis replied that he thought Mr. Majewski readjusted the entry.

President Leeson said that it was readjusted but questioned the \$9,700.

Mr. Majewski explained that the present number was \$62,115, which took the \$50 contribution per student. The fee had been reduced with the 7.15 percent increase. The subsidy remained in the budget because it was paid the following year. He said that at the end of the year he submitted for the paid subsidy so they would receive a subsidy next year based upon the activity from this year.

Dr. Lewis inquired if it was shown on the revenue side.

Mr. Majewski noted that it was a typographical error. The subsidy needed to remain but the fee itself should not be on the revenue side but it was also not considered when they look at the reduction to get to the 7.15 percent increase. He explained that it would be removed from the document but it was already considered.

President Leeson commented that there was a discrepancy in what they were doing for the cheerleaders with some real changes over time. She thought they needed to come up with a classification and a recommendation that could be brought to the board to be discussed and finalized so the students knew exactly where they were going with the program for next year.

Dr. Lewis responded that Dr. Donaher provided information as to what was paid and what the booster club supported.

President Leeson said that this year's guidelines were that they were not to transport within district boundaries and they did.

Dr. Lewis explained that the guidelines stated no transportation between district schools. He believed the cheerleader booster club covered the transportation to Stabler Arena. He added that there were no guidelines specific to them about going within the area. He said that if the board wished, they could craft a guideline to that effect.

President Leeson asked for a recommendation and said they could discuss it. She did not think it was the time or place for discussion but noted there were real discrepancies with changes from year to year. She thought that clarification was needed.

Director Dexter thanked Directors Cann and Amato for raising the issues about the budget process and stated that she wanted to delay the decision making until they knew about the stimulus package because she did not want to announce unnecessary cuts. She added that she wanted administration to move ahead with the best-case scenario, the worst-case scenario, and something in-between. She also recommended that administration make firm recommendations regarding how they would get to the lowest possible tax increase. She realized that it meant that administration would have to decide to recommend programs. She said the present cuts were not acceptable and pointed out that they could put some items back in with the stimulus money. She reiterated that administration needed to do the tough work of bringing forth a budget that minimized a tax increase. She said that she heard Dr. Lewis state that he did not want to put the economic crisis on the backs of the children, and she recalled in past years she heard similar comments. She didn't think there was a board member who didn't serve for that reason.

Director Dexter expressed that she heard about a lot about the expenditures in the district, which were probably not necessary in order to provide a quality education. Director Dexter did not think it was fair to suggest that somebody was not for the children if they were in support of keeping the tax reduction low because some of the very same families who supported the taxes were also housing the children. If they were paying taxes, they might not have money for their medical visits. She pointed out that it was all for the children and they needed to figure out what was required for a basic education. Some of the proposals were recommended by administration and they were not necessary. They were asked to fund a terrazzo floor at Liberty High School, but went with a cheaper option. They were asked to fund a \$400,000 to \$500,000 security fence around Liberty High School, which did not change the nature of the education they provided. She added that two months ago they were asked to fund new restrooms at the stadium and two days ago they were asked to fund a very elaborate curriculum with no concrete way to show that the items were necessary for a quality education. She said they were nice to have but were not necessary. She viewed the laptop program as unnecessary because the data showed the goals were not accomplished and she had concern that they might have even taken away from the quality of education by providing the laptops because they devoted large financial resources to technology and in turn they took away from other programs. She brought attention to conference attendance and recalled a board member state that they had to send the students on trips because some of them were never at a hotel or a big city. She did not think they had to send students on a trip or fund conferences or professional development all over the United States to get quality teachers. She disagreed with the perception that if one didn't vote a certain way then they were not for the children or in favor of quality teachers. She said they could figure out how to develop quality teachers right in the community and they could do it on a dime and not on a dollar. She thought it was what the taxpayers were asking and she hoped the board joined her in requiring administration to do it because it was a different economic time than what they had ever experienced which called for different measures which called for them to not buy things today. Director Dexter pointed out that she saw things on the budget that would be nice to have but people were losing their homes and cars. She said that two members of the board did not have jobs and didn't think there was anyone present who did not suffer some serious financial losses or for some people, hardships. A seven percent increase was not even in the realm of what she would be thinking about and added it was not even close. She recommended that administration go back and do the hard work and present a budget that made sense for the middle of the road stimulus package, no stimulus money, or the top dollar that they thought could possibly be obtained and then they could go on from that point. She advised them to make the recommendations for cuts and not give them a list because they wanted them to buy that they had the data and that they knew what programs contributed to a student's education. She asked them about an order of priorities and knew they could change it but they wanted to see it.

President Leeson recommended that board members email or call Dr. Lewis about some of the items that they would like to see back in the budget. She thought that if Dr. Lewis received three or four responses to an item, he could come back and state that it was also supported by a few of the board members. She asked him if it would be helpful.

Dr. Lewis replied that he would certainly include any recommendations in the discussion.

Director Dexter inquired if there would be a problem associated with the Sunshine Law.

President Leeson expressed that she thought it would be disclosed and pointed out that Attorney Spry was not present regarding an inquiry. She said she would check with him and send an email to the board.

Dr. Lewis thought the key was if they discussed it independently, there would be a violation. If a board member emailed him to look at a number of items and it happened to be the same thing, then they did not have a Sunshine Violation. If those people were on a committee, and got together to discuss and then said to call him, then they had a Sunshine Violation.

President Leeson gave the example of receiving four emails that requested the addition of two maintenance people, so then he would know that it was supported so it could be shared when they met.

Director Amato expressed confusion and said that Director Cann asked to remove everything but they were now saying to bombard the superintendent with items the board wanted. He thought it was to be discussed at a board meeting.

President Leeson replied that it would be discussed, but to begin, they would have some consensus to say that they had support for certain items.

Mr. Washington stated that he did not want to prolong the debate, but as a person who had to look at the cuts, he inquired with Director Dexter about her statement regarding basic education. He thought that their ideas about quality education might be different.

Director Dexter replied that the question of the definition of quality education would be a debate for an entire meeting.

Mr. Washington commented that quality education involved technology and he did not think they could send kids out into the world without it.

Director Tenaglia said that the next budget hearing would be held on April 22. He asked if they were contemplating anything in the interim.

Dr. Lewis replied that they needed to see if they had additional information for the board.

Director McKeon thought that once they received the stimulus package, they should prepare themselves for multiple meetings within a short timeframe.

Mr. Majewski added that he needed to advertise the meetings.

Director Haytmanek expressed disappointment and stated that they took one of the best districts in the state of Pennsylvania and now they were saying to give a basic “bare bones” education for the kids. He said the budget format was irrelevant, whether they would eliminate things and add items back in or whether they would take a budget with the programs that administration recommended and then cut here and there. He thought it was “smoke and mirrors” and they wasted time with that discussion. He said that kids’ lives were at stake and it was really about more than a basic education. To offer the children no technology and a basic education was ridiculous. He thought it to be incredibly short sighted if they took away the pre-school and alternative education programs. They needed education when they were young or they would pay the price with remediation when they were older. He concluded by stating that the failure to provide the programs for needy preschoolers verged on criminal and abrogated the trust of the voters.

Director Dexter clarified that she did not say that they did not need technology but there was a huge space between having technology as part of an education and what they had provided and what they considered. She did not think anyone would argue that a basic or good quality education required all of the things they heard about on Monday or even the one-on-one laptop program in middle school. She was not saying that they should have students leave the schools without being familiar with technology but she did not want to debate the issue tonight. She wanted to clarify her statement and did not want it twisted. She explained that she thought a basic education was entitled to every student in the district, but the way it was provided was up to them. She added that they did not need to provide bells and whistles in order to say that they had done their job as taxpayers and as board members to provide a good quality education. She pointed out that some of the best educations were home schooled by using very simple tools and noted that some of it was just paper and pencil.

Director Haytmanek said that he thought they were trying to do a good job this year but he thought it to be insulting to tell the teachers that they had to provide a basic bare bones education for the students.

President Leeson commented that she felt that they should strive for excellence with every child and encourage every child to be the best they could. She thought the question was what was needed to provide excellence. She did not think “bare bones” would be the correct term.

Director Dexter expressed that she did not use the term, “bare bones,” nor would it be her definition. She noted that she had advocated for many things that contributed to a good quality education, including updated textbooks, access to tutoring for all students, increased guidance, and many other things, which in her view, were part of a good quality basic education. It was not “bare bones” to say that a student should have access. She said that they were excellent in Bethlehem and she did not believe the budget crunch or crisis had impacted the quality of education that they had been able to provide for the students but they were in danger of it happening because of overspending on things that were possibly frills. She thought students could have an excellent education on tile or linoleum floors. They were the expenditures that could not be afforded at present. The students, who attended Broughal, in her view, would be very well served by having high quality teachers and they did not need a fully staffed planetarium. She reviewed that people had to defer certain purchases in their homes because of the economy so they also had to do it in the schools. Director Dexter thought it could be done without really making the students suffer by being careful with their dollars.

Director Amato asked if they would come up with a budget on April 22.

President Leeson reviewed that Dr. Lewis would continue to look for cuts within the district and she thought he would continue to monitor the budget coming out of Harrisburg along with the stimulus money. She also thought he would keep them informed as to the work he was doing in all of the areas. She requested that the board indicate some of their support regarding different programs or ideas, tax levels, or if they could start to communicate some of their thoughts so that Dr. Lewis could hopefully put together the budget for April 22.

The following individuals addressed the Board of School Directors:

1. Mr. John Del Vecchio – 2061 Tenth Street, Bethlehem –
Mr. Del Vecchio reviewed the recent discussion about coming back with a 2.9 percent balanced budget and then they would add programs. He reviewed that the February Budget Meeting showed a savings of \$1,000,000 by privatizing transportation. He said that Director Amato brought attention to the figure at the end of the last budget meeting and commented that they did not know if it was a true figure and stated that it could be \$1,000,000 or \$500,000. He thought there would be a ten percent error if they did not get the \$1,000,000.

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Mr. Del Vecchio recommended they use the current transportation costs for now so they would not be working with a fictitious transportation budget figure. He commented that it had been said that in the last two years they had a deficit of \$8,100,000 because the budget was not correct.

2. Lori Stom, 525 West Union Boulevard, Bethlehem –
Ms. Stom said that she was a teacher at SPARK and referred to earlier commentary, stating that although the man did not know her, she felt attacked. She explained that she had a master's degree and six hours of continuing education – Act 48 credits, which she took on her own time so she could be a very effective teacher for the children. The comment made earlier was that it was not their problem that the children did not have a place to go for Pre-Kindergarten. She thought it was their problem. She clarified that many of the children did not qualify for Head Start because they made one dollar over the income guidelines that were set by the program. She said it would be their problem because when they grew up, they would be the children in need of remediation and would dropout of high school because of their lack of formal Pre-Kindergarten education. She stated that for every dollar invested in Pre-Kindergarten education, it would save them seven dollars. She said to do the math because it was a lot of money. The children needed SPARK and their families counted on the program to provide them with an education. Ms. Strom stated that the parents could not afford childcare. She clarified that they were not daycare teachers. She did not get a master's degree to change diapers or play all day. She said that she attended curriculum training so that she could be an effective teacher. Ms. Strom extended an invitation to visit the program and stated that the children were well educated. She noted that the goal of all SPARK teachers was to make sure the children left the program ready for kindergarten. She concluded that they worked and trained hard and deserved the opportunity to continue to do what they had been doing for seventeen years.
3. Thomas Washington – 4012 Killarney Drive, Bethlehem –
Mr. Washington stated that he also felt emotional about the issue at hand because he was trained as an early childhood specialist. He commented that one of his goals was to run an early childhood center when he retired. He shared a statement from one of his poverty classes of which he instructed – “The most dangerous place for a child to grow up in America was at the intersection of poverty and race.”

Mr. Washington said that in the past he had a conversation about daycare with a wise superintendent who told him that “everything that affected his business was his business – so don't think you are going to just come into a kindergarten through grade 12 system and think that it was all that it was.” He said that it wasn't just about ABC's, but rather it was the soft skills in life that brought success.

Mr. Washington commented that an individual was rarely fired on skills only, but rather soft skills, such as character and the ability to get along with others. He explained that education was a middle class system that had hidden rules. He expressed that he did not make the statement to offend anyone because he was also middle class. The children learned about the hidden rules for success at the programs, so they weren't pushed out at the other end. If they listened to anyone who observed the children from the program, they comment about their ability to listen and understand and those were the things that concerned him. Mr. Washington said that whatever the process, he wanted to put in a plea for the SPARK Program and added that he was passionate about it and thought it was important. If the students did not attain the proper early success, they would be seen in court later. He concluded that the board had to make a tough decision, but he emphasized that they would abandon some of the most needy kids if they walked away from the program.

4. Kristina Boyko – 128 Hatch Gravel Road, Bath –
Ms. Boyko stated that she heard someone say that the children who lived in the district would also be negatively affected by the tax increase by taking away from their food budget. She explained that some of the programs being considered for a cut were for children who already did not have food, shoes, and clothing. By attending the programs, the children were provided with a breakfast and lunch that some were not receiving in their home. Ms. Boyko concluded that the programs also provided some children with coats, hats, and gloves.

Directors Tenaglia and Haytmanek moved to adjourn the meeting at 8:44 p.m.

ADJOURNMENT

Attest,

Stanley J. Majewski, Jr.
Board Secretary