

BETHLEHEM AREA SCHOOL DISTRICT  
BOARD OF SCHOOL DIRECTORS  
BUDGET HEARING

MAY 9, 2011

The Budget Hearing of the Board of Directors of the Bethlehem Area School District was held on Monday, May 9, 2011, at 7:35 p.m. in the Auditorium of East Hills Middle School, 2005 Chester Road, Bethlehem, PA 18017.

BUDGET  
HEARING

President Cann called for the Roll Call by the Board Secretary:

MEMBERS  
PRESENT

Members present: Directors Amato, Burkhardt, Faccinetto, Follweiler, McKeon, Ortiz, Leeson, Tenaglia, and President Cann - 9

Others present: Dr. Joseph Roy, Superintendent of Schools; Stacy Gober, Board Secretary; administrators, members of the press and other interested citizens and staff members.

OTHERS  
PRESENT

President Cann offered Courtesy of the Floor on Budget items.

COURTESY OF THE  
FLOOR

Deb Ritter  
Guidance Counselor  
Nitschmann Middle School

Ms. Ritter stated: Good Evening. My name is Deb Ritter, I am a guidance counselor at Nitschmann Middle School. I have been there for 21 years. I have witnessed a lot of change and a lot of growth in this district, but I would be remiss if I didn't speak to you tonight about concern for our students and my colleagues. My greatest concern in all the changes that are happening in the educational framework is the elimination of the teaming concept, especially in the middle school, and the family development specialists, and the ripple effect that this has on our students, on our staff, on our community and the developmental K-12 counseling program in this district. Bethlehem has been an iconic model for teaming in the past. The district has invested considerable money, resources, effort and time in training us and getting us involved in professional learning communities, and we have really thrived with that in terms of student achievement. The decision to eliminate teaming model in the middle school will not allow teachers to work collaboratively, develop and align curriculum and to construct formative assessments. I have provided the board members with some data collected from the twelve academic teams at Nitschmann Middle School and some of what transpires during that time. We've have documented from

August of 2010 through April of 2011, some of the meetings and things that have taken place, the number of parent teacher conferences, IEP meetings, 504 meetings, student conferences and phone conferences with parents. The total to date with a month of school left is 789. You can see the breakdown by team and types of meetings. This does not include functional behavioral analysis meetings, manifestation hearings, child study team meetings, or MDT meetings. Some of these meetings have legal implications and require that teachers, administrators, and parents be present. With the elimination of teams and teachers teaching every period, say for their prep period, how in the world are we going to accommodate for this within the contractual day. The numbers are staggering. What also is concerning is that in colleges and universities all across this country, teachers and administrators are being trained and brought up in the teaming model. In Nitschmann Middle School there are two teachers who have had experience in junior high schools, elimination of teaming also compromises the integrity, the role and responsibility of guidance counselors as they are now in a position where they are forced to take on more non counseling duties. Our credentials have prepared us to be proactive and interactive. With the elimination of teaming, what that does is it places us more as crisis counselors in reactive and contradicts the developmental counseling program that keeps us accessible to all students. We are losing a huge communication piece with the elimination of teams with our parents and with our community. I am not sure if the board or the public is aware that counselors and family development specialists generate on average \$100,000 of income for this district every year. We participate in time studies and some of what we do is reimbursable, billable services, especially with mental health issues, medical issues and things like that. With the elimination of teams, we will also be losing out on the training of more counselors to increase these services and additional money. I have documented the services that our family development specialists have provided also and there eligibility for reimbursement. I would like to know where this \$100,000 goes each year. Lastly, it needs to be said that the middle school teaming has been extremely effective in decreasing the rate of dropouts. Freedom High School has piloted a team concept and Liberty is considering the same. To eliminate teaming in the middle school is counterproductive on every level in the interest of students. I don't know how you can justify regressing 20 plus years in the educational progress of this district at the expenses of our children. We are throwing them under the bus. I will tell you that the Bethlehem Area

Slogan, "Shaping the Future One Child at a Time", is quickly becoming obsolete.

Jessica Tharky  
2107 3<sup>rd</sup> Street  
Bethlehem, PA

Ms. Tharky stated: I feel inadequate to say anything else after what she said. If you're not convinced by a statistic and the impact that eliminating the teaming is going to cause to our middle school, I am out of words. I don't make much money, but if you had to raise my taxes, go ahead and do it. How you can justify taking something solid and strong and make it weak. It is bad enough you already have the casinos here, now we are also going to have ignorant kids. Can you live with that?

Dr. Roy stated: Thank you Mrs. Cann, A short presentation tonight picking up where we left at our last Budget Hearing, a quick review of the proposed budget from last meeting which did receive a majority of support from the board with expenditures of \$202,000,00 with a deficit of \$2,000,000 and therefore requiring a milage increase of .75 mils, with a tax increase of 1.7 percent. This is where we ended last budget hearing. Also, at that meeting the board directed the administration by a vote on a number of items, recommended reductions to restore a number of those reductions to the budget and they are listed here. Guidance positions, electives not having the later arrival/early dismissal program scheduling seniors for 8 out of 8, so that had an impact of restoring 5 high school teaching positions, continuing with the midday kindergarten bus runs, that was recommended to be cut, it was directed to be put back in at a cost of \$114,500 and then also restoration of a reduction in extracurricular funds that would have been shared across all of the buildings, so the total amount of restored programming was \$643,200. Our task then was to offset the replacement of those cuts with additional cuts or sources of revenue.

DR. ROY –  
PRESENTATION OF  
BUDGET  
INFORMATION

Mr. Williams from Bethlehem Area Vocational-Technical School presented this evening indicating that due to the reductions that he was able to identify in his budget, we pay about two-thirds of the Vo-Tech costs because we have two-thirds of the students that attend in our district, so of the \$700,000 that he identified, \$456,00 comes to us so that is a reduction in the cost to us in the current budget.

We also were offsetting the cuts that were restored by proposing that we reduce two middle school librarians and one elementary specialist based on enrollment patterns. We will have fewer sections of elementary across all the schools, a total of a fewer sections, therefore we have one less specialist listed as well. These cuts are identified to offset those that were replaced in the budget.

There are some immediate tasks to consider as we are moving ahead because of the substantial number of program changes and curtailments that we have proposed and the corresponding reductions in personnel and other programming. There is a lot of work to be done to plan for next year. We have approximately 80 plus positions, professional staff where we need to look at going through seniority and certification areas, there is a bumping process that takes place and is quite lengthy and needs to be done correctly to identify actual individuals that will be furloughed. We need to continue to refine the salary savings related to the reduced positions, meaning once we have gone through the seniority process, the bumping process and the certification process, and we have identified the specific individuals who would be furloughed, that allows us to be precise in the salary savings because we will know who they are and what they make. We have a lot of program redesign to do and student scheduling at the middle and high schools when we are changing programs we need to do a lot of work on redesigning and what are those going to look like. Support Staff ~ we have in this budget a recommended reduction of 70 positions, so we will need to also go through reassignments and furloughing, and we have a June 8<sup>th</sup> deadline for tentative notification of professional staff for their assignments for the next school year, so that date hangs in the near future for us to meet when we tell individual teachers and professional educators what their assignment is for the next year.

So, to close on this quick presentation, just a reminder again that this is the proposed final budget that the administration is proposing to the board for adoption this evening, at the Special Board Meeting and then there would be a final adoption of the budget on June 13<sup>th</sup> at another Special Board Meeting. The state process requires an adoption of a proposed final budget, then a 30 day period where the budget can be inspected and then a final vote on the budget that would occur in June. This is a reminder of last meeting we looked at seven areas that had been mentioned by a couple or more board members as having concerns about the cuts and four of those were the ones that we

put back into the budget, these three items were not put back into the budget, but I would certainly want to keep my eye on these items as we go forward. As revenues are clarified as the state budget is finalized we may have an opportunity to revisit some of these items that were raised as concerns by the board, but not by a majority of the board.

President Cann stated: Thank you Dr. Roy. We will have a discussion amongst the board here now. I just remind you that what you see tonight is a reflection of what was approved by a consensus of the majority of the board at our last Budget Hearing and it has been presented accurately and following this we will have a Special Board Meeting to vote on the approval of this and it is certainly possible over the next 30 days to make some changes to it as I understand, so this is a marker to get past tonight. Anyone that speaks, I have asked for you all to make sure you speak up clearly into the microphone, the people that have been charged with typing out what we say, transcribing our discussions, often can't hear what we are saying, so just try to be conscientious of that.

BUDGET DISCUSSION  
BOARD OF DIRECTORS

Director Amato stated: I have a question. Dr. Roy, regarding the goals for tonight you have done here tonight, five high school elective senior scheduling. Please explain that to me.

Dr. Roy stated: We had proposed to allow seniors to schedule seven (7) out of eight (8) periods, rather than eight (8) out of eight (8). So they would not have to take that 8<sup>th</sup> period elective and that would have resulted in 1 period of the two semesters that a senior who has seven (7) out of eight (8) would have an open block that they could come in late or go early. At the last board meeting, a majority of the board indicated they did not support that recommended cut, so by scheduling seniors, we went back there and told the high schools to schedule seniors for a full eight (8) periods rather than seven (7) and that requires five (5) additional teachers that were out of the budget to be put back into the budget.

Director Amato stated: These electives that we put back into the budget, will they meet the minimum required number of students for that particular subject?

Dr. Roy stated: Yes. We are taking all those seniors, and we needed that number of teachers to accommodate all the seniors that would be taking those additional courses.

Director Amato stated: Now the seniors that we are talking about taking electives, are they the gifted students?

Dr. Roy stated: It could be any student that was on track to graduate that have more than enough credits to graduate.

Director Amato stated: So what we are saying is we are going to put \$331,000.00 back in the budget to basically babysit.

Dr. Roy stated: They would be in classes as in the past and they would be scheduled for their electives.

Director Amato stated: So if there are students that are seniors that have enough credit to graduate, and they don't need to have that 8<sup>th</sup> period, they could go on and take courses at the Community College or different colleges?

Dr. Roy stated: That will continue to happen, if a senior is signed up to take Dual Enrollment or another college course, they will still be free to do that and that will count as their 8<sup>th</sup> class.

Director Amato stated: I still think in looking at this particular item that we are putting back in here, \$331,500, to bring these students back in. Have we taken a look at the type of students that we are talking about? Are they students that are earmarked going on to college that they could get out and be earning extra money to get ready for college or for the next level, whether it be Community College or some technical school or what have you.

Dr. Roy stated: I think they were students across the board that as long as they were on track to graduate, they would not have had to take that elective.

Director Amato stated: That is a huge item.

Dr. Roy stated: Well that was the will of the board at the last meeting.

Director Amato stated: I know the will of the board, but you have people screaming at a \$25,000 middle school soccer program, while we just go ahead and put \$331,000 back in here for students who don't need that particular elective to graduate.

Director Leeson stated: I just wanted to share with the board that over the last two weeks, I've been at two high quality colleges and at both of those colleges, the admission officers made a point of telling the students that they are looking at their senior schedule and they are looking that they have a full senior schedule and that they are taking challenging courses and one of the things that was mentioned at one of the schools was when they see a students who is missing classes their senior year, they are concerned that they will be able to maintain the rigor of a college course schedule if they are not used to it in their senior year of high school. I just want to share with you that just happened that we had that discussion with two colleges recently.

Director Amato stated: I don't think that last semester is going to make them rigor and get used to it the last semester of their high school career. If they haven't experienced this throughout their high school years, they are not going to get it in the last month or two.

President Cann stated: Thank you Director Amato and Director Leeson. We did have this discussion before and we've had actually had it a few years ago when we were trying to do away with study halls. The feeling being that any young person that is 17 or 18 years old cannot be presumed that they have had enough education, they don't need another course, they can just take a couple, if they have enough credits. The amount of time the kids have to get this secondary education is so limited as it is. I think they need to take full advantage of it and I would never presume to say that a 17 or 18 year old person has had enough education and they can just leave half way through the day.

Director Burkhardt stated: The other practical consideration is the fact that this free period is going to flow through the schedule. I might have a period one first semester, you might have it period two second semester. We had senior privileges, and we thought that was a mess. This would be right up there with that same kind of scenario because kids could come to school late, they could leave early depending on when that block was available to them. It could happen in the middle of the day around lunch because the scheduler doesn't have the ability to make sure they are all either at the beginning or at the end, it could happen anytime. Either we're going to provide something for our students and it does cost money. I don't disagree with Director Amato, or we may as well just close our

eyes and say we are going to be back to where we were a couple years ago.

Director Faccinetto stated: I have a comment on a different topic. Dr. Roy, last month there was a committee meeting in Harrisburg about possible restoration of the AAccountability Block Grants and the social security reimbursement and just upping in the Basic Educational funding. Do you have any comment on that or do we know anything other than just speculation at this point?

Dr. Roy stated: I was at a meeting with one of Pennsylvania's top political analysts, Dr. Terry Madonna from Franklin Marshall College last week and his take on it was that it is going to be confirmed what we've seen in the press that the House Republicans are developing their own budget that will be considered along with the Governor's budget, but the outcome of that is up in the air, so there is some movement to restore some of the cuts by taking it from other areas in the budget, but to what degree it is, is anyone's guess at this point.

Director Leeson stated: As you know, we just received the complete budget at our seat at the last meeting, so this is really the first time that we are able to ask some intelligent questions about the budget itself. My first question is, we have another budget sitting here. Is there any change in the budget that we have at our seat from the budget that we saw on April 26<sup>th</sup>?

Dr. Roy stated: The budget that you received in January, the budget book, is similar to the one that you received last workshop with the changes that have been recommended and so the difference from last week to tonight is the changes that were reflected in the budget.

Director Leeson stated: My next questions is, I see the dues and fees are up significantly and that was an area that I was very surprised to see that we had an increase in. It is \$18,000 but it is 32%. Why are we seeing an increase in dues and fees? I saw administrative fees were up and so were support services. The general category is 810 on an unnumbered page and then the specifics go behind, the support services 2200-810, is up 87 percent and administrative services, the dues and fees is up \$13,000.00 for 29 percent. Those were some of the bigger ones.

Dr. Roy stated: Most of the dues that are as we have highlighted in the budget might be due to recoding and for some items there is an increase because it is not an overall expenditure increase but an increase because what it had been in one part of the budget previously and more properly coded now. Dues and fees can be dues to belong to professional organizations for the district or for individual administrators, so there is a range of fees that would be covered by that.

Director Leeson stated: Dr. Roy, the overall though is up 32 percent and it just seems unusual. I don't think we are joining any new organizations, are we? An increase of 32 percent for dues and fees just seems high.

Dr. Roy stated: There are no new organizations, there are no new dues to organizations, so again this would be due to realignment of where things were budgeted elsewhere in the budget.

Director Leeson stated: But it would have been budgeted as dues and fees though.

Mrs. Gober stated: The primary difference that I can recall related to this function or this object is that the paying agent fees, the amount that we pay to the various institutions to manage our debt payments back to the individual bond holders should be property classified as 810, and I am not sure that they have been in the past, I believe that they have been recorded as professional services. We can outline that detail for you to confirm.

Director Leeson stated: Yes, please.

Director Follweiler stated: On that subject, Director Leeson, I am not sure, the document that I have has pages 1-37, so in trying to follow what you are talking about I found that what I think you are talking about is on page 27 of 37.

Director Leeson stated: I'm using the April 26<sup>th</sup> report because that is the one that we had that we were able to use.

Director Follweiler stated: The one that we had at our seat today, Category 2200-810, is that what you were speaking about.

Director Faccinetto stated: Page 19, Director Follweiler is the total for dues and fees.

Director Leeson stated: Since we have just received this one, I have not reviewed this document. There were other categories that I did not understand. I did not understand what they were and I am going to start with Revenue. What is property tax rebate?

Mrs. Gober stated: That is the amount of money that is payable to the TIF. Because of the amount of money that is reflected after the addition of the casino, I felt that it was relevant to set break that out and itemize it rather than allowing it to just roll through as an adjustment to the current real estate tax.

Director Leeson stated: So then this is for our current real estate we are collecting , the net would be \$119,000,000?

Mrs. Gober stated: The net would be \$117,000,000. That is where I felt that it was relevant to show the amount that was being paid into the TIF when the volume of dollars associated became that magnitude rather than smaller.

Director Leeson stated: So we are actually collecting but we are rebating back immediately, so what we are really getting is \$117,000,000 in current real estate.

Mrs. Gober stated: That is correct because we would be remiss in saying that we didn't actually collect those funds. Because we do collect them in the current tax period and then there is the TIF transaction that occurs at the end of the fiscal year.

Director Leeson stated: But we don't use it. So, our current real estate will be down next year by \$1,000,000.

Mrs. Gober stated: No, it will be \$119,900,000 less \$2,500,000, so you would be at \$117,400,000.

Director Leeson stated: I am sorry I am following it in here it looks like \$124,000,000 and then it would be less the \$5,000,000.

Mrs. Gober stated: No, you need to be looking at the current document because the current document reflected the homestead rebate amount that has just be finalized and announced.

Director Leeson stated: I wish we had had this ahead then.

President Cann stated: Director Leeson it was sent to you by email on Friday.

Director Leeson stated: Why was there such a difference then from the one document to the next.

Dr. Roy stated: He will ask Mrs. Gober to explain that because we have information on the Homestead Rebate, so she can explain how that works so we can understand that.

Mrs. Gober stated: The state only certified at the end of the week last week, the amount of the Homestead Property Tax Rebate which is a pass through revenue on behalf of the school district from the state, that amount now that is known is reflected in the state revenue at this point and the property tax has been reallocated to reflect such.

Director Tenaglia stated: Is that the amount showing up on page 8-16, under 7340.

Mrs. Gober stated: Yes.

Director Leeson stated: Professional Educational Services ~ What are they?

Mrs. Gober stated: Professional Educational Services ~ are you looking at item 320 or are you looking at the entire 300.

Director Leeson stated: Well maybe you can share with us what both of them are?

Mrs. Gober stated: Item #320 Professional Educational Services on page 17 of 37 includes primarily tuition payments for programs offered by the Intermediate Unit, by other educational institutions, such as it could be non public schools that would be paid tuition or any other educational related consulting services that are provided by an outside entity including in that the registration fees for professional development services. But the primary driver in that are the Intermediate Unit costs.

Director Leeson stated: Fiscal Services ~ is this the business office?

Mrs. Gober stated: Yes.

Director Leeson stated: Administrative salaries are up 79,000,000.

Mrs. Gober stated: That is corresponding if you look at the clerical salaries, they are reduced by a similar amount that is a reclassification.

Director Leeson stated: So we have reclassified someone as an administrator?

Mrs. Gober stated: You had individuals who were part of the noninstructional meet and discuss that were all categorized as clerical when they in fact were not.

Director Leeson stated: We also have an increase of \$87,000 in professional services.

Mrs. Gober stated: That one if you look back is realigned to the prior periods where they are trended based on actual.

Director Leeson stated: What professional services are we using?

Mrs. Gober stated: I would have to look that up and get that back to you.

Director Leeson stated: OK, if you would please. Summer school ~ we're showing that we have a fund for summer school. What are our expenditures in summer school? I show it as 1420 – Summer School. It is a reduction, but we still have a \$334,000 item.

Dr. Roy stated: There is several summer programs. There is summer school at the high school, there are summer programs through ESL and an extended school year for special education as well. So the summer school at the high school is self-supporting, but it shows up as revenue and expenditures to balance it in the budget.

Director Leeson stated: Do we show summer school revenue?

Mrs. Gober stated: Yes.

Director Leeson stated: Summer school tuition of \$80,000, but we have an expense of \$300,000.

Director Leeson stated: Under administration, I see that we have an increase in clerical, are we hiring someone additional in the administrative ranks, a clerical person that is?

Dr. Roy stated: We are actually reducing two clerical positions in the central office administrative rank.

Director Leeson stated: That doesn't surprise me, that's why I didn't know why there was an increase.

Mrs. Gober stated: That was the reclassification of a salary.

Director Leeson stated: I also notice that group insurance seems to be much higher this year. Is there a reason for that?

Mrs. Gober stated: There is. That is the life insurance program that was previously paid out of the self insurance fund and that is a fully insured program so it is not correct to be in the self insured fund since it is not self insured.

Director Leeson stated: Help me here as to where to find the coinciding reduction then. You said it was reclassified. So, it is classified as group insurance? Where would I find the coinciding reduction then?

Mrs. Gober stated: In the self insurance fund which is not budgeted here, it is a separate stand alone fund.

Director Leeson stated: So we don't see the reduction here.

Mrs. Gober stated: Not in this document.

Director Leeson stated: What are Support Services Instructional? 2200's ~ support services-instructional.

Mrs. Gober stated: Those are your library services, nursing, technology, computer assisted instruction, and curriculum development.

Director Leeson stated: I will tell you, I would find it very helpful if we have a little notation with these underneath as to what was covered in these areas. I think you said nurses.

Mrs. Gober stated: If you go to page 12 of 37, you can see all of the codes that are incorporated in support services and a narrative description.

Dr. Roy stated: We did add that for greater clarity in this version of the budget booklet. What Mrs. Gober just mentioned which was an actual description of what would fall under the codes.

Director Leeson stated: Support Services Central ~ what is that? Is there a description? Code 2800.

Mrs. Gober stated: You will find that on page 13 of 37. It is technology services, information service, personnel, staff development, data processing and federal programs.

Director Leeson stated: We have an increase there of almost 13 percent, 12.85 percent, is there something that is driving that particularly high increase?

Mrs. Gober stated: It is the reclassification of the staff development and of the PDE defined codes for any individuals who are not classroom instruction, they need to be coded separately from what professional development is for teachers.

Director Leeson stated: So again, do we have a coinciding decrease somewhere?

Mrs. Gober stated: It would be 2271, is where the staff development monies would have been in prior years.

Director Leeson stated: Although we are decreasing the libraries by \$124,000, we had originally increased the library by \$62,000, so our net is really going to be closer to about a \$62,000 decrease. Is that correct or are we going to be decreasing the \$62,000 plus \$124,000?

Mrs. Gober stated: No, that change is reflected in this number.

Director Leeson stated: Again, I am using the document that I was sent. The Special Ed services, I know we have talked about a reduction, but we actually have an increase of almost \$500,000. Is that correct?

Mrs. Gober stated: It is slightly more than that.

Director Leeson stated: Is there anything in particular that is driving that increase?

Mrs. Gober stated: Salaries, benefits, programmatic costs, tuition paid to outside placements.

Director Leeson stated: In one of the columns we had this number DIV/0, what is that?

Mrs. Gober stated: It is an error. It is a formula error that says you can't divide the number by. So if there was a 0 in the prior year, you can't have a 0 in the denominator.

Director Follweiler stated: Dr. Roy, a couple of people at Courtesy of the Floor in this hearing and the other hearing brought up the ideas of salary freezes, and I know that you and Dr. Silva have vowed a salary freeze and I know that some of our bargaining units had taken 0 percent raises. Is there a statement that we can make so that the members of the public that made that suggestion understand that there are either individuals or groups within the district that are taking either a salary freeze or a 0 percent increase?

Dr. Roy stated: Yes, contractually there are several groups and I might need help from Mrs. Gober, that contracts that were previously settled 0 percent increases. The Administrative Act 93 group had revised their agreement in collaboration with the board a couple of years ago, so that there was a 0 percent this year, they have a 1% next year. You mentioned Dr. Silva and myself, Mrs. Gober added herself to that list of salary freezes for next year and so there were some groups that had 0 percent.

Mrs. Gober stated: I know that bus drivers are one group, I am trying to recall.

Director Follweiler stated: I know there were, it was not unusual in several of the negotiations that we did see that and I just want to clarify again for the members of the public who have asked the questions, we have asked all employees of the district to take a salary freeze throughout the negotiation process, is that correct?

Mrs. Gober stated: As contracts were individually negotiated that had been the starting point of many of the discussions.

Director Follweiler stated: So at this point, the contracts that are set, if we would entertain such an item to restore any monies against the budget, we would need to reopen negotiations on any of the contracts other than the individual contracts such as the commissioned officers. Is that correct?

Mrs. Gober stated: That is correct.

Director Follweiler stated: Another item that was brought up by several members of the public was reduction in administrative costs, I believe one of the slides that we saw at the last budget hearing showed a 22 percent reduction in administrative costs. Is that correct?

Dr. Roy stated: That was a slide over the last five years of reductions in positions.

**Director Follweiler stated:** I am following the line items that you have on pages 11–15, but do we have a total of administrative costs, because I know that includes the Education Center plus at the individual schools, if I was in the public and speaking about administrative costs, that is what I believe the public is referring to. Do we have a number that would clarify how much of that cost has been reduced?

Mrs. Gober stated: If you look at it as it is presented in the Budget document, it is skewed to the extent that there have been reclassifications of individual wages, so it is not necessarily clean, if we took that group by name and charted them, then I think you would see a different picture, but it is not exactly clear in this particular document because of the accounting changes.

Director Follweiler stated: I just know that we had decreased the assistant principals throughout the schools.

Dr. Roy stated: I think it is an important point, Director Follweiler, this district and the board have been working on budget reductions for several years. This isn't all of a sudden this year, so I believe the slide from a couple of workshops ago showed that there had been an 18 percent reduction in teachers in the professional staff and then a 22 percent reduction in administrators smaller group, so that I think it is an important point to make that we've been doing the belt tightening in this district and that is partially why we are in a position where we are establishing a fund balance and so forth because we have

done some hard work previously, but last year there were a number of assistant principals that were eliminated, administratively this year, the supervisor of literacy, supervisor of math, won't be replaced. Those are two positions in the district office at the curriculum educational programs level. We only have Dr. Silva. I would venture to say with 100 percent certainty that no other district our size, or perhaps even half our size, only has one administrator dealing with educational programs, usually there are curriculum directors, curriculum supervisors and so forth, so this district over a period of years has made those reductions.

Director Ortiz stated: Some member of the community has written to us and they have asked if we really need so many outside professionals. I believe that is one of the costs that is a little high, so do we really need all these outside professionals?

Dr. Roy stated: Mostly the outside professionals, I am not sure exactly to what that is referring, but legal services, our bond financial services, those types of professional services, there maybe times in special education that we need to hire a person to do an evaluation, if that is the particular case.

Director Ortiz stated: I think they are referring mostly to the professional services that Director Leeson was referring to. You say that mostly our Intermediate Unit uses professionals. Do we know how much we are using for the Intermediate Unit, how much money we're spending and how much other professional services do we use?

Dr. Roy asked Mr. Agretto to speak on the issue of how we use the Intermediate Unit and how the costs come to us. It is something that we looked at this year. Are there things that we are contracting (programs) for individual students that we're contracting with the IU, to provide that we could do more cheaply ourselves? We did a cost study on that and did not identify any programs that would be to our benefit to take over because they are usually low incidence, high need cases of students that we send out. Dr. Roy asked Mr. Agretto to speak.

Mr. Agretto stated: That is pretty much what I would have said. It is the lowest of incidence groups which mean that they probably have the most intense needs and therefore they become a costly need and we are required through the special education laws to make an sure that we are providing a continuum of programs and related services as outlined by their

comprehensive evaluation reports that are completed and the recommendations, therefore, that come from those reports and the individualized education plans that pretty much spell out the framework by which services need to be in place.

Director Ortiz stated: So when we are talking about \$885,886, we are talking about those specific services? Page 17 of 37, professional services. Code 330.

Mrs. Gober stated: The 330 code would include architects, engineers, the auditors, our solicitor, any physicians that come into do physicals for our student population, any of the staff development consultants that come into provide training to the teachers, those are the types of things that are included in there. Professional services that we utilize within the facilities department for testing. Things along those lines. The Intermediate Unit costs are reflective in 320.

Director Leeson stated: Community Services – what is the employee training fee and why do we have travel when there are no people in that section.

Mrs. Gober stated: Community Services are primarily driven by the required community or parental involvement component of the Title 1 Program and the training fees would be to educate those parents who are participating. It is a requirement of the grant.

Director Leeson asked: So this is Special Ed.

Mrs. Gober stated: Primarily Title 1.

Director Follweiler stated: So it's covered by the grant so it's balanced out within the budget with the grant. The expenditure is covered by the Title 1 grant.

Director Ortiz stated: I see that we did cut the resource officers. I saw a letter sent on our packet regarding the resource officers at Freedom High School. Have we spoken to Bethlehem Township to see if we could have some sort of agreement to see if we could still keep the Freedom Resource Officers?

Dr. Roy stated: I had a conversation with the township manager in advance of their meeting where they discussed it and then they sent the letter after that meeting and we have a meeting scheduled coming up this week to discuss how we

might move ahead on that issue. We are also contacting the city to have a similar type of meeting.

Director Leeson stated: Fund transfers – 5200 – It looks like it is athletics. What exactly is this?

Mrs. Gober stated: That is the general fund contribution to support the athletic program.

Dr. Roy asked Mrs. Gober to explain how that worked.

Mrs. Gober stated: The athletic program is not self sufficient, it operates as its own separate fund with the amount of money that is necessary to continue operations of the program as a transfer to the athletic fund. That is the traditional method of funding athletics. That will change in the final version of the budget when we have the athletic budget finalized as part of again, the GASBY 54 provisions. The Athletic fund will be rolled up into the general fund so it will make the number appear larger, but it will not impact the net bottom line and it will continue then to operate on a regular basis outside in its own funds as it does today, but it will then have to be rolled up for end of year financial reporting purposes.

Dr. Roy stated: So the athletic fund is stand alone and this is a transfer of money that happens into it to fund it. So that is the athletic budget that is shown there with the reduction.

Director Leeson stated: In the athletic budget, does this cover all salaries including the AD's, Assistant AD's, does it cover everything, all of the equipment, all of the game help?

Mrs. Gober stated: It is everything except the AD's salary.

Director Leeson stated: The AD salary is not in there.

Mrs. Gober stated: Not in that transfer line.

Director Leeson stated: Just refresh me on these delinquent taxes that we're contemplating through Portnoff. The one line at two months said \$1,500,000 additional dollars and then at 12 months I think was about \$1,200,000. Are we anticipating that we are going to be getting net of expenses ~ \$1,500,000 more?

Mrs. Gober stated: No, that is not anticipated in this budget draft.

Director Leeson stated: I understand that, but I am asking about the presentation that was given to us.

Mrs. Gober stated: That was if numbers if we used the cities collection rate. If the board is inclined to move forward in that proposal, I would like to have a conversation with Portnoff to have her review our delinquent list and have her work through what she believes would be a viable estimate for the school district between the period that is turned over from January through June.

Director Leeson stated: Do you still have the \$500,000 in this budget.

Mrs. Gober stated: Yes

Director Leeson stated: Just some statements then. We were surprised at the last meeting that we were now anticipating that we will have much more money in our fund balance at the end of this year than we had anticipated. I believe we were conservatively estimating \$2,300,000 or \$2,800,000 more than anticipated. Was it about \$2,800,000. more Mrs. Gober?

Mrs. Gober stated: No it was the \$2,000,000 line item that was planned for fund balance restoration plus the 1,500,000 that was generated from the casino money.

Director Leeson stated: But, I think your total was around \$6,000,000 because you said that we are ahead.

Mrs. Gober stated: That is correct.

Director Leeson stated: You said that was conservative at this time, and I just wanted to make the statement that being that we're at year end, I believe you also said you were anticipating next year that we would be able to run our budget conservatively and be able to perhaps generate some additional monies for the fund balance. I don't think in all good conscience in this economy we should be passing along a tax increase if we are anticipating that we are going to be running excesses in our budget.

Mrs. Gober stated: I did not make the statement that there were excesses within the budget, what I said was that I would be, and I believe Dr. Roy also concurred that we would manage the

budget as conservatively as possible throughout the course of the year and saving in every possible way with the hope that perhaps at the end, there would be some additional revenue that we could save being under our expenditures throughout the ongoing course of the year, that is not anticipated as a revenue line item within the budget, operationally.

Director Leeson stated: The 11-12 budget, but we are anticipating that we are going to have an excess in the 10-11 budget?

Mrs. Gober stated: That was the reason for the reduction.

Director Leeson stated: But that is what I am saying, we currently have an excess and that was my reference.

President Cann stated: Director Leeson, at our last meeting we did have a discussion about the importance of maintaining an adequate fund balance and this amount would move us into the adequate range, not into some super size range, it would be helpful just to get us where we need to be. We are already using \$1,000,000 of it to reduce a tax increase. Are you suggesting we use more than \$1,000,000 to reduce taxes?

Director Leeson stated: I am suggesting that we are anticipating, we just saw an anticipation of perhaps up to \$1,500,000 for delinquent taxes, plus this excess that we are generating this year and we know that we will be generating at least \$1,500,000 from the TIF next year as well.

Mrs. Gober stated: No, that is not valid, because that has already been anticipated as ongoing current revenue.

Director Leeson stated: So, I think that passing this tax increase on, when we are looking at the funds that we have available, is not good.

President Cann stated: That is a point of view.

Director Burkhardt stated: Point of order. Are we past questions now and into politicking or are we still just asking questions? You know, I have a lot of things I'd like to say but I am not because they are not specific questions.

Director Leeson stated: It is not politicking.

Director Burkhardt stated: Certainly it is. You have a position. I appreciate that position, but you have stated it countless times. I have a lot of things I'd like to say to but I am not because I think we have gone through this repeatedly.

President Cann asked: Are there any questions regarding the budget in order to enable anyone to be able to vote tonight? Are there any further questions?

Moving on to Courtesy of the Floor. This could be on any topic. Would anyone like to speak at this time?

COURTESY OF THE  
FLOOR

Donna Sye  
1629 West Broad Street  
Bethlehem, PA

Ms. Sye stated: I just want to say that I have been attending these board meetings, and I am more confused now than the first day I stepped foot in this hall and I'm seeing a lot of information is being left out, it is not being specific enough. I am just seeing a lot of confusion with the board, trying to understand figures and what it is for and I am so disappointed I don't know what to do about what I am hearing and I would like to learn more about the dynamics of this board so I can participate more reasonably, but I just want to say I just hope you all can find the answers to the questions you seek because I certainly can't seem to find the answers I am seeking. Thanks.

Karen Becker  
738 Apollo Drive  
Bethlehem, PA

Ms. Becker stated: I am the one who sent you the note that you had referred to and let me clarify a few things. The professional services, I am not sure what they were and that is why I asked that. The technology services, I am not sure, that is why I asked that. The expenditures on technology instruction. I think we need to clearly ask ourselves what is driving the mission for this organization. There were a few discussions tonight. I took a few notes and just want to make some comments. \$331,000 back in the budget for high school babysitting. I hope not. If that is all we are offering our seniors on elective courses instead of thinking about not putting the students in courses, let's think about what the offering looks like. I am not sure that all of our students are taking these as freebie electives, they could certainly be extra academic

offerings and I think we need to think about that. I think Director Leeson asked some poignant questions and I think it is important that she get follow up to know exactly what those line items mean and to make sure that everything is accounted for. Going through the budget line by line is a critical exercise that everyone on this board needs to do. It is cumbersome, it takes hours, and I know that. Summer school, I think you need to work on being self supporting across the board. The midday kindergarten busing, I sent you a note, outlining what I thought about that. In an environment in which we are making tough decisions, I need to say it again, \$115,000 to send kids home to a mom whose waiting in about 80 percent of our cases, maybe isn't the best use of our funds. It seems to me that a lot of times, when it was asked about a budget item, it was told there was reclassification. I find it hard to believe that there are so many things that are reclassified because then we would be at almost a 0 percent increase, but maybe it is, and I'll be happy to take a look when everything is posted on line. Reduction in terms of administration is not necessarily a good thing. I am one who said, hey, there is a big increase in some administrative items including supplies and other fees. When the public asks about administration reduction, I am not sure what they all mean, but I have clearly asked about this and I have cautioned that with one person overseeing curriculum and instruction and assurance of learning outcomes at a district of this size, I am not sure we are putting ourselves in the best position academically, it brings us full circle. Are we really willing to say we are the district defined by the lowest tax milage. Come on. We need some oversight, we want to be a district that is defined by academic rigor, quality instruction, high graduation rates and productive engaged people. Thank you.

Mr. Vidanage  
1020 Johnston Drive  
Bethlehem, Pa

Pretty simply. I have been going around and meeting some of the parents. And some of these parents are really keen to get the best for their children. A couple of things that came up in their discussions because I have been going around all over the city. What they say is that some of them will not mind if there is a slight increase in their tax rates because they want to make sure that the kids get the best education. And also, some of the parents told me about the impending cuts on these higher level chemistry labs and so forth and if there is not critical mass in

one school, why can't we have distance learning with both schools attached. This is for their Chemistry, Physics and Math for higher level. I wonder whether you want to entertain that idea because most of the parents are willing to go the extra mile to give an increase in taxes. They don't mind the taxes. But also there are many concerned that we are in talking about cutting down these higher level courses because we have to cater to the whole spectrum. What are they going to do. We have some very good students in the system and if they are not challenged, we are not doing the job that we are asked to be coming here and doing. Thank you.

Mike Stauffer  
909 Cayuga Street  
Bethlehem, PA

Mr. Stauffer stated: On the political spectrum, left to right, I am way over here. I will just admit it. I have very conservative, small government, the whole nine yards. But I am also very pro kid and the one statement that was said throughout the last three months that probably jumped out more than anything and caught my attention was when Director Burkhardt said that we shouldn't make our kids pay for some mistakes that were made in the past. Try to make up in a budget on the backs of the education of our kids. I stand with the proposed budget as it is, but when Director Leeson pointed out that this could be due to conservative accounting that could be used and by the way, compliments on that, that is the way to do it, but should a windfall or any large significant amount either appear or be freed up, I as a very conservative tax payer and homeowner, I personally, I would say give that back to the kids, I don't need it. I have received too much from this district that has benefited my kids, so I don't want to now that my kids are through, turn selfish and just think about me. I want the kids that are following my kids that went through to at least have a fighting chance, so I am just officially, very strongly advocating that if there is any type of more money that is found in the general fund, or if the state should come through with more money here in the next few weeks somehow, on record I am saying, don't give it back to me as a taxpayer, give it back to the kids. Put it back in our schools. You have done a good job, I think over the last three months. I commend you on the pretty temperate discussions that have taken place. I think you have done a good job, but now that the dust is settled, if any more money does come through, again, keep it, give it back to the kids. Put it back in the schools, let's shore this thing up. Thank you.

MAY 9, 2011

Budget Hearing adjourned at 8:45 p.m. immediately followed by a Special Board Meeting.

Attest,

Stacy M. Gober  
Board Secretary