



**BUGET WORKSHOP
MINUTES
Wednesday, January 11, 2012**

President Faccinetto called the Budget Workshop to order at 6:00 p.m. at East Hills Middle School in the Auditorium. Board Members present: Directors Bonilla, Burkhardt, Cann, Follweiler, McKeon, Patrick, and President Faccinetto. Members absent: Director Ortiz and Director Vidanage. Director Vidanage arrived at 6:20 p.m.

Courtesy of the Floor

Michael Stauffer (909 Cayuga Street, Bethlehem) - Mr. Stauffer complimented the Administration about the Budget. He indicated that he called the school district today, and his call was returned. He is confident of the Board that they are concerned about the students of BASD. During last year, a senior citizen felt intimidated to speak, and Mr. Stauffer wants to remind the Board that BASD is made up of senior citizens, retirees, etc. There is a community out there and please look at the four (4) percent increase as not many people can afford that increase. He wishes the Board luck in the work ahead working on the Budget.

Presentation of Preliminary Budget

President Faccinetto introduced the presentation with his thoughts about starting with a lean budget due to the tremendous cuts from last year. He reinforced that this is just a Preliminary Budget and it can and will change.

Dr. Roy stated that this is the start of the formal budget process and will end in late May or June when the Final Budget is approved. He said that the goal tonight is to start with the big picture items and trends, and drill down to specifics, and where they are within this Preliminary Budget. In the end, the Administration is looking for Board direction and Board consensus to move ahead with the Preliminary Budget as proposed this evening so it can be put on the Regular Board Agenda for this month since it needs to be approved to stay in line with the Act 1 timelines.

PowerPoint Presentation

Mrs. Gober presented the basics of Act 1. She stated that we need to prepare the 2012-2013 Preliminary Budget in January and ask for the Board's approval even though the Final Budget will not be approved until May or June. This is because of the result of Act 1 adopted in 2006. The intention of Act 1 along with some other things related to the budget is primarily to limit the local taxation on school districts and apply a limit annually on an index that is tied to inflation. It also establishes timelines that are based on the primary election and backs the deadlines forward from that primary election date. In this particular year, we are beginning a little bit earlier than we would otherwise because of the Presidential Primary being scheduled in April rather than in May. We are required by Act 1 to approve a Preliminary Budget 90 days prior. The general reason for this is that in the event that the district would need to look for a Referendum question

to be placed on the ballot we have to comply with those posting requirements in order to get that question on the ballot for the April primary. A few options that the Board has includes:

- In order to remain within the index, the Board does have the option to adopt a Resolution that states upfront in January that we agree to stay within that 2.1 percent index for 2012-2013 fiscal year, and at that point, we fall back into the school code requirements for a May Preliminary Budget adoption and a June Final Budget Adoption, and Act 1 essentially then goes away.
- We also have the option, if we choose, to proceed with the Act 1 process and the timelines to apply for exceptions related to certain expenditures if in fact the proposal that is adopted in January exceeds the Act 1 index of 2.1 percent.
- There are three exceptions that are remaining after the revisions that were enacted last year in the spring, and they relate to the retirement pensions rate, special education, and grandfathered debt that we would have prior to the adoption of Act 1.
- The last option that is available to the School Board is that if the exceptions still do not meet the needs and the Board is so inclined, you can then place that Referendum question on the spring primary ballot for the general electorate to approve or deny the budget. It is not our recommendation in this fiscal year that we would look to do that Referendum. We are suggesting in tonight's presentation that we would look to apply for the exceptions, and we will get through that process as the presentation unfolds tonight. Once we follow through and pass the primary election, then we fall back into the typical school code provisions and timelines, which then has us adopting a tentative budget in May and a final budget in June.

2012-2013 Budget Goals

Mrs. Gober stated that our Budget Goals are to maintain BASD assets that are important to the district which include: Neighborhood Schools, Targeted Class Size, Diverse Curricular Offerings; Student Academic Support, Well Maintained Facilities, Up-To-Date Technology, Professional Development Opportunities, Co-Curricular Activities, Continue to Reduce Variable Rate Debt, Maintain Current Programming in Support of the Roadmap to Excellence.

Roadmap to Educational Excellence 2010-2014

Dr. Roy stated last year we talked about the budget and expenditures as a series of concentric circles, and we wanted to start with the outer circles that were non-mandated and the farthest from the classroom and make cuts in those areas. We eliminated lots of the concentric circles. What we have now is a much tighter budget with cuts that came close to the classroom level. In maintaining our assets and maintaining our ability to pursue the Roadmap, we want to review our current Roadmap. Core Learning is the subject areas of math, science reading. Stretch Learning provides students to pursue their unique talents. Student Engagement is students who are engaged in their school to learn more and perform better. So we need to provide opportunities for students to be engaged. We measured that through a School Improvement Survey last year and will do it again this year, and we are implementing programs, such as Restorative Practices and "Leader In Me" programs to engage students. Personal Skill Development is universal values, and we are pursuing initiatives and have set goals in those areas as well. Despite all our cuts last year, we were able to protect and maintain our current Roadmap. We are at a challenging point now continuing to protect those areas, and the things we need to do to pursue the Roadmap goals in a tough budget year.

2012-2013 Budget Goals

Dr. Roy stated the Budget Goals for 2012-2013 include: Sustainable Budgeting with aligning programs to reliable revenue sources; Assure Adequate Financial Resources to pursue Roadmap goals; Sustain Mandate Programs by sustaining existing contract and agreements as required by the state or things we are required contractually to do; Multi-Year Financial Goals that address cyclical needs such as buses, facilities and uniforms; and Target 4.0 percent tax increase. The health of the district and in particular the fund balance to get to the four (4) percent tax increase includes cuts. The structural deficit is \$7 million. The structural deficit is not as great as it might have been had we not made hard decisions last year.

Reflect Upon 2011-2012 Reductions

Dr. Silva reviewed the following challenges that we face because of the tough changes made last year:

- Pre-K program (SPARK) – This used to be partially supported by general operating costs. Last year, we made a decision to make it exclusively tied to the Pre-K grants from the State of Pennsylvania. That significantly reduced the number of SPARK classrooms and Pre-K classrooms from nearly 300 students to less than 100 students. That means this year/next year those kindergarten teachers will be dealing with 200 more students who are less ready for being in that classroom with the corresponding amounts of distractions and time that go along with it. We are still making a really good effort and students are learning. It did put a strain on the early childhood transition to school.
- Full-Day Kindergarten – This was supported by general operating funds budgeted and took a hit last year. During February, March, and April, we had taken full-day Kindergarten out entirely, and when revenue looked a little bit firmer with a better idea of what we were getting from the State, we were able to put six (6) full-day kindergarten classes back into our program, but not nearly as many as we had before. This means the students moving into first and second grade, the vulnerable years of reading, there are not going to be as many of them who have that wind at their back from a full kindergarten program. Additional full-day Kindergarten has the added attraction to parents who want to put their kids in our school system. When full-day Kindergarten programs are selected elsewhere, we lose those students not only in Kindergarten but sometimes for first, second, and third grades. If we had a full-day Kindergarten in more schools, we would probably create more subsidies because we would keep more of our youngest students.
- Middle School Teaming – This was the biggest hit academically that took place at the middle level where the program went from a teaming approach to a traditional approach, a full scheduled six period day for teachers. There is a reason why teaming is almost a universal design of middle school education to teach early adolescents. It is because at that developmental stage in their life, they need the support and an integrated approach from the adults in their lives, maybe not their parents, but they need it from the adults who are not only supporting them academically and show the connection but also socially and emotionally. They are very strong years of storm and stress in a child's life and teaming was a way to mitigate those both in an academic and student support service. When those are pulled away, many of the things not just the increased load on the teachers, but a lot of the communication among and between the teachers and support of kids, time to meet with parents, time to perform those services time to look at the data, to do the diagnostics, that has been removed from our middle school program. There is still good teaching and learning and kids doing good things in our middle schools, but the

quite subtle lax of support that sort of incrementally add up over a full year will indeed have an impact on students engagement and student achievement.

- Family Centers – Many of our social services, the family centers, were reduced, especially the family development specialists. Again this was tied to dedicated grant funds so that they were sustainable, and as the economy remains troubled, we certainly have as many or more families who are having a hard time having their students be ready for school when they get here whether it be their health, trouble with residency, or other social issues that go along with communities in need. Family Centers are not as equipped and do not have as many contacts to be able to support those families.
- Personnel – There were reductions of teachers, librarians, academic coaches, curriculum supervisors, teaching assistants, athletic coaches, family development specialists, secretaries, hall monitors, after-school coordinators, and administrators. Fewer people working with needy, students, which creates stress within our system.
- Cyclical Needs – We had to forgo some needed cyclical purchases, buses, facilities and equipment. Those expenses are not going away. They are just becoming larger as they become more neglected over the years.
- General Operating Expenses – Paper, pencils, supplies, all the things that have filled the classrooms and offices, we have been reducing over the year.

It is lean. It's a challenge for students to the degree that they can be isolated to show cause and effect. There will be better ideas of that mid-year and at the end of this year. We will never be able to make a linear connection between what this budget was like and what is its academic impact, but we can see why if there would be a change in academic performance what some of the contributing reasons are. I am confident in our people, in our administrators, and in our students that we can continue to grow against this headwind. We are still making progress.

A budget was an expression of priorities within an organization backed with dollars. We enter into this year on the heels of successive years of budget reductions, which limit our opportunities for reductions this year. Many school districts are admiring how we've done our work and moved toward sustainability and brightened our overall financial picture even during some dark days in public education.

2012-2013 Proposed Budget...The Beginning

Mrs. Gober stated that we are beginning our conversation tonight as we look at the onset of the 2012-2013 Proposed Preliminary Budget. We are presenting a proposal tonight that begins with a \$5,067,000 deficit that represents 1.79 mills or four (4) percent increase on that tax rate. This exceeds the Act 1 index for the current year, which is 2.1 percent but is in accordance with the discussions that we had had with the Board back in December. In order for us to get to that four (4) percent, this is a status quo budget, there is nothing new, and there are no new initiatives in here. We looked to reduce the following:

- Reduce 11.9 teaching positions due to declining enrollment projections.
- Anticipated savings on wages for projected retirements 2012-2013.
- Technology – Reductions in technology in terms of maintenance for projects for capital improvement money.

- Anticipated transportation efficiencies as a result of efficiencies gained between now and next school year.
- Savings on tax collection process, and we are coming to Board in February to do it in a more cost effective fashion and expect cash flow back into the district.
- Increased revenue for the Sands expansion that is not yet recorded. We have not yet received the assessed values.

What New Money is Proposed for BASD in 2012-2013?

Mrs. Gober reviewed the following:

- Basic Education Funding - We are hearing that we are essentially getting status quo in Basic Education Subsidy. The Governor has not yet released the budget information or projections for the upcoming fiscal year, so this is school districts again projecting and adopting budgets prior to the state releasing any information. We are estimating approximately \$4,025.
- Accountability Block Grant – We knew that this was going to be the last year for this grant and will be losing (\$665,439).
- Tuition Orphan/Group – We are anticipating a reduction in tuition for students that we educate in group homes. This is an estimated loss of (\$15,000).
- Vocations Programs – We are also anticipating a reduction of (\$38,000).
- State Reimbursement Debt – We are anticipating a loss of (\$158,995) to reimburse for what is our debt payments on our capital improvements. That is primarily driven by the fact that we have done a very good job in the last two or three months in refinancing our debt and lowering our debt expenses. Therefore it reduces the reimbursement that we would receive on that expense from the Commonwealth.
- State Share Retirements – The primary driver in increase revenue from the State is related to the state share of the retirement. This money has already been spent for us and is simply the state offset and share of the mandate increase in the retirement contribution. So there is a corresponding 50 cents on the dollar budget increase that is already consumed with those dollars. We are anticipating \$2,083,796.

So the total new money proposed for 2012-2013 is \$1,210,387.

2012-2013 Revenue by Sources

Mrs. Gober reviewed the pie chart. She stated that if we look at comparing current year revenues as they were budgeted at \$203,000,000 to the projection for the 2012-2013 year, you will notice that they are related to the local and state share of funding for our schools that we do evidence there the reduction of about 2½ percent in state funding, which is to be shifted forward and coming out of the local taxpayers to support that shift in revenue.

2012-2013 Revenue Summaries

Mrs. Gober stated that we are looking at the majority again of \$146,000,000 in local revenue that is coming from all of our local tax sources, that would be real estate, earned income tax, mercantile tax, and realty transfer tax. The state share includes our basic education subsidies, targeted subsidies for transportation, special education, and vocational education.

Federal revenues are down again related to Title I programs and other Title programs that we have that again have specific targeted education requirements that accompany those dollars. That shows us overall an increase of almost \$2,000,000 in our revenue without any additional increase in taxes, just under one percent growth.

If we look at this graphically on the pie charts, again the lion's share of the resources available to pay for student programs and operating budget for the upcoming year is nearly three-quarters locally driven with the remainder primarily coming from the state and a very small share coming from the federal government in terms of subsidy.

2012-2013 Proposed Budget Expenditure Summary

Mrs. Gober reviewed the expenditure summary page. The larger portion of our budget is related to instruction at \$130,000,000, which is direct instruction and that is the primary increase in the overall budget in terms of change, but it is also reflective of a very minor increase where we have done some of those reductions that I addressed previously in support services that would relate to things like transportation, maintenance, technology in support of the instructional process.

The Noninstructional programs relate to athletics and student activities. That is representative of an increase that looks very large primarily because of the fact that it is not a large dollar amount to start with and that is primarily impacted by the change in the retirement contribution and debt service and transfers which you can see a nominal two percent that is reflective again of the refunding that we have done in order to reduce our overall debt burden within the district, and we are then looking at a total increase of just over \$7,000,000 or 3.45 percent of expenditures going forward.

This is inclusive of the reductions that were previously mentioned. It does not include any new expenditures. It does not include any new initiatives. It does not include any new programs. This is just for us to maintain.

2012-2013 Proposed Budget Expenditures by Category

Mrs. Gober stated that if we look at this graphically, it is far easier to see things when you look at them in volume perspective. The instructional area is almost 62 percent of direct instruction, which is contact with students in classrooms. Also that does include tuition that we pay for students who are attending outside placements. It also includes tuition that we are paying for charter school students who never set foot inside our doors. The next largest portion is 25 percent of support services. These are guidance services, health services, transportation that directly support classroom instruction and facilitate student learning within the classroom. The combination of instruction and support services is almost 86 percent that is related purely to helping students learn and achieve within our classrooms. The largest portion is the debt to pay for the facilities and the buildings in which they learn.

BASD Enrollment Projections

Mrs. Gober stated that in the enrollment projections that were used in order to base our assumptions, we noticed there has been a decline in our enrollment over time. We are projecting again that we will have another decline in enrollment. The trend over the last six years dictates a 7.4 percent decline in our student population.

Historical Staffing Reductions

Mr. Giordano reviewed the following information relative to staffing reductions. Between the 2007 and 2008 school year and today, there has been an overall 16 percent reduction in teaching staff and an overall 22 percent reduction in Administration staffing. For the 2007-2008 school year, there were 1,182 teaching positions, and for the 2012-2013 school year we are projecting 996 teaching positions. For the 2007-2008 school year, there were 79 administrative positions (including Directors, Supervisors, Principals, and Assistant Principals), and for the 2012-2013 school, we are projecting 62 administrative positions.

PSERS Funding Rate

Mrs. Gober indicated that we would not be able to prepare this budget without talking about the impact of the PSERS retirement fund situation, and its impact on the overall budget. We have been sharing this information for the last couple of years, and we are not quite halfway up that steep slope to reach the maximum when we finally get to the year 2019-2020 where we will peak at 28 percent of the payroll that is obligated to be paid for the retirement of the school employees within our system. We began in 2010-2011 at 5.64 percent, which would have yielded about a \$5,200,000 expense, and when we finally get to that top of the mountain, we will be looking at a \$21,000,000 increase if we kept the payroll steady at the same payroll amount and we know that our payroll is going to change. So there will also be another corresponding increase above that. That is one of the largest challenges that we are facing as we move into this budget and those that are coming in the next few years is to pay for the increase in that PSERS funding rate, although there is a 50 percent offset that is included in this budget. We don't know for certain if that is going to remain. At this juncture there is some help available from state in terms of subsidy for that, but it is certainly a huge burden that needs to be borne by this budget that is taking away dollars from instructional programs.

Expenditures by Program Area

Mrs. Gober indicated that if we look at exactly where we spend our money within this particular proposal and we look at the largest cost areas of instructional programs, maintenance to support classroom instruction, transportation to get the student into school, the federal programs that are again targeted instructional related events, health services to make sure that our students are healthy and able to learn within the school classroom and security to keep them appropriately safe throughout the day, we are looking at 80 cents on the dollar that is being spent to support direct instruction or instructional related areas. The remainder of the 20 cents on the dollar is spent for administration, debt service and noninstructional programs that are student activities and athletic programs, extracurricular available for students after the close of the instructional day.

Salaries as a Percentage of Budgets

Mrs. Gober indicated that we are a people driven industry. Salaries are by far the largest expenditure within our budget. We look at the percentages of wages that are spent on each employee group and overall we are spending \$93,600,000 of the entire overall budget on salaries, 44 percent is wage related, and the associated benefits of 22 percent that accompany that. We are looking at 66 percent or two-thirds of our budget being people costs. We cannot ignore that because without our instructors, without our staff, we cannot educate the students.

Non-Discretionary Expenditures

Mrs. Gober indicated we addressed the salaries and benefits (\$140,065,960 or 66 percent of the budget) as being the largest component of those non-discretionary costs, but we also have tuition for outside placements (\$20,266,942 or 10 percent of the budget), special education needs (\$7,271,887 or three percent of the budget), debt service (\$23,182,034 or 11 percent of the budget), transportation to and from school (\$6,590,062 or three percent of the budget), utilities (\$4,881,717 or two percent of the budget), the obligatory federal program requirements (\$4,987,595 or two percent of the budget), and our general liability insurance (\$709,448 or zero percent of the budget) that allows us to open our doors and this is 98.6 percent of the overall budget. It is difficult to find ways to reduce costs when the largest portion is the people costs, which are directly impacting our students and changing programs in the core of how we operate. How we do business is really the only way that we can come back to making significant budgetary savings.

Charter School Enrollment and Charter School Costs

Mrs. Gober noted that one of the largest costs that we have that is growing annually is our charter schools. If we look at the change in charter school enrollment and the growth from the point where it had its inception in 2007-2008, we have grown from just a little over 500 students attending charter schools to over 1,200 students that we have now in the current school year attending charter schools, both cyber schools as well as traditional brick and mortar charter schools. The cost associated with that from a tuition perspective have grown from \$4,000,000 to \$11,000,000 in the current proposal. We have grown on average almost 18 percent. At that \$11,000,000, we are looking at four (4) of our mills currently being dedicated to charter school tuition. That is 8.6 percent of our overall tax millage that is being expended on charter schools.

Dr. Roy stated that prior to this year we did receive some subsidy from the State to help offset the cost of charter schools and that was eliminated. That was about \$2,000,000 we lost in the current year's budget. Part of the problem is not about the charter schools, but about the funding of the charter schools and the mechanism.

Mrs. Gober stated that a student could have been a home schooled child, it could have been a non-public student who never attended our school, but now we have incurred an additional expense for the tuition for them to attend the charter school.

Items that are Not Included in the Proposed Preliminary Budget

Mrs. Gober indicated that there are some items that have been identified as some of those cyclical costs that we have had, and we need to deal with or they are going to cost us more money each year that we defer those. These items include:

- Academic Support/Tutoring – This was significantly decreased in the current year. We would like to see if there is an option that we could restore some of those tutoring supports for students. (Cost of \$100,000 / 0.0353 mills / 0.079 percent tax increase)
- Ongoing Facility Maintenance Improvements - The ongoing facility maintenance and capital improvements that need to happen on a regular basis. (Cost of \$2,000,000 / 0.7065 mills / 1.573 percent tax increase)
- School Buses - We know that we have an issue with the age of our fleet. Not only is the age of the fleet a concern from an ongoing maintenance perspective, it is a concern when we look to do the annual bus inspections each summer with the state police. All of our buses that are fully depreciated are not bringing us any subsidy any longer. That is an issue we know we need to deal with based on the amount of miles that we drive on a regular daily basis. (Cost of \$1,000,000 / 0.0333 mills / 0.787 percent tax increase)
- Technology Replacements - There is no inclusion here for expanding the replacement of computers on a regular cyclical basis. We need to maintain ongoing refreshment so that it is able to offer the curricular offerings that students need in order to be successful. (Cost of \$500,000 / 0.1766 mills / 0.393 percent tax increase)
- Band Uniforms - This is something that has not been addressed for quite a number of years. The wear and tear on those uniforms is beginning to show. Some of our bands also have abandoned the tradition of the uniforms, and they have gone to polo shirts and those types of things in order to make their performances. (Cost of \$150,000 / 0.0530 mills / 0.118 percent tax increase)
- Equipment Replacements - We have not addressed specifically any of the equipment replacements that may be necessary across the district for small wears that we are in need of.
- Contingency for Enrollment or Class Size Increases - We have no contingency in here for any changes for those enrollments projections or any increases in class sizes that may develop as students come in and register over the summer. In particular, often we have an issue with kindergarten because we have summer enrollments that cause spikes in particular grade levels. There is no contingency in this budget in order to accommodate any of those types of changes.

The total cost would be \$3,750,000, or 1.325 mills with a 2.949 percent tax increase.

Fund Balance Review and History

Mrs. Gober indicated that we have made great strides in resurrecting the fund balance and restoring it to an appropriate level. Congratulations to the Board and the Administration and the staff and everyone who has contributed to being lean and mean and effective in their overall spending patterns and making those difficult challenges to get that fund balance restored to where it is at the conclusion of the 2010-2011 audit of \$15,600,000 that gets us to the 7.1 percent that was the target that we had looked at to achieve an optimum fund balance level.

At this point we have reached our goal. We are not suggesting that in this budget we are looking to grow the fund balance, but we are also not looking to run away and spend it. I think that we have talked over the last few weeks about bond rating agencies and S&P, and the kinds of testing that they have put us through as recently as the week right before the holiday. We need to maintain what we have. We have reached our objective but anything that we would be able to grow going forward, I think, we need to then be starting to think about perhaps as the initial thought to move some of those excess revenues going forward about that level into capital reserve so we can begin addressing some of those capital improvement needs that we need to address in order to avoid more serious long term expenses.

Fund Balance Reservations

Mrs. Gober reviewed some of the provisions that are available for the board in terms of the funds balance requirements under GASB 54. We can commit fund balance, which requires Board action to set aside funds for a particular purpose, or we can simply allow through committee or through an administrative recommendation to assign funds to a particular purpose. That still would not be committee. They still would be part of the unassigned total, but they would be then set aside with an earmark that would not require by code, Board approval, but I think by policy we would need to have that Board's approval. You have some options in order to set aside any fund balance if you choose to do so.

2012-2013 Proposed Budget Following Consideration by Administration

Mrs. Gober stated that to summarize, we have expenditures of \$210,000,000 supported by revenue of \$205,000,000 leaving a deficit of \$5,067,025 that needs to be funded through an increase in tax revenue of four (4) percent or 1.79 mills. That is for the status quo budget with no new initiatives.

2012-2013 Millage Requirements

Mrs. Gober indicated that our current millage is established at 44.92 mills. The proposed increase would then be 1.79 mills, which would take us to 46.71 mills.

2012-2013 Budget Cost Drivers

Mrs. Gober indicated that looking at what is actually driving that millage rate of 1.79 increase is salaries (\$1,319,560 or 0.4662 mills) being the largest component of our budget. The PSERS (\$1,316,543 or 0.4651 mills) increase is corresponding large in terms of overall millage. Health care (\$1,302,581 or 0.4602 mills) is just a growing entity, and with the onset of federal healthcare and the addition of mandated benefits within that program. We are not exactly sure what that dollar amount is going to be, but health care is a large portion of our overall budget as well in terms of benefits. Charter schools (\$903,465 or 0.3192 mills) again are driving about three-tenths of a mill in that discussion. Student tuition (\$802,591 or 0.2835 mills) for other outside placements. Debt service (\$95,774 or 0.0338 mills) again is a declining portion because of the work that we have done in the last three months or so in terms of refunding. Then we have

overall reductions across the board in general operations areas with a deficit of (-\$673,716 or 0.2380 mills) to get us to the 1.79 requested increase.

Dr. Roy stated that when we talk about structural deficits, that is the face of the structural deficit, those budget drivers. The salaries that are reflected there, that is the salaries in this budget and the budget included a reduction of 12 positions and also an assumption of a certain number of retirements and replacing people at a lower cost.

Act I Historical Index

Mrs. Gober indicated that the Act I index has been declining. We had a high in 2008-2009 of 5.4 percent and a bottom of 1.7 percent in the 2011-2012 school years. So we did have a little bit of a recovery in terms of the overall economy, which was helpful for schools under the Act 1 provisions.

Act 1 Index – Available Exceptions

Mrs. Gober continued with what does that translate to in terms of dollars? The allowable index for 2012-2013 of a 2.1 percent on our tax rate would generate \$2,600,000 available in additional revenue. Again to clarify when we say that index and the Act 1 restriction is 2.1 percent, it is 2.1 percent of our tax rate, not 2.1 percent of our overall budget. A 2.1 percent increase on our overall budget of \$203,000,000 would generate \$4,300,000 in available new revenue. That is not what we are talking about. We are talking simply about a two (2) percent increase of our tax rate that only generates \$2,600,000 of new money for us to spend going forward for programs.

We have estimated what our exceptions might look like. The school construction has a decline in that if you recall what the exception generated in prior years. Again because of the refunding that we have recently done, special education is the largest lion's share of our cost in terms of exceptions. Then the retirement contribution that exceeds the value of the index. We would estimate that we could levy under indexes unapproved. These are not PDE certified numbers, but just preliminary estimates of about a little over five (5) percent in terms of an increase tax rate if we utilize the exceptions.

Effect on Proposed Budget on Average Tax Bill

Mrs. Gober reviewed a chart showing an example of a piece of property at 1.79 mills. The effect of this particular property of 1.79 mills on the average tax bill would generate an increase annually on the average of \$134.40 per year or .37 cents a day for the average tax payer. To note within that \$75,000,000 assessment it does include your commercial and retail properties. We had looked at what does a local home in the area look like, and what would that translate to and on average what would be a normal home? They tend to range somewhere between \$45,000 and \$60,000 in assessment for a typical home within the school district.

2011-2012 Millage Rates – Northampton County

Mrs. Gober stated that when we look at how we compare regionally and within the Commonwealth, Bethlehem Area School District has done a wonderful job in keeping their taxes low for their residents. Bethlehem School District taxpayers are getting a great value because we are still the lowest tax rate in Northampton County in the current fiscal year.

Lehigh Valley Equalized Millage Rates

Mrs. Gober continued by saying what does that look like related to the overall Lehigh Valley? We are the fifth lowest in the Lehigh Valley in terms of school tax rates, which is also below the Lehigh Valley average and it is also below the Pennsylvania average. We are doing a fine job in terms of controlling costs for the taxpayers within our community.

Other Comparative Data

Mrs. Gober indicated that some other comparative data that put some context on what does Bethlehem look like and how do we compare on a state level shows that BASD is the sixth largest school district in the Commonwealth. We are the 11th most wealthy of the Lehigh Valley out of 27 school districts. We are the 150th most wealthy school district within the Commonwealth within the State. There are 500 school districts within the State, and we are the 150th most wealthy. We are 127th in terms of market value, and 166th most wealthy in terms of personal income. Again, reflective of the fact that we are doing everything that we can to control costs. Bethlehem is spending 14 percent less than the average school district per student both in the Lehigh Valley and across the State. We are doing everything that we can and these factors are showing that.

Recommended Next Steps

Dr. Roy stated that we are looking for Board consensus to accept the Proposed Budget as presented. We would have that on our Regular Board Meeting on January 23rd, and then what goes along with that is because it is above the index at four (4) percent is to authorize the Administration to apply for the Act 1 exceptions. Going forward in the next months, we will refine our numbers. We will have the Governor's budget. We will continue to review the revenue side and continue to identify efficiencies, reductions, and savings that we can bring forth. I'm hoping that we can pay a lot of attention into focusing on how do we make these reductions? How do we adjust revenues so that we can bring some of the items that we had listed, the things on the shelf, the facilities piece, the transportation piece, the band uniforms? How do we take those things off the shelf and get them into the budget over the next few months, as well as adjust the expenses and the revenues?

Timeline for Spring

The last slide of the PowerPoint showed the timeline for the 2012-2013 Budget going forward which listed Preliminary Budget Adoption on January 23, 2012; Governor's Budget on or about February 8; Budget Workshops on February 23, 2012, March 28, 2012, and April 26, 2012; Proposed Final Budget Adoption on May 14, 2012, at a Special Board Meeting; and Final Budget Adoption at a Special Board Meeting on June 18, 2012.

Board Discussion

Director Follweiler stated: In general, I agree with the budget goals. In the long range decision, what are the five-year projections that we really need to look at in conjunction with the budget? If we could have that for the next budget presentation so that we have both documents in front of us to understand where we are going.

Director Follweiler asked: I have a question on the neighborhood schools. In theory I fully agree especially, at the elementary level, you want that neighborhood feel, but I know we have some smaller schools and some of the Board members had asked to look at the possibility of lowering the number of elementary schools. For example, can the other schools absorb that population without increasing the class size? Can the administration look into combining some schools with

lower enrollment, and what affect would it be on the school where additional students would attend?

Dr. Roy responded by saying that part of the answer is that the closing of one school would require redistricting for many schools.

Director Follweiler continued: That is why I am marrying the five-year projection because if that is something that we would look at entertaining, the decline in enrollment, where it has been a steady decline over the last couple years, hasn't been as large as 200 students, which would be what we are looking at to 200-250 students to redistrict? To look at it in the next five years, is that something that we should be considering? If we do consider it, does that help on the facilities expenditures and the busing expenditure? It transcends the entire budget and is something that we have talked about a little bit last year, but here we are in another budget cycle, and we have to find the big chunks and this is an area that perhaps, unpopular for whichever poor school would be the one that we would select, it certainly would be a larger chunk of the pie.

Dr. Roy responded that the potential saving would be certain facilities cost, the running of a facility, and then some staffing efficiencies. Because if a school is small and has two first grades and we added two more first grades from another school, now we have four, so if we have additional students come in first you can spread them over four first grades rather than if you only have two, and they start to get a little large, you might have to add a section. So there are staffing efficiencies, the reason we identified it as an asset is because in speaking with parents I believe one of our strongest assets and the biggest attractions for people to come to our district are the small community neighborhood schools where kids enter in kindergarten and stay through fifth grade. Parents know the teachers, everybody knows each other, and it is that real sense of support that is so critical. We have done some looking at that and we can do more, but I would just urge the Board, I think this is one of our key pieces. If we were and I know you are not suggesting this Mrs. Follweiler, but if we were to move to the notion of larger schools, I think we would lose more people to charter schools. It is one of our key assets.

Director Follweiler stated: On a final note, keep in mind that I did preface it with, "I didn't want to change our goal on class size," but we do have a Fountain Hill which has 500 plus and Spring Garden, and then we have two or three that are at 250. So we do have a very wide range right within our district in the size of the schools.

Director Burkhardt stated: To jump on Director Follweiler's comment, the district was going through declining enrollments periods and they had to close. The pieces of information that were given to the Board was from the five-year projections from child accounting. We saw this declining enrollment but it has already occurred. We do not have any projections on where the numbers are going to be over the next five years. The board should see the information. Is the enrollment declining? How is it impacting each school? How many seats are available in each school? This way we could see very quickly where we had tight situations. Fountain Hill for example, where we had a ton of room, now that Board then had to struggle with are you going to move kids to the seats or are you going to leave the seats vacant? In some cases they were left vacant, and in some cases, there was redistricting for efficiencies, but I think that is an important piece of information. I think it also important for us to look at our middle schools and our high schools. We are hearing on the street that Broughal is undersubscribed. We are looking at a Nitschmann where we could be spending \$60 million. What is the student population? Where is

it going? What is going to happen to it over the next number of years, so we know what we want to do? There may be some obvious things that look good on paper, but that we just say we are not doing that. But I think we need that kind of information to kind of support what Director Follweiler is saying. Personally, I don't need that next week, but I do think that as the budget process rolls out this spring we should have that kind of information available to us.

Director McKeon asked: Could we get chart of what we are not obligated for that is in the budget? For example, Kindergarten and transportation. To the best of my knowledge we are not obligated to provide either to our taxpayers. Transportation, I believe is about \$6,000,000. So the public understands that there is an expenditure that most of us are willing to bear sitting in Kindergarten, and it is only part-time kindergarten, that does not include full days since we have done away with full day. Director Follweiler has been stressing zero percent base, and I don't disagree with her approach, but this is one of the items that would not be necessarily in the zero percent base piece. What are we obligated to run and then these are the costs extra that are included in our dollars. We need this as part of our public review, so the public understands some of the costs that this prior board and this current board are willing to pay for.

Director Cann asked for clarification: 2012-2013 Expenditure and revenues and the deficient is \$5,670,000, is that how much in cuts we would have to make to have a zero percent tax increase?

Mrs. Gober responded: Correct.

Director Cann asked: Are we going to start looking at cuts at the next budget workshop?

Dr. Roy responded: We are going to look at where we can make reductions.

President Faccinnetto stated: I think we also have the benefit at the next workshop of knowing what the State budget will be at that point, because we are not scheduled again until February 23rd. That will hopefully clear up a lot of things.

Director Follweiler asked: I know again, we had this discussion in past workshops, but on some of the items, for example, I believe that if we provide a service, we must pay for it or is it possible to have fee based services for things such as full-day Kindergarten or transportation or things that might want to be options to the public to use. However, we cannot afford it in the overall General Operating Budget or the tax increase.

Mrs. Gober responded: Generally, my recollection is that if you provide it then you must provide it. If you don't provide it, you are not required to, but if you do, you must provide it as a no cost service. We wouldn't be able to charge students to ride the buses. I think people have tried to do impact fees when the fuel costs had gone crazy a number of years ago and there was a determination that that wasn't eligible. I am taking that and extrapolating it to say I believe my recollection was that if you provide it, you just provide it.

Director Follweiler stated: I believe I have heard that before, but if we can clarify that, it again transcends a lot of subjects. I was in the minority on the Pay to Play and that came out of the last budget and that was similar things, that was a use based tax and if that is not an option on things to generate revenue, I think that is something that the Board and the public needs to be aware of in looking at areas on where we can cut. People talk about cuts and reductions, but we have to talk about finding new revenue too, and we have to think outside of the box. If there are outside of the box options that are not available to us, then we need to know that as quickly as possible.

Mrs. Gober responded: I think just to clarify there are differences in certain things where you can charge. For example, Pay to Play is an extracurricular and it is beyond the regular instruction. So it is voluntary, you can then have the ability to charge for that because it is not going to be detrimental to the students learning if they cannot make that payment. One area that I think we have talked about, over the years that would be something similar might be a shop fee, where students might have to pay if they are taking an advanced woodworking class where they are building a clock and they may have to pay for the wood for that, rather than the introductory course that is mandatory where they build the bird house, and we would not charge them for the bird house, but we might charge them for the clock. That kind of thing I think you have some latitude, but it is almost fee-by-fee.

Dr. Roy responded: You mentioned all-day Kindergarten. I want to investigate the answer to that because all-day Kindergarten is not a mandated program. So does it fall like transportation? Is it not mandated, but you can't then charge for transportation? So I am not sure whether that would fall under that line of reasoning or under the extracurricular line of reason.

Director Follweiler stated: So again, then it is something we can bring up for the February meeting. It would be an interesting topic if nothing else.

Director Bonilla asked: Dr. Roy or Dr. Silva, when a kid in the BASD say goes to Donegan for a half-day Kindergarten and then decides to leave Donegan to go to an all-day Kindergarten to a charter school, are we obligated to pay that charter school for that child to be in all-day Kindergarten?

Dr. Roy responded: Yes.

Director Bonilla's asked: How much would we be losing instead of having the child here for all day kindergarten?

Dr. Silva responded: Whatever the tuition rate would be for that charter school. We would be losing approximately \$10,000.

Director Bonilla asked: If we kept them here, we wouldn't be losing that money?

Dr. Roy responded: That is correct and it is an interesting point. There was just a Supreme Court decision in Pennsylvania that said that if a charter school had an entrance age in kindergarten younger than any district entrance age, we don't have to pay for that student to go to that charter. We have identified seven or eight students that fall in that category. That is \$70,000 or \$80,000 that we will not be sending to those charters based on that Supreme Court decision.

Director Burkhardt asked: For upcoming meetings, what would it cost to bring back sixth grade teaming, and is it possible to do teaming at one school? What are the implications, and if it is possible to have teaming at one of the grade levels? I don't see much in here for reductions in Vo-Tech expenses for next year.

Mrs. Gober responded: We did make a reduction in the overall tuition cost for the Vo-Tech, but the problem is that we anticipate our enrollment increasing as a percentage of the overall Vo-Tech population. We did anticipate that there would be a reduction. We don't have those budgetary numbers at this point, so it is just assumptions.

Dr. Roy also responded: It is difficult. The Vo-Tech rate is based on attendance which I think is a three year average. Our numbers have gone up recently in attendance, so there could be a reduction in the Vo-Tech budget.

Director Burkhardt also asked: In regards to the Fund Balance, I am certainly excited that we are where we are. How did that grow by that amount of money?

Mrs. Gober responded: We will get into that in further detail on Tuesday at the Board Finance Committee Meeting during the audit presentation. We did have the planned increase in the fund balance of about \$2.3 million. The other lion's share of that was with salaries and the related benefits. I think that we did have some vacancies throughout the course of the year.

Mr. Burkhardt also asked: I am trying to understand how the same thing is happening again.

Mrs. Gober responded: I don't believe that it is. When we had adopted the 2010-2011 budget, that was still developed by the former administration, and we had not dug into the real details in terms of the staffing level, and looking at budgeting for actual individuals. It was budget in aggregate more on an average type basis, and we had planned at that point to be growing the fund balance, when we adopted the 2011-2012 budget. I would not anticipate that we are going to have that level of fund balance growth at the conclusion of June 30, 2012.

Dr. Roy also responded: I agree with that, but what I would suggest is that as we go through the process when we hit the end of March, April, when we are that much farther into this year, so we take a look at the condition of the budget and say where are we on expenditures and revenues. We will have a better feel for what we might expect as excess funds to go to the fund balance.

Mr. Burkhardt stated: I am hoping again that some of these items that are on this chart, if we see that it is continuing to grow, that we can then take the appropriate actions to move money into that Capital Reserve account so that we start using it to buy school buses and do some of this other stuff.

Dr. Roy responded: I think that is exactly what our plan would be Director Burkhardt.

Mr. Burkhardt stated: I really don't want to see this fund balance grow anymore. I think it is an embarrassment that we are talking about cutting things and having a \$16,000,000 fund balance. I understand we have to do it for our financial wellbeing in the larger financial community, but I think we are taking it a bit too far.

Mrs. Gober responded: I think we all agree with that, and I did mention when I showed you that fund balance slide that it is not our intention to grow it any farther, but at this point, it is not our intention to take it back down where it had been either. We are just looking to hang in there and let it hold its own. There was an expense that we had to incur for a number of years because we didn't have enough cash flow over the summer until those tax receipts were paid, so that was an expense we had to bear that we no longer have to pay because we have that adequate cash flow with that fund balance.

Mr. Burkhardt stated: We also took steps over the summer to hire people to go after delinquents and look at possible missed assessments that are to our benefit. So hopefully they will again help us with some of these items that we are unable to address at the current time. My last question,

is the percentage of our budget for debt service, is it around 11 percent or 12 percent.

Mrs. Gober responded: Twelve percent.

Mr. Burkhardt stated: Is there a respectable number that a business manager would look at and say that is pretty good for a school district, or is that way out of line?

Mrs. Gober responded: Generally your debt budget the rating agencies would like to see it in around that nine (9) percent to 10 percent. When you start to get above 10 percent, they start to think that it is a little heavy, but by the same token, if it starts to get too low that can be indicative that you really are not taking care of your buildings in an appropriate fashion. Certainly nobody likes a lot of debt, but there is a message in the fact that you are not doing capital improvements on a 20-year cycle.

Director Vidanage asked: If we postpone buying the buses for next year, what could be the percentage increase in what we need as compared to the fund balance? Maybe we could make a decision based on that. Do you want to pay more to buy the buses next year or use some of it and buy the buses this year, so that we don't have to pay that increase because it is a continuous downward slope? What do you think about that situation?

Mrs. Gober responded: Although you have the intention or desire if you would like to try to say you are going to buy this year's model is less expensive than next year's model, we would have to be able to do that within the overall budget parameters that are established for this year. So by that I mean we have our current budget is stated at \$203,800,000. If we know that the Board determines that they want to use fund balance in order to buy five new buses in the current model year, we would have to make sure that even if we used fund balance to do that we did not exceed that mandated \$203,800,000 budget. So we would have to find savings within the budget expenditures in order to absorb that cost even though you are philosophically using fund balance to pay for it.

Director Vidanage stated: In that respect, having all the buses we would be paying a lot more for maintenance? So we could cut down on the maintenance costs and have a new bus and there are a lot more benefits to that.

Mrs. Gober responded: That is some of what we are wrestling with. We know that is it costing us time and money to keep them repaired and keep them on the road. That is why we keep having this discussion. How can we prioritize to include that purchase?

Director McKeon asked Mr. Mark Stein: How many buses behind are we in replacement?

Mr. Stein stated: I don't have an exact number on how far behind we are, I just know that currently 24 percent of the fleet is 15 years or older.

Director Vidanage interceded to Mr. Stein's response: If it is 15 years old, they consume a lot more fuel than the new buses. You can save on the fuel, plus repairs. We have to do a very close cost benefit analysis. Certainly the newer buses are a lot more fuel-efficient and savings on the repairs and so forth. It is a win, win situation for us if you do a real cost benefit analysis and spend some money right now.

Director McKeon stated: Just to give you a background that rolled over from prior Administrations, there have been a series of years where equipment had been requested and

never got to the Board, and in the last couple years, it has been in the budget, and because of the financial constraints we have been under, we have had to take it out. So that doesn't answer the 25 percent question. I think the new emissions years changed last year, so the price of the bus went up because of new emission standards.

My other question I had, could we get the number of properties that we have had that have been appealed and reassessed, and how much tax revenue we have lost, and if it can be done over a couple of years, so the public understands? I don't want the names, we had 10 properties this year, and it cost us \$250,000, and it is built into the budget that now becomes revenue lost for us in this year and in future years.

Mrs. Gober responded: We are almost done with that. We have been working on that project and that will be included in one of the upcoming budget discussions to share that data.

Dr. Roy also responded: That is something I was interested in seeing too.

Director Bonilla stated: I have a two-part question. One, we are looking at a four (4) percent tax increase and with that a reduction of about 12 teaching positions. If the Board decides to go with a two (2) percent tax or around that tax increase, how many more teaching positions are we looking to lose?

Dr. Roy responded: It wouldn't have to all come from teaching positions. We would look for reductions in other areas, but the point is that because of all the cuts that have been made over the last number of years, there are very few spots to go to make those reductions. So just as last year, we were forced back to looking at personnel. We would have to look at that as well.

Director Bonilla stated: These 12 teaching positions, where exactly would they be coming from? Two years ago we did huge cuts in elementary, last year was middle school, where will these 12 positions be coming from?

Mr. Giordano responded: That would be determined. Based on enrollment, we would certainly look at enrollments, as of a certain date with projections for next year, and see where it is cleanest to make those reductions and then we would have to look at programs.

Director Bonilla stated: I would just like to state for the record, that with 126 positions last year, I will not be in favor of cutting any teaching positions this year or in the foreseeable future. Our job is to teach the kids. This would undoubtedly increase the class sizes even by another student or two, and I cannot stand for that.

Mr. Giordano responded: Just to make sure Mr. Bonilla that you have the 129 broken down correctly, it was 69 or 70 teaching positions, and the rest were not teaching positions.

Director Burkhardt asked: Mrs. Gober, the function code 5900 – the budgetary reserve, it looks as though it's growing?

Mrs. Gober responded: We have \$2,000,000 in budgetary reserve at this juncture because of the early timeline that we are working with. There are certainly a lot of things that we are going to come across in the next six months until we finalize the budget and certainly we are 18 months out in terms of concluding the budget, the fiscal year. So there is \$2,000,000 in there for budgetary reserve for any unanticipated expenditures. What I did in this budget as well, because again we have to be able to include any additional expenses within whatever is the final adoption, there is \$1,000,000 of additional revenue for available new grants on the revenue side.

There is \$1,000,000 in corresponding expenditures on the expenditure side to expend those new dollars. So if we go out and secure a wonderful \$500,000 grant for tutoring or after school programs, we would then have to be able to absorb the expenses for that grant within the current operating budget. So it looks like there is an increase but \$1,000,000, of it is the dollar for dollar offset of a \$1,000,000 of potential grants on the revenue side and the \$1,000,000 potential grant for the expenditure of that grant. But really the budgetary reserve of that is \$2,000,000.

Director Burkhardt stated: Just for the record, for me the money is not to cut taxes, it is to restore programs. It is really time to look seriously at what we can afford to restore based on some of the charts that we have seen tonight. We are certainly not overtaxing our residents. I don't think we should spend a lot of time looking for cuts at all unless they are really obvious. I think we certainly need to work around the four (4) percent and hopefully find some additional revenue.

Director Follweiler stated: In last year's furloughs in the teaching staff, how many of those positions did we reinstate?

Mr. Giordano responded: Seventy (70) positions resulted in 52 furloughs. So the delta between the 70 and 52 would have been absorbed by attrition.

Director Burkhardt stated: I would bet that when the accountant gives us our annual financial report, it is going to show that "x" amount was under expended in the various line items of the budget, salaries, down \$500,000, supplies, down \$350,000. I have been part of Administration, and I don't condone this where they wouldn't budget 100 percent. They would budget 99 percent or 98 percent knowing that you never had a full contingent of employees there was always some people that were out. So we have budgeted at 100 percent, which I hope we have, plus we have the contingency. My sense is that it is extra money.

Mrs. Gober responded: I want to emphasize that the modeling that we are using today is far more detailed and specific than it had been in the past. It is no longer that aggregate model where we look at the total and work off of totals. We are actually budgeting down to the individual name and the individual step in salary level, and how many hours do we think that aide is scheduled to work. I don't feel comfortable that we have that extra latitude within the individual line items that may have been there in the past, which makes the budgetary reserve even more critical for true operating unknowns.

Director Vidanage asked: In regards to the proposed millage increase, for a person who is living on a fixed income, is there a way we could have a lot more detail? The house is assessed at this much, so that the impact is fully well understood by the people who are on fixed incomes.

Dr. Roy responded: I had a conversation with a senior citizen whose onto the tax issues regularly recently and that was a request that he made as well to break it out more.

Director Bonilla stated: Dr. Roy, in lieu of teaching cuts, has the Administration spoken to the BEA about a pay freeze?

Dr. Roy responded: We haven't had any conversations at this point.

President Faccinetto stated: Dr. Roy, last year we talked about the possibility of advertising on buses and that was shot down by PDE. You cannot sell advertising on your buses. I know the stadium has advertising that went through the whole renovations phase to pay for the field and some of those things, but have we fully explored all our revenue generating options when it

comes to advertising and any kind of space like that, in the gymnasiums, the pool areas, any kind of little expenses like that that could maybe benefit the band for uniforms or maybe some of the sports uniforms and dedicate that revenue to those things?

Dr. Roy responded: We have not fully explored that. So I think there is more work to be done there. On Tuesday's agenda on the Finance Committee Meeting, we are going to talk about trade marketing, which is a step towards doing that as well. So I think there is more that we can do, and we will look to develop it. I think we would probably have to partner with someone in the community to talk to us about how we might go about selling or auctioning the space.

President Faccinnetto asked Dr. Roy if he wanted any kind of direction from the Board prior to going into Courtesy of the Floor.

Dr. Roy responded: What is the direction of the Board? Is it alright to move on the January Preliminary Budget at the January Board meeting? The approach we would like to take is to look at those items that we have addressed and try to address some of these things through reductions or other revenues. So we would come back in February with what we have been able to take out, what can come in, here is revenue changes and go from there. We need to know for sure if we are good to go with this Preliminary Budget.

President Faccinnetto asked if everyone was okay to move forward, and this would come up on the January 23, 2012, Regular Board Meeting agenda as a vote to approve the Preliminary Budget as you see it now.

The Board consensus was 8-0 to move forward with placing the Preliminary Budget on the January 23, 2012, Regular Board Meeting agenda.

President Faccinnetto asked: For the next Budget Workshop, could the Administration bring back the items not included in the Proposed Budget, a priority list or your priority list and then the Board can react to that?

Dr. Roy responded: What I would like also to do with that is to come back with more details on the rationale on why it is necessary, and hopefully where we can find some space to do it.

Courtesy of the Floor

Ms. Jessica Sine - Parent (745 Hawthorne Road, Bethlehem, PA) – I would just like to ask that when you are thinking of the budget going forward, that you know that as parents, the cuts that have already been made were really felt by the students at the schools, and I am really not sure why we would look to make further cuts at this point. We are willing to pay school taxes for the future of our children, and our friend's children, and our neighborhoods, and our cities. The things that were already cut have impacted real children that are good kids that are struggling already under the way of poverty. It is those children that carry the burden when we cut these programs. We need to find a way to put some of these things back, not take more things out. As a parent, I can see kids failing that were succeeding before, and to me, it is partly a moral and ethical question that we going to put the burden of this recession on the shoulders of the neediest and most vulnerable people in our society, and on the other hand as a practical question, I really don't see that making cuts actually saves us money because there is so many things that we are mandated to provide. You can say if we cut kindergarten, will that save us money? I don't see how we will get a child ready to take their PSSAs in third grade if they didn't come to kindergarten. If a child doesn't pass their PSSAs, it only takes a few children to not be proficient

for school to be labeled as failing. You then have to jump through all kinds of expensive hoops to address that balance, and people do send their children to charter schools when programs are cut. I am a parent, and I talk to people outside of the schools. If you cut programs, parents will look around and say where can I go to get this program for my child and a great program that people were getting for very little money you then have to pay \$10,000 for that child to go to a different school. I don't think it is saving us money. For example the ASPIRE program I know at Northeast was cut drastically last year, and if a child stays for example, we have a step dancing program at Northeast, they do an hour of homework first. So very little cost you are getting an hour of expert tutoring, mentoring, gang prevention, crime prevention, you are instilling in that child being part of a community, and when I was at the Board meeting last month I heard that at schools, if the schools so called failing that part of what the school district has to do is send a letter out to parents saying that tutoring services can be provided. So I don't see how cutting that ASPIRE program saved us money. Now we are paying for more expensive tutoring somewhere else, and I don't think the tutoring will even be as good. Our schools teach our children what it means to be in a community. They make our community safe, and I have family in Europe and when they come to visit, they can't believe how wonderful the schools are here. We have bands and that we having singing of the national anthem and that we have these amazing things. Where my parents lived, you cannot put a plant pole outside your house or it will be stolen in England because the schools close at 3:00 and it is done. It is the schools here that teach our children this is our community, this is how we live, and we as parents don't want to save money on that. We want our children to have a future. We are willing to pay taxes for that. Please don't take anything more away from these children. Thank you.

Workshop adjourned at 7:50 p.m.

Attest,

Stacy Gober

Board Secretary