



Monday, April 29, 2013
Education Center, Dining Room

Agenda

- 6:00 p.m. Budget Workshop**
1. Courtesy of the Floor (15 minutes allowed)
 2. Presentation of Budget Information
 3. Board of School Directors Discussion
 4. Courtesy of the Floor (15 minutes allowed)

BUDGET WORKSHOP MINUTES Monday, April 29, 2013

President Faccinnetto called the Budget Workshop to order at 6:00 p.m. at the Education Center, Dining Room. Eight (8) Board members were present: President Michael Faccinnetto, Director Basilio Bonilla (arrived at 6:15 p.m.), Director William Burkhardt, Director Michele Cann, Director Irene Follweiler (arrived at 6:05 p.m.), Director Shannon Patrick, Director Aurea Ortiz, and Director Sudantha Vidanage (arrived at 6:10 p.m.). One (1) Board member was absent: Director Eugene McKeon. Also present were Dr. Joseph J. Roy, Superintendent of Schools; Stacy Gober, Assistant to the Superintendent for Finance and Administration/Board Secretary; Dr. Jack Silva, Assistant Superintendent for Curriculum; Mark Stein, Director of Facilities and Operations; Dr. Dean Donaher, Director of Student Services; Claire Hogan, Director of Special Education; and Frank Arbushites, Director of Information Technologies.

Courtesy of the Floor

President Faccinnetto offered Courtesy of the Floor to the public for anyone wishing to speak about a budget item.

Mr. Stephen Antalics (737 Ridge Street, Bethlehem) – Mr. Antalics stated that he solicited the opinions from responsible citizens to get their viewpoint on two (2) non-mandated programs namely the reductions in pre-school and an extra athletic director. He informed them that one (1) program had advanced funding while the other was cut considerably. These people were interested and surprised which made him pursue this because of the value to the community. It was suggested that if no action is taken to bring Pre-K back where it was based on the national priority and data clearing saying that it is effective at the budget workshops, then he should consider looking into a Referendum for a ballot in November to at least get to the public what is at stake here with Pre-K versus the athletic program. He urges the Board to amend what is a difficult process and to correct this situation.

Mr. Randy Toman (359 Tenth Avenue, Bethlehem) – Mr. Toman had a question regarding the PowerPoint being presented tonight and what are those houses paying in school taxes? To be specific, the homes have nothing to do with how this is being put together. You should not be looking at what the value of the house is. You should be at looking at the people living in the house and what are they capable of paying. Some of these people have had these houses for 50-60 years, and they may be on a fixed income. You cannot go with property value, because that increases every year. The person who is on a fixed income after retirement is stagnant, and that is what the Board has to look at.

Presentation of Bethlehem Area School District Budget Information

Dr. Roy began the presentation by regrounding everyone on the budget strategy from back in January, which is preserving the District's ability to maximize the District's options by applying for Act 1 Exceptions in the face of numerous unknown variables in the budget development process. In February, the Board approved a Preliminary Budget and the Exceptions were submitted to PDE.

The 2013-2014 budget goals include maintaining the District's assets 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, and continue to reduce variable rate debt. The second goal is to maintain current programming in support of the *Roadmap to Educational Excellence*. The third goal is sustainable budgeting by aligning programs to reliable revenue sources. The fourth goal is to assure adequate financial resources. The fifth goal is to sustain mandated programs, contracts, and agreements. The sixth goal is preservation versus restoration, which is in its second year. The seventh and final goal is multi-year financial goals in addressing cyclical needs in regards to buses, facilities, and uniforms. Dr. Roy stated that a critical piece to the budget goals is the overall health of the District and reviewing the fund balance.

Mrs. Gober reviewed the fund balance of the District. The Board has reviewed the information in the past where the District was on a road to recovery from the 2008-2009 school year where there were serious financial challenges within the District. At the beginning of the 2008-2009 school year, the District began with a negative fund balance of \$(3,169,965) and ended the year by reducing that to a negative \$(1,119,232). In 2009-2010 there was an ending fund balance of \$8,912,723; in 2010-2011 there was an ending fund balance of \$15,661,315; and in 2011-2012 there was an ending fund balance of \$15,471,346. Over a period of the last five (5) years, the fund balance has been able to be restored and improves the financial position to a point of relative sound health and consistent financial stability which is very important in the overall ability to conduct business on a sustainable and regular way. In addition, it allows the District to have creditability within the financial markets in order to deal with the upcoming issues with the variable rate debt and to be able to secure the resources on those swap transactions. At the end of the 2011-2012 year, the District had maintained that 7% to 8% fund balance target, and in the current projection, the estimated fund balance for the 2012-2013 school year is estimated to be approximately \$23,756,597, which is a variance of \$8,285,251.

In looking at where that \$8 million variance for this current budget year came from is due to identifying and tagging specific expenditures and revenues that are consistent and reliable in order to develop stronger projections. The surplus is primarily due largely to one-time revenues. There were JP Morgan settlements that generated \$1,432,696 income to the District that was tied up in the court system for a number of years, and those dollars were received as part of a class action settlement in this fiscal year. The 2011-2012 mercantile tax audit adjustment of \$1,629,369 was discussed with the Board previously during the audit discussion with Mr. Gorman, and since this revenue was not received in a timely manner and was after the cut-off audit date, this money could not be placed in the prior year where it belonged. This again, is one-time money that the District will not see coming on a regular basis moving forward. The earned income tax which would be an additional collection, but that was once again somewhat tentative in the budget projections because of the inconsistencies in prior years of collection of receipts where in some years the District would get timely revenue, and other years the District would not get timely revenues. Again, the projections are coming more in line, and this is the cause with over half of the surplus the District would anticipate for the 2012-2013 fiscal year. This is really a 2% swing in the overall total revenue for the District. On the expenditure side, the District had a budgetary reserve which was planned for unanticipated expenditures, and for positive reasons, the District is not planning to absolutely tap during this current school year unless something bizarre happens now to the end of June. That is really what it is intended for as it is a reserve for unanticipated expenditures. So, we properly anticipated the lion's share of financial activity, and the real variance that was discussed on the expenditures side is really \$1.6 million or three-quarters of a percent that we have in surplus for expenditures whether it be warm winters, utilities savings from solar energy, etc. The District is really under 1%, which is what the District needs to anticipate in being in a normal budget cycle of 1% on revenue and 1% on expenditures. However, that requires good trend data and consistent recording of transactions.

What the Administration would suggest now is that the District begins to utilize a standard of financial stability and accounting to help the District to continue to move forward on this positive path for the District's future needs. So, if we would take the surplus of \$8 million that the District is anticipating and divide that up first primarily to offset the budgetary reserve number so that it is a funded number where you have revenue of the same amount as that reserve in the expenditure column so that the District is not taxing for that reserve, and then that would roll in tandem year over year and anything that would be spent as an unanticipated expense would essentially be coming from the fund balance from an operational perspective. The Administration would then suggest as was done in the 2011-2012 fiscal year to set some funds aside for PSERS stabilization because that number is growing in double digits. It is going to increase another \$4 million for the next two (2) years before it starts to stabilize and settle down. It is prudent for the District to set money aside so that we can spread the tax impact of PSERS so that it is not as detrimental to the overall community, but it would at least level it instead of having it rise at the dramatic level that it would imply. In addition, the Administration would suggest to take \$4 million and move it into the capital reserve for the Nitschmann Middle School project as discussed at prior planning meetings. Any dollars that we can set aside and pay up front out of the District's savings is dollars the District would not have to borrow in a bond issue in a future period to pay for that construction project.

Additionally, there are other sustainable capital needs that the District has that need to be addressed, and the capital reserve fund would be available for the District to address those needs as well.

Mrs. Gober continued with the presentation regarding sustainable capital budgeting. Annually, when the Capital Plan is presented to the Board, various projects are itemized that need to be addressed on a priority level whether it is safety, student security, climate control, etc. Additionally, it is also recommended that there be a \$2 million line item in the General Fund budget each year in order to pay for preventive maintenance items. This has been recommended for many years, which really has never been funded in the fashion that it should. Those kinds of regular ongoing capital maintenance issues on a proactive basis would be the kind of things that the District would look to use the capital reserve fund for. The reality in what the Administration has done is essentially putting out the fires and dealing with only the emergencies and what absolutely has to get done. As the Administration looks at those prioritized projects, there is over \$30 million worth of work that is of a severe and high priority that should be addressed in a proactive fashion so that the District does not have large emergency needs. For the 2012-2013 fiscal year, \$600,000 was budgeted when speaking about the shelf items, and that has been incorporated in the 2013-2014 Budget as well. So, the Administration is attempting to move forward using this capital reserve fund to not just fund Nitschmann, but to work towards actually developing a proactive approach to deal with capital improvements so that the District has sustainable preventative approaches that are planned and methodical, and allows the District the ability to hold those dollars across the school years so that the District has the opportunity to do appropriate planning.

Mrs. Gober continued with the presentation regarding budgetary reserve. When we look at budgetary reserve, there is always a question of why the District holds a \$2 million budgetary reserve. When you go back to the PA Department of Education Manual of Accounting, it specifically identifies the purpose of a budgetary reserve, and the premise there is rather than provide for such contingencies by "padding" functional appropriations, it is preferable to limit the functional appropriation to the amount that is supportable by estimates based upon financial enrollment and other statistics and earmark a reserve for less predictable requirements. This is what BASD has been doing for the last number of years, and this is the real basis for budgeting in the way the District has. The last statement in the manual reads that any balance remaining in the budgetary reserve at the close of the budget year would become a part of the total resources available for application against the requirements for the next fiscal year. This is what the Administration is suggesting that the budgetary reserve would roll to the fund balance, and that same fund balance surplus would be reapplied to the budgetary reserve in the following year. So, it is a continual rolling process, and the District will not tax additionally for maintaining that reserve for unanticipated with the knowledge that the District has sufficient reserves available to allow that to roll forward without having to tap into an additional tax levy to pay that. However, what are some of the things that we know that are out there that are potential expenditures that the District cannot identify whether they will happen or to what extent they will happen, and they add up very quickly. If we look at sequestration, no real concrete information that has been passed down to the states nor to the local school districts. The District has a ballpark figure of 5% or \$361,265 that may be a reduction in the federal revenue, but that has not yet been formalized and is still hanging out there. The District still has the state funding for Basic Education that is incorporated within the budget that was included by the Governor in his proposal, but with a contingency that said it would increase Basic Education funding if the Governor gets his solution to the PSERS funding problem. The Governor's position has been that if the PSERS issue is not resolved, then there will not be money to fund the increase in the Basic Education subsidy. Should that item be removed in the final adoption by the legislature, again that is another loss of \$697,148. In trying to get to the budget number for utilities, the Administration has continued to pair it tighter and closer. In this current year, the District did have a favorable warm winter and did not require a lot of snow removal, etc. You never know from year to year what kind of winter you will have. The Administration has reduced the utilities budget by \$430,000 based on the last few years of mild winters. Another concern is Special Education in regards to legal issues that have been decided but have not yet been actually concluded. There is a cost exposure to special education, and it all depends upon new enrollments and if a student has severe needs that need to be addressed. Most recently, the District just received information around an increase in charter school enrollment that could potentially be up to 200 students from Bethlehem looking to enroll in one of the charter schools in the region. So, something like that should it come to pass that

would be \$1.8 million that the District would have to spend and is not anticipated in this budget. Whether all of those students will actually attend, there are a number of unknowns. Even as close as the District is to the June budget adoption, there are a number of variables that necessitate a reason to have a budgetary reserve for these kind of items that can get very costly, very quickly.

Mrs. Gober then recapped the 2013-2014 Preliminary Budget Report. Budget deliberations began at a 0% increase. When the impact of salaries and benefits and the increase in mandated charter school expenses were taken out, the District really started out at a 0% and started at a base line where the District was not adding to the overall budgetary impact. Discussions began in a reasonable and fair place understanding the challenges that are within the Commonwealth and the community, and the District has some other issues that need to be paid for as they are mandated and obligations that cannot be avoided.

Dr. Roy continued the presentation on School Choice. There is often a perception that there is not an additional cost across the state and local levels on education that if the student is not here, then the District does not have to educate them and pay for it, and that money goes to the charter to educate them. There is a cost to school choice. It is more expensive overall in the whole dollars spent in education in the state to have charter schools. It costs more to have charter schools than if we didn't, and it is not a wash. The District's charter school tuition for next year is budgeted to be 6.17% of the General Operating Budget or \$13,818,885. This is money that is sent to the charter schools, and this does not include the cost for transportation. If all 1,344 District students who are currently at charters came back to BASD, we would have to hire one teacher for every 25 students or a little over 50 teachers. However, realistically, the District could possibly absorb some as you could blend some students into current classes. The number of teachers may be around 26. So, if the District would have to hire one (1) teacher for every 25 students per class if all 1,344 charter school students would return would cost the District \$4.5 million. The savings of the students returning to the District would be \$9 million per year if the District did not have to pay charter school costs. So, there is a cost to school choice in charter schools in PA, and it is not a wash.

Mrs. Gober then reviewed the changes to the Preliminary Budget. The initial reductions in January 2013 included \$(1,209,964), and at the March Budget Workshop, the Administration reduced the budget by another \$(2,155,063). Since last month's workshop, the Administration was able to find additional reductions totaling \$(3,337,529). The Title I School Improvement Grants and Pre-K Counts Expanded Grant are a wash on both sides, but it is illustrative that the revenue and expenditure number was impacted and changed because of expecting those two (2) grants. Some wages were adjusted in terms of hall monitor days that are worked and were adjusted with a savings of \$(45,245), as well as the transportation average driving hours/day were adjusted which was an increase of \$57,757. There were salary adjustments made which was an increase of \$149,007. Some Tutoring funds were adjusted and reduced by \$(80,000) from the budget. The Board approved the purchase of the Zonar System at the April Board Meeting to purchase prior to the end of the 2012-2013 school year, which allows us to remove it from the 2013-2014 budget with a savings of \$(150,000). With additional savings from the winter in heating savings, the District is able to purchase maintenance trucks prior to the end of the 2012-2013 school year, which allows it to be removed it from the 2013-2014 budget with a savings of \$(100,000). The Bethlehem Area Vocational-Technical School anticipated a surplus, but based on this year's projections, it most likely will not be anticipated. The Administration had included an anticipated surplus, but now it is being removed with a reduction of \$(177,632). Additional retirements have been realized with a savings of \$(92,077) and additional retiree benefits, which is an increase of \$39,140. The Administration was able to create a savings in the HVAC Controls Agreement through renegotiations and realized a savings of \$(40,000). In reviewing the Lehigh County Assessment growth, the Administration was able to find a savings of \$(87,120). As discussed previously with the Board and to be discussed later in the presentation, there is Athletic Director savings of \$(28,196). The Earned Income Tax was adjusted because of the projections on the current year with a savings of \$(900,000). The Real Estate Transfer was also adjusted based on the projections for the current year and causes an increase of \$150,000. The Mercantile Tax savings was also adjusted to a more higher revenue dollar primarily because of the change in the collector as well as a continued increase growth within the gross receipts of the businesses within the community, which reduced the budget by \$(450,000). The Wireless agreement was amended with a

savings of \$(20,000). The Contracted tuition and Special Education tuition were reviewed for students who are educated outside the District borders in both regular and special education and increase of \$180,000 for Contracted tuition and Special Education tuition increase of \$310,000. In addition, there were some savings for IT wireless projects at the high school on a more economical basis with a savings of \$(31,000), as well as a Windows compatibility project with an increase of \$132,900. These reductions total \$(3,337,529) or over one (1) mill.

Dr. Silva stated that last month at the Budget Workshop, he reviewed the restoration of academic supports. With the loss of the 21st Century Learning Community grant of \$(500,000), and the Educational Assistance Program (EAP)/Tutoring in PA (TIP) of \$(700,000) totals a grant loss of \$(1,200,000). The Administration discussed last month restoring tutoring and after school programs in the amount \$340,137; social services in regards to the drop out prevention in the amount of \$100,000; community service graduation requirement of \$72,152; and middle school library services of \$150,000.

In regards to the tutoring and after school programs, the \$340,137 would help offset the lost grant with the greatest focus on a structured afterschool program in the middle schools with sustained tutoring related to what is being learned in class, and afterschool activities/intramurals to engage students. The greatest focus being those students who are potential dropouts or at risk students. The District would basically replicate the 21st Century grant strategy of hiring some after school coordinators, giving teachers hours for tutoring, and engage students in after school/intramural activities for recreation and extension. There is also a need to support students in schools where there might not be other funds that could be available. The District does have community schools and after school tutoring programs, but there are some students in schools that are struggling in fourth or fifth grade, and the District was lucky to have Block Grant opportunities to those students for tutoring.

In regards to middle school libraries, the \$150,000 would be used to restore 2.0 full-time equivalent staff at all four middle schools with a full-time librarian at each middle school. The District cut these positions to 2.0 librarians for four middle schools with each middle school library being opened half days. The emphasis of libraries as information technology centers in direct support of classroom instruction provides support for remediation and extension activities. The libraries play a central role in reading and writing across the curriculum. There are other key factors in the school-wide literacy approach. Librarians play a large role in the literacy culture, and they can be a force in lieu of instructional coaches and be professional development coaches.

In regards to community service/service learning graduation requirements, a comprehensive program evaluation was conducted. This program was Board approved in 1990. High school students have to acquire 60 hours of community service to meet graduation requirements. That program has kept that requirement, but over time, the staffing and resources dedicated to monitoring and improving that program have not been there. The program has evolved largely to a monitoring and a collection or recording hours, rather than being a true service learning program that not only gives the community pay back for our students for whom they support, but we also want students to be able to engage in learning in the community so that they can help identify those areas of career pathways. A good community service organization benefits the student as much as it benefits the community. It is embedded into the academic program. The Administration would also like the teachers to use community service learning projects in their courses as a way of being able to acquire those hours. However, to do that level of professional understanding, training, record keeping and curriculum development, the position cannot be staffed by a person who is simply collecting hours on a spreadsheet. We need a professional who understands the nature of community service learning, and who can work with teachers and students as part of their plans. The evaluation that was conducted asked four (4) key questions. The first question asked if the program purpose/goal defined, clear and well understood by all stakeholders. The second question asked if there was an instructional and supervisory component to the program to ensure students receive the educational and experiential benefit. The third question asked if the current structure and requirements appropriate to meet the program purpose and goal. The fourth question asked if the needed resources (staff, community partners, etc.) available to meet the program purpose and goal. All the questions came out to the negative. The program is withering; yet still a graduation requirement and an important student engagement and

personal skill development strategy. Instead of getting rid of it, it is worth investing in the program. Many private high schools have service learning programs and are good. The investment in a professional position in this requirement along with the required action plans from the program evaluation is a way of making community service more real and more meaningful to the students. Adequate resources of \$72,152 would help to restore a dedicated position, are needed to organize, manage, monitor, and report student service in a manner consistent with meaningful service learning graduation requirement.

In regards to social services and part of the drop-out prevention, high school principals are seeing a significant increase in the number and severity of social issues affecting students, as well as the resulting student absenteeism and disengagement. Currently there is no centralized coordination to find, access, and follow up the many disparate social services available to students and families. By including \$100,000 in the General Operating Budget for 2013-2014, the District would be able to contract with the Colonial Intermediate Unit 20 to provide two (2) social workers (one at each high school) to better coordinate and connect students and families to available social services.

Dr. Roy continued with the presentation. In regards to the athletic director and as discussed at a previous Curriculum Committee Meeting, the Administration would like to convert the current assistant athletic director/part-time teacher to administrative athletic director. This would reduce an additional athletic director position of \$(79,140) by replacing only a 0.6 full-time equivalent teacher.

Dr. Silva discussed the pre-school programs. As discussed at previous meetings, the strategy is to pursue the Pre-K Counts grant expanding it to approximately 100 four-year-olds and expanding it to five (5) District school-based SPARK classes instead of four (4) at Donegan, Clearview, Fountain Hill, and Marvine. There are no District dollars that are dedicated to the Pre-K (SPARK) programming. The Administration will continue to partner with community organizations (child care, early childhood education programs, etc.) in support of early learning for the Bethlehem community's pre-school population.

Mrs. Gober reviewed the transportation changes since last month. The Zonar system was approved last week by the Board for purchase prior to the end of the 2012-2013 school year with a savings in the 2013-2014 school year. This will improve the safety and security and approved efficiency in routing. The remaining item under transportation is the second year of the school bus cycle with an estimated 10 new vehicles at \$150,000.

Mrs. Gober then reviewed the Act 1 Index plus Exceptions for 2013-2014. The District can generate up to a 3.6% tax increase or \$4.6 million in additional tax revenue in compliance with the Act 1 provisions. The Allowable Index is 2.1%, which is \$2,679,313 or 0.9800 mills. The District did file for Exceptions after adoption of the Preliminary Budget in February. The PA Department of Education (PDE) approved the following Exceptions for the 2013-2014 budget, which includes school construction debt of \$124,084, which is 0.0438 mills or 0.09%; special education of \$63,136, which is 0.0223 mills or 0.05%; and retirement contributions of \$1,815,233, which is 0.6406 mills or 1.36%. The Exceptions total \$2,002,453, which is 0.7067 mills or 1.50%.

Mrs. Gober stated that in regards to revenue and expenditures and the changes since February 2013 show the following:

	<u>February 2013</u>	<u>April 2013</u>	<u>Net Change</u>
Revenue	\$216,448,028	\$221,515,116	\$5,067,088
Expenditures	\$224,644,723	\$224,322,760	(\$321,963)
Balance	<u>(\$8,196,695)</u>	<u>(\$2,807,644)</u>	<u>\$5,389,051</u>
Act 1 plus Est. Exceptions	\$4,595,300	\$4,681,766	3.60%
Excess Over Act 1 plus Estimated Exceptions	(\$3,601,395)	\$2,807,644	2.1%

Mrs. Gober stated that as of today, the 2013-2014 Tentative Budget revisions show expenditures at \$224,322,760, and revenues of \$221,515,116 with a deficit of \$(2,807,644) to be funded by 0.99% with a percent tax increase of 2.1%.

Mrs. Gober stated that the proposed impact on a median homestead tax bill when using the 0.99% millage or 2.1% tax increase is about a \$55 increase in taxes. Last year, the District tried to quantify what does the median homestead look like, and how does that put a context or frame into the tax increase with a median homestead being broken down into four (4) quartiles and what would be the tax increase. A home in the first quartile has a median of \$34,900 with a tax increase of \$34.55; a second quartile home has a median of \$48,100 with a tax increase of \$47.62; a third quartile home has a median of \$62,300 with a tax increase of \$61.68; and a fourth quartile home has a median of \$94,000 with a tax increase of \$93.06. If we try to put an estimated tax impact for the median home in each of the quartiles, you are looking at an average increase of about \$47.95 because 76% of those homesteads are at or below the overall average assessment within the overall school district. The primary reason for that is when you talk about a homestead property, you are talking about the residential properties that are discussed here on a regular basis, excluding the corporate or business properties that would artificially drive up that cost if you looking purely at an average tax increase. The average tax increase overall including all of the corporate and industrial properties is \$76 under this current proposal as of today, but the average residential would be \$47.95.

Mrs. Gober stated that the District is on task from a scheduling standpoint to have a Tentative Final Budget Adoption at a Special Board Meeting on May 13, 2013, followed by a Board Finance and Human Resources Committee Meetings. Then on June 17, 2013, another Special Board Meeting is scheduled for Final Budget Adoption by the Board, and once again followed by a Board Finance and Human Resources Committee Meetings. The Board can still make changes or amendments to the overall budget right up to that June 17, 2013, final adoption, and the Administration will continue to improve and tweak these numbers as more information may become available and to make that final budget adoption be as accurate as possible toward the goal of making sure that we are not budgeting more or less than we anticipate on spending on a regular aggregate basis and have appropriate revenue to offset it.

Dr. Roy stated in closing that the Administration is presenting this as a Tentative Final Budget with the 2.1% tax increase for discussion this evening.

Board Discussion

President Faccinetto thanked the Administration for the presentation. Before he opened it up for Board discussion, he wanted to state that there was a lot of hard work and creative thinking that went into getting this budget down.

Director Bonilla wanted to thank the Administration for working very hard on lowering the \$8 million deficit. Even though we are losing grant funds, he is glad to see that the Administration is looking to implement tutoring for the middle schools. He has concerns with the after school activities and intramurals. He believes that as a Board we need to focus first on things that impact education daily rather than the extra because there is still a deficit. The middle school libraries are a great thing and do impact daily education for the students. He has a concern with community service as it does not really impact education, but he can see how it impacts students with graduating. He commends the Administration on adding two (2) positions for social services and is a definite need in the high schools. He is still concerned with the athletic director. Previously there were two (2) athletic directors and then one (1) retired, and the other athletic director thought he could comfortable oversee both high schools, and now he is concerned that he cannot do this. He preferred the previous way when the athletic director taught one class and received a stipend for athletics, which was less than it is now. He is glad that the cost has come down, but he believes it should go back to the way it used to be, or just keep one (1) athletic director for now until funds can be found. The last item he wanted to discuss is the expected tax increase for citizens. He spoke to a citizen in Hanover Township who lost his wife and worked for the Bethlehem Steel and is on fixed income. His house is actually worth more than this, and Director Bonilla does not believe that he can afford \$76,000 extra. Another citizen he spoke to lives on the west side of Bethlehem and also lost her

husband and is on an extremely tight income and has not had an increase in her social security and once again \$76,000 would be very tough for her to make. He is concerned that the Board is not looking at what has been occurring year after year of raising taxes. It is tough for the senior citizens to pay when they are on a fixed income. He hopes the Board keeps this in mind, and that the Board tries to lower by cutting out extra items such as the athletic director and after school activities and look on focusing on the education of the students.

Director Cann stated that the Administration is correct in the use of suggestions for the fund balance. There are projects that were presented six (6) years as priority capital projects that were never touched because the District could not afford it. Finally, we are able to put some money into a capital reserve fund that can address maintenance needs that have been waiting for a number of years. She is happy to see that there is some fund balance dollars to supplement those funds and to have money there for emergency needs. That is what the fund balance dollars are there for to make sure that we can keep things on track. She does appreciate the middle school academic supports that were presented this evening. If there are available funds to do a little bit more for getting the middle school teaming back for seventh and eighth grade that would be great. Also focusing dollars on tutoring in the middle school is crucial. She appreciates where the fund balance dollars are being focused on capital projects and middle school education.

Director Vidanage spoke about the middle school and after school tutoring programs. Some of the schools around here have received grants from the National Science Foundation, and spoke to someone at Lehigh University regarding this grant. The District should start talking to Lehigh for high school math grants earlier to secure these grants as well as work with Lehigh regarding upperclassmen to help work with students for tutoring. The best way to learn is by helping teach others. The Administration should open a dialogue with the schools to see to what extent Lehigh can assist the District in trying to have after school tutoring programs for the high schools. People are spending \$50 an hour for tutors at Sylvan. Dr. Silva responded that he attended a session recently at Lehigh University for students to tutor in the District's Community Schools. The District has a very strong recruitment training deployment, and an evaluation system of Lehigh students who serve those Community Schools. The strategy is very good, and the District could do more. Director Vidanage also stated he knows a student who recently applied for pre-med college and was asked why he did not do his community service in a hospital. So there is a need to have strong coordination to connect students to service in areas toward their future.

Director Ortiz had questions regarding the social services from CIU 20 and will they be in the high schools? Dr. Silva responded yes. Director Ortiz stated she still has doubts about the athletic director. She appreciates the work the Administration has done to lower the tax increase, but at the same time she is a little disappointed at seeing zero District funds dedicated to Pre-K. We want qualified teachers to teach in grades K-12, but we also want to enhance those brains of the most precious resources at Pre-K to all students. The SPARK program depends on the grant only, and she would like to have a backup plan if these funds do not go through and what are we going to do? She stated she will not be voting for the budget if she does not see a plan for the preschool classrooms. President Faccinnetto responded that if the grant did not come through, then he would favor taking it from somewhere in the budget. We cannot completely eliminate it. It is also a decision that the Board would have to make at that time, and the Administration would have to review with the Board where this money will come from if it was for the fund balance or budgetary reserve. Director Ortiz stated that she agrees, but there was a time in the 2011-2012 school year that the District had to make tough decisions. However, now we need to focus money on these students and not let these classrooms go for this most important age group. Dr. Roy asked Mrs. Tate on the timeline for this grant. Mrs. Tate responded that she has not heard anything yet, but would hope that the District should hear about mid-May.

Director Patrick stated that she believes that the District absolutely needs community service and should be included in the budget. This is the equivalent to some students taking the arts or the athletic route. The \$72,000 cost is a fraction of a musical program or athletic program, and to have someone to establish those relationships could potentially lead to future opportunities in the District. In regards to charter schools, she believes the District did a great job initially reaching out and making those videos. For next

year, she believes the District needs to reach out before January 1 to all day cares, child care centers, and community centers in regards to Kindergarten registration. She had a question regarding the athletic director in regards to what exactly would an administrative athletic director do to help out the current athletic director with his role? Dr. Roy responded that prior to the cuts in the 2011-2012 school year, the District had two (2) teachers that were full-time athletic directors at each high school. They had a teacher salary and then they had a stipend on top of that to be the athletic director. They were full-time athletic directors and did not teach a class. In that year when cuts were being made, there was a retirement of one of the athletic directors. The Administration reviewed to see if it would be possible to have one (1) athletic director in an administrative position, and then have two (2) assistant athletic directors at each high school in which they would teach a partial schedule and then the last half of the day have athletic responsibilities and get paid a stipend for all the after school hours. So, what the Administration is saying is that the piece of having one (1) person cover two (2) large high schools even with the two (2) assistant athletic directors hasn't worked well. The Administration's recommendation is to go back to a model of one (1) athletic director at each high school. The change is that because the athletic directors do administrative work by hiring coaches, evaluates coaches, suspend students from teams, etc. Most districts have athletic directors in an administrative position and not a teacher position. We already have one (1) athletic director, and the other athletic director would also be in an administrative position. In addition, each athletic director would be responsible for two (2) middle school athletic programs.

Director Vidanage asked if substitutes are given half day assignments. Dr. Roy responded that the Administration can look into that, but getting a sub for a half day is hard when the substitutes can choose to take a full day assignment versus not a half day assignment.

Director Ortiz asked for clarification regarding the athletic director information that was just discussed. What is the difference to have two (2) part-time athletic directors teaching half of a day and then doing athletics and still have one administrative athletic director who does not teach any classes? Why would it be better to have two (2) administrative athletic directors? Dr. Roy responded that the scope of the job with the number of sports and activities for every event is a huge operation. The problem with having the part-time people is that sometimes things need to be dealt with in the morning and they are not available until the afternoon. Then we have one (1) person trying to run two (2) high schools of athletic departments and it is just too much and they are too big of an operation in athletics to not have a person at each high school. Director Ortiz then asked if the job description will change. Dr. Roy responded that the two assistant athletic director positions will go away. The Administration believes that to fill this position, the District will need a part-time teacher to replace a full-time person. There is already a person acting in the assistant athletic director position who has a part-time teaching position. If you take that teacher salary and the stipend, it comes close to the amount paid for an administrative athletic director.

Director Patrick asked for clarification if Mr. Harris's current salary would be touched. Dr. Roy said no. The positions are being classified as equivalent to a high school assistant principal as an administrator.

Director Follweiler said she had a question regarding the athletic director and believes Dr. Roy answered it. As she understands it, the responsibility job description remains the same as it was in the last budget meeting of two (2) full-time athletic directors at each school. Just the finances on the budget have changed. Dr. Roy concurred. Director Follweiler stated that the history of the athletic director when the District had the teacher with the stipend, and the Board asked them to teach a class, we were told no and that is how we went to the administrative role. She believes the athletic director is an administrative role for a large district that we have.

Director Bonilla stated he graduated five (5) years ago and played football and wrestling. In speaking to the former athletic director and the current athletic director, they said that they both taught a class at one time. They said the reason they did that is because there is nothing to do until 9:00 or 10:00 a.m. in morning. We really have not added any more sports since he graduated. The schedules are done by the League. Coaches do not work until after school.

Director Burkhardt stated that back in the good old days, the assumption was that people did things because they had the position. Now, you get paid for everything you do. An athletic director has a huge responsibility at night. They do not go away. They are at events, they are meeting with people, etc., and if you are going to return that to a teaching role where it is part teacher part athletic director, and you are talking about some funding that has not been discussed yet. They are either an administrator which then they are on 24 hours call which is the way it is now and that person is having health issues related to it, or you end up paying other people to fill those roles at all of the events that go on during the weekend and evenings. You cannot have it both ways. In the good old days, you might have people do it because they love the sport. That is not where we are in 2013.

Director Bonilla asked if we still pay for game help, and do the athletic secretaries attend sporting events and collect money. Dr. Roy responded that for games where tickets are sold there is always game help.

Director Ortiz had a question to ask regarding the salary base for the athletic directors. Are they going to be both at the same salary? Dr. Roy responded that the Act 93 Agreement is broken into categories. They would be in the same category as a high school assistant principal but at a different step.

Director Follweiler had a question regarding the PSERS slide and setting aside an amount to lessen the impact the PSERS in the future. Is that amount appropriate moving forward as the District is setting aside \$2 million and it is rapidly going up? Is that part of our sustainability? Mrs. Gober responded that at this point the projection would be for the next two (2) years another \$4 million plus in true expenditure. You have the state offset as long as that does not go away which would net between \$2 and \$2.5 million a year. Director Follweiler stated that if the District sets aside \$2 million now, it is truly offsetting a future tax increase for the next increase in PSERS. Mrs. Gober concurred with the caveat that the rate is then being funded so when it goes from 16% to 21%, and you are having half of that out of savings then you are not really paying your full freight. So instead of paying 21%, you are really only paying 18% through a tax levy to support an ongoing expense. The District will be playing catch up until it is stabilized at 30% or 32%. The District will have another couple of years to actually pay the full freight. Director Follweiler just asked for clarification in that is \$2 million appropriate or if we had \$4 million, would you put \$4 million, or is it the appropriate amount? Mrs. Gober stated that if you had \$4 million you could put it there and continue to kick the can further down the road. Director Follweiler believes it is very smart that the District is putting some of the money aside now so that it does have less of an impact, but it is not going away. Mrs. Gober stated that the reason the Administration is considering deferring at least some minimal level without getting so far away that you can never catch up. However there is the hope that this issue would get resolved in this legislative cycle before June 30. However, she has serious doubts that this is feasible, but where the spike comes in 2030, between now and then will there be some resolution or amendment to the system. By deferring it in a limited way, hopefully the resolution to the PSERS funding crisis will come in enough time as to be able to restructure what we are doing to pay the amended amount. Director Follweiler had a concern regarding community service. As it was described, it is a concept and much more attractive as more of a career path rather than a menial task. Back in the day, the guidance counselor did a lot of that in directing the student into the right direction. I still believe that the parent needs to train the child to be a good community servant and to volunteer at their place of worship, or at school, or help a neighbor. The problem she has had with community service is how the District approves what the functionality is. It is hard to say that any function doesn't teach someone something. She still has a problem with it costing \$72,000, but the career counseling piece of it she gets. The Board has been discussing a lot about the guidance counselors not having the appropriate amount of time, and the piece on the social workers to help in the guidance area for the other students that do need the assistance. Dr. Silva responded that the community service is a component of the education of students. Because it did not have the administrative support for the last few years, the emphasis in the academic program has evolved to you collect the hours, here are the organizations, and go out and earn your hours. Director Follweiler feels that not every student needs to do community service, because their parent at home is having them do community service in their neighborhood, which is not part of what the school is looking for. This is what the parents are for, not the schools. Director Follweiler also spoke about the social service workers, and will the District be able to link that back to the guidance counselors having more time to work on career counseling to the students? Dr. Silva responded yes and to also provide some other

services. The IU model is very innovative. Director Follweiler's last question on the presentation was regarding the Zonar system. Did we budget for this in the 2013-2014 budget in regards to the annual agreement? Mrs. Gober responded yes.

Director Vidanage asked what is the cost of "kicking the can" down the road on real needs to maintenance, capital structure and safety issues? The next situation is the guidance situation, why don't we get the admission directors from all of the schools and have them come and talk to the students? Dr. Silva responded that the admissions counselors do come in during the evening events to meet with the parents and students. That does happen.

Director Burkhardt wanted to remind the Board that the community service project was put into effect because of a major national study that was done about American high schools and the kind of things that students needed beside their academics. The most important thing that was lacking in the students and hasn't change is their growing isolation from their community. They get so rapped up in technology and other items, that when studies were done fewer than 25% of the high school students were actually involved in meaningful community service. That is what really pushed the Administration and Board at that time to go for a mandatory program. The idea of serving the community is a vital way to learn about things that could be helpful to the student in the future. Director Burkhardt had a question regarding the pre-school classroom and how much does it cost with the actual teacher and materials that is not grant required. Dr. Silva responded you would pay for a teacher and a teacher aide. You would also need a modest amount of educational material and supplies. Director Burkhardt asked how much would it cost \$100,000 or \$80,000. Dr. Silva responded around \$120,000. Director Burkhardt then stated that there are two (2) items that are not in this budget that he is concerned about. The first is that he believes the District should be including five (5) of the District's funded pre-school classrooms. The second is moving toward seventh grade teaming. He feels that this has gone under the radar and is not moving. He believes the budgetary reserve of \$2 million could fund these two items. It is his understanding that for the last three (3) years, that \$2 million was funded from the general fund budget. It was in there as a line item as an expense, and when the bottom line of what the budget was for that year that \$2 million was in there. For next year, we have taken that out with some fancy footwork, because we are now funding it with money from this current year. So, his feeling is that those two (2) items are still very important academic items, and the money is there, but it is going to mean a larger tax increase than 2.1%. It might mean 3.0%. He believes those two (2) items could be handled with still a reasonable tax situation, and if the District does not get the grant, we would still have some funding for programs. Dr. Silva responded that those two (2) items would be approximately \$1.6 and \$2 million. Dr. Roy wanted to clarify that when the District went from a 3.5% tax increase in April to 2.1% this evening, the \$2 million that was in budgetary reserve was removed due to the anticipated excess funds this year. We had the additional \$1 million with the EIT tax revenue and the mercantile tax that was mentioned earlier. When you put those items together, you have over \$3 million in savings, which pushed the tax increase down. If the Board chooses not to go down to a 2.1%, then we would have space to do other things. The reason the Administration did not push on seventh grade teaming is that we are still worried about increasing our staffing too much. We had proposals regarding middle school librarians, but those are ongoing costs that are going on. If we fund it appropriately, then we can do it. Director Burkhardt stated that he is not proposing taking it out of fund balance to do that. He believes that there are items that still need to be done. In regards to money for PSERS, that is an issue because you are really paying from your savings for an ongoing item.

Director Cann wanted to make sure that the Board does not lose direction. The fund balance dollars are not just hanging out there. There is so much long standing, current, and future commitments. The debts are there and they are very real. So, you cannot look at the fund balance in isolation from what the obligations are and have been for some time. She believes it is great if the District starts to address some of the obligations on the debt side, and if possible, start addressing the base and core of the student body, especially at the middle school.

Director Ortiz had comments on the community service and the social services item. These two items enhances the guidance counselor's comprehensive work. The social services will be dealing with the mental issues affecting teenagers. On the community service side, there will more focus on the career.

Lastly, on the hall monitors what does it mean that their days have been cut? How would this affect the security of the schools? Mrs. Gober responded that it does not affect the security of the schools. It had to do with the discussion that occurred when they were going to move into the food service group as it related to the number of days that they would have before and after students were in session, as well as paid holidays and paid leave days. So, it was days that they were being paid for when there were not students in session. By putting them back into the noninstructional group that changed the calculation on the number of days. It is a matter of being paid for days that students are not in session, and they would not be attending anyway.

President Faccinnetto stated that working on some quick figures, he is not sure he can support doing both the five (5) additional sections and the seventh grade teaming. He would support doing one of them. If he remembers for sixth grade teaming there were an additional six (6) teachers. Dr. Silva responded that the total teaming loss two (2) years ago was 19 teachers. President Faccinnetto stated if we would do the preschool with five (5) extra classrooms that would be approximately 10 additional staff with five (5) teachers and five (5) teacher assistants. He believes that would be a big stretch to do all at once, but he would be willing to consider one or the other. The concern is about the sustainability issue when you go down the road next year, all of those people bump up and the costs go up. He believes it is a big jump to add 21 employees in addition to what we already talked about.

Director Burkhardt stated that the District is planning on building a new middle school, and the Board will find itself in the same vote that former Boards had in terms of not taxing for the level of spending that is going on. To do a 2.1% while it is politically comfortable, it is not really helping the District in terms of the revenue that needs to be generated in the next couple of years when these other things come in. Dr. Roy stated that one of the items that the Administration has discussed is trying to have more consistent increases with steady growth in the tax base versus highs and lows. In the 2% to 3% range will keep the District at a steady growth as opposed to up one (1) year and down the next year. The District is at the low end of that steady growth in millage to support the expenses that the District knows are coming. He would not go to far above it. He is worried about adding a number of employees because those costs go up every year. He believes the District is stable and in good shape. There are still some big challenges ahead with PSERS. We also have the Nitschmann project and that debt service. It makes him nervous going too fast in restoring items. The items we are recommending to add or change, we take as sustainable and can scale them up or down as needed. In addition, all day Kindergarten is critical. He would rather see the District aim toward district-wide all day Kindergarten in a couple of years, then put positions into other places. If there is support from the Board to do something more than what was proposed this evening, the District may want to lean more toward all-day Kindergarten sections, and then maybe if the grant does not come through, we can convert those five (5) extra all-day Kindergarten sections to Pre-K. He believes that this is more in the K-12 realm and is certainly a need. He is nervous about adding too much too soon.

President Faccinnetto stated that he does not want to put too much in and then in a few years furlough employees again. To say if we go to 3% because of the Nitschmann project down the road that he can agree with. However, if we are going to get to 3% by adding people, he does not want to cut people down the road.

Director Vidanage believes it is good marketing for inform charter school students if the District had full day Kindergarten and also good for middle school teaming.

Director Ortiz agrees with Dr. Roy's statement to tax for Pre-K, and if the District receives the grant money then it would go toward full day Kindergarten.

Director Patrick stated that she is for full day Kindergarten, as she does not see how they get done what they get done in two hours and 45 minutes every day.

Director Bonilla stated he is not in favor of raising taxes. If he was to vote to raise taxes right now, he would rather raise taxes in support of sustaining the District's Pre-K programs and adding all day

classrooms, rather than adding and using the money for adding an athletic director or create new positions that do not influence the daily education.

Director Burkhardt stated he would support either direction, and he is proud of this educational discussion that the Board has gotten into this evening.

Director Cann stated that she tends to be relatively conservative. She likes the budget exactly how it is and she does not want to change anything.

Director Follweiler agrees with what Director Burkhardt stated regarding the educational discussion this evening. The Administration has worked very hard with ways to get to the quality education. The Board needs to be cognizant. The District is already spending more money on children than any other country in the world. When we make comparisons of what services are available to students in other parts of the world, they are doing it for less. Everything the Board discusses whether it be Pre-K, all day Kindergarten, athletics, or extra curriculums all have reasons of how they help the child. We have to continue to work with our community partners to find non-financial solutions. The Foundation has also been working hard in finding resources for the District. All of that is moving in the right direction of non-financial. She does not want to raise taxes let alone more than the Administration is asking for.

President Faccinnetto stated that he wants to go around the table to give the Administration some direction to leave with tonight. The Board is coming back in two (2) weeks on May 13 to adopt a Tentative Final Budget. It is not final until June. He is going to ask two (2) questions:

1. Do you support the current budget as it was presented this evening at 2.1%?
2. Would you support the current budget with the addition of five (5) full day Kindergarten sections to be converted to Pre-K if the Pre-K Counts grant does not come through, and whatever additional tax rate that would incur?

Director Vidanage is yes to both and would prefer to have the additional five (5) full day Kindergarten sections.

Director Ortiz stated no to number #1 and would vote yes for the additional five (5) sections.

Director Patrick stated she would vote for the 2.1 and she would support the five (5) sections.

Director Bonilla stated at the beginning he wasn't going to raise taxes as senior citizens cannot afford it. Whatever happened to the senior citizen tax rebate? President Faccinnetto stated that it is not in the current budget as it was almost \$700,000. Dr. Roy also stated that the Administration thought it was too expensive to propose. Director Bonilla stated he would vote no on both items.

Director Burkhardt asked about the middle school teaming. He stated he would not support the 2.1%, and he would support the five (5) sections.

Director Cann stated that she supports the 2.1%, and no she would not add the five (5) sections.

Director Follweiler stated no to both of them, but she would have talked about the teaming before she would have talked about the Pre-K. The middle school teaming would be more sustaining.

President Faccinnetto stated he would support the 2.1%, and he would support the additional five (5) sections. He also stated that Director McKeon is not here this evening, and does not want to say what his vote would be. He did mention that he was fine with the presentation that was sent to the Board for a 2.1% increase, but he does not want to say what Director McKeon would say about the additional five (5) sections. According the results this evening, there are four (4) votes for 2.1% with Director McKeon possibly being a fifth, and there are five (5) votes for this five additional sections for full day Kindergarten.

President Faccinnetto continued as there seems to be another option regarding middle school teaming. Do we want to phase this as the five (5) additional sections for full day Kindergarten and the teaming, and then just a separate teaming? Dr. Roy responded that he would be very concerned about adding five (5) teachers for Kindergarten and seven (7) teachers for middle school teaming for seventh grade. The Board has to consider the PSERS costs that would be added on there. There are unknown charter school costs. There are some big negotiations on the horizon. Mrs. Gober also stated there is the impact of the Affordable Care Act, and there are penalties built into that. There is the pay or play provision. There are 30 hours mandatory benefits that are really going to have the potential to increase the District's health costs. She is not comfortable with the idea of sitting here next year speaking about furloughing teachers because the District went too far too fast. Dr. Roy also indicated that this year the District's Index plus Exceptions is 3.6%. That used to be in the 5% to 8% range. We do not see that getting better in the future. So, if the District cannot raise taxes above 3.5% next year, then the District will be locked on revenue and be forced to go back and make cuts. The District is in a much better place, but he is cautious about getting the District into trouble again. Dr. Silva stated that he shares Dr. Roy's concern. Long range plan development is important, but to make sure it has a sustainability to it, and that we pay for whatever we bring back because he does not want to be in that position of having to reduce programs or shift staff to be able to cover basis which may or may not be in the best interest of the program.

Director Ortiz asked if we have the information available of how much it costs the District to pay charter schools for Kindergarten. Mrs. Gober responded it is about \$8,000-\$9,000 for a regular education student, and it is about \$15,000 for a special education student no matter what grade.

President Faccinnetto stated that the Administration will provide the financial backing in Friday's mail out which is well in advance of the May 13 actual vote. He is trying to get a consensus to know which way to send the Administration.

Dr. Roy wanted to state just quickly looking at middle school teaming it would be about eight (8) teachers and it is about \$75,000 with benefits. So, that would be about \$600,000.

Director Bonilla stated that he could possibly vote in favor of the budget of 3.6% increase with Kindergarten if we added back the senior citizen rebate. Dr. Roy responded that you would be taking away that revenue and would have to be a larger increase.

President Faccinnetto stated he will ask one more question and this is where we will end the discussion. The only other two (2) options that the Board needs to discuss are:

1. Would you support a budget with the five (5) additional full day Kindergarten sections/Pre-K solution and teaming?
2. Just as it was tonight and teaming and none of the five (5) additional full day Kindergarten sections/Pre-K solution.

Director Vidanage stated that he is for middle school teaming and full day Kindergarten.

Director Ortiz stated she is for teaming and Pre-K. However, she would like to have that information on how much the District is spending on charter schools for kindergarten students. She is not for just teaming.

Director Patrick stated she would not support both. She would consider teaming.

Director Bonilla stated he is no for everything.

Director Burkhardt stated yes for both. He started the discussion this evening regarding the \$2 million and wants the Administration to suggest what could be done with that \$2 million.

Director Cann stated 2.1% and the only thing she would like to see come in is the middle school teaming, but the District is not ready and stable enough yet to be adding stuff.

Director Follweiler thanked Mrs. Gober for reminding the Board about the Affordable Care Act, and what will this cost the District as it is an unknown. The Administration came to us with an honest evaluation of what they think is sustainable and we are going to add more stuff in there? Of course there are going to be some people that are not happy, but two (2) or three (3) years from now, we are going to be taking it right back out because the District will not have the money. So, she is no for all items.

President Faccinnetto stated that he is a no for five (5) additional full day Kindergarten sections and middle school teaming. He would support teaming or Pre-K but not both. So what he is seeing, there are four (4) for 2.1%; we have five (5) for the five (5) additional Kindergarten sections/Pre-K solution; we have three (3) for five (5) additional Kindergarten sections/Pre-K solution and middle school teaming; and we have four (4) for middle school teaming. So we are down to a 2.1% that we saw tonight, or the possibility of adding the five (5) additional full day Kindergarten sections/Pre-K solution.

Director Burkhardt stated that things can change. This gives some direction to the Administration, but he does not want to be locked into anything until the Board receives the additional information.

Dr. Roy stated that on May 13 at the Special Board Meeting the Board needs to pass a Tentative Budget, which can change between then, and June with the final adoption. However the Administration needs to know what to be coming back with at that point.

Mrs. Gober stated that while the May Tentative Budget can change until the June final, there must still be an adopted Tentative Budget. So, we cannot have the May adoption fail. If the May adoption fails, we will continue to vote till we get a May budget that evening knowing that it can change from May to June.

President Faccinnetto stated that the 2.1% should be the May budget with the understanding that changes can be made until June. It would be easier to take the base and add on then to take the add on and take away.

Dr. Roy stated that then the Administration can show the cost of that +5 teachers, the cost of +8 teachers, and what is the associated tax increase.

Courtesy of the Floor

President Faccinnetto offered Courtesy of the Floor to the public.

Ms. Jolene Vitalos (BEA President) – Ms. Vitalos stated that she was debating whether she was going to speak this evening or not because we are talking numbers and it gets very stressful. She admires everyone’s willingness to cooperatively work toward something that is sustainable. She would like to end the evening on something that brings it back to the fact that we are a “people business”, and it is not all percentages, mills, and numbers. That comes with the people that surround us every day in the District. She greeted a colleague at Clearview Elementary School in front of the faculty to inform her that she was selected “The Professional of the Month.” She read some of the comments, and one quote read “she was the best thing that ever happened to our school when she walked in the door, and they are devastated that she is retiring.” She was trying to express to her the gratitude of her colleagues and all of those things that they admire about her. Yes we can hire a brand new teacher to replace these retirees, but what do you learn from being in the job for all of those years. This teacher communicated with difficult parents, she spoke to students so that they understand and are excited to be in school. Her colleagues described what they learned from her. This outstanding colleague who will be retiring and was selected as “The Professional of the Month” is Joan Fogel.

Mr. Stephen Antalics (737 Ridge Street, Bethlehem) – Mr. Antalics stated that at the Bethlehem City Council meeting, the Martin Tower building was discussed. The owners of Martin Towers requested that the Martin Tower building be taken off the historic list, which means it is going to be torn down, and this is a total 180 from what they said they wanted to do to get the TIF. A member of the community spoke at that meeting that knows the area well and suggested that the one building adjacent to the tower is in

excellent shape, and that would be a good area for Nitschmann Middle School. Mr. Antalics wanted to bring this to the Board's attention to see if they wanted to look into this.

Mr. Randy Toman (359 Tenth Avenue, Bethlehem) – Mr. Toman stated that with all of the problems that the District has, he has not heard one word of some kind of action taken by the Board to correct the charter school problem. He has said many times to contact the legislators to resolve the charter school problems. The PSERs problem is also not going to be resolved until it becomes a catastrophe. Governor Corbett can play that game, and people accept that. In addition, how does this Board accept the charter school funding by taxing the taxpayers? There was a statement made that the economy is getting better, and that is not correct. There was a comment made about grants. If the grant is not received, then it will be placed on the taxpayers to pay. He also had a comment about having Lehigh University students assist, and that would make the unions upset. This Board has also not considered the citizen that is maxed out on paying taxes. He also does not believe that his question was answered from earlier in the meeting. If he cannot get the Board to rethink how the District will be addressing the problem, what is the sense of it. He commended Dr. Roy for coming with a budget of 2.1% and is almost acceptable, but what he cannot accept is that you do not go after the people that are hammering you with the mandates.

Mrs. Cann asked if Dr. Roy might elaborate on all of the work that the District has been doing to counteract the charter school expenses. Dr. Roy responded that the District does have a lot of interaction with the state legislators, and the Governor is quite clear on the District's stand. There has been a lot of work behind the scenes on these issues.

The Budget Workshop adjourned at 8:54 p.m.

Attest,

Stacy Gober
Board Secretary

SMG:dln