

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION**

**SPECIAL MEETING FOR THE PURPOSE OF ADOPTING A
2010-2011 PRELIMINARY BUDGET**

February 8, 2010 (Reconvened on February 16, 2010)

Carl T. Secor Administration Center – Board Room

7:00 P.M

Minutes

- I. President Horace Cole called the meeting to order at 7:01 p.m. and led those present in the Pledge of Allegiance. Secretary, Patricia Rosado, called the roll.
- II. Members present were: James Brunkard, Horace Cole, Douglas Freeman, Robert Gress, Audrey Hocker, Donald Motts and William Searfoss. Robert Cooke and Bet Hays were absent.
- III. School personnel present: Michelle Arnold, Patricia Bader, David A. Baker, Brian Borosh, John Burrus, Anthony Calderone, Richard Carty, Maria Casciotta, Robert Dilliplane, Irene Duggins, Larry Dymond, Heather Gress, Kim Holcomb, Lynda Hopkins, Connie Kishbaugh, Gail Kulick, Sharon Laverdure, Philip Lazowski, Irene Livingston, Lois Palio, Annelle Prefontaine, Patricia Rosado, Paul Schmid, Jim Shearouse, Kim Stevens, Thomas J. Williams and Steve Zall.
- Also present was: Chris Brown, Solicitor.
- IV. Community members present: Richard W. Berkowitz, Devin Day, Donna Houser, Mike Meachem, Anne Marie Pohlman, Robert Pohlman, Gary Summers and Judy Summers.

V. APPROVAL OF AGENDA

ACTION BY THE BOARD:

Motion was made by William Searfoss to approve this agenda for February 8, 2010 (page 1), as submitted. Motion was seconded by James Brunkard and carried unanimously, 7-0.

VI. ANNOUNCEMENTS BY THE BOARD

- A. Mr. Cole stated that there will be an Executive Session following the close of this meeting.

VII. SUPERINTENDENT'S REPORT

- A. Mrs. Laverdure stated that at the last meeting, there was a concern from the Board that Administration go back to the principals and talk about their budget. She stated that without having to do this, Act 93 individuals contacted her to look at areas closely where to make cuts. Mrs. Laverdure stated that instead of having program changes, they came back with other areas they looked at in preparation for the preliminary budget.
- B. Mrs. Bader brought up a budget process recap. She stated that the last week of September the departments and buildings were given a target which was 1% less than the 2009/2010 final budget for administrative departments but were level for the budgets that the principals control. Mrs. Bader stated that the instructional development targets were developed by Mrs. Duggins using a do not exceed total. She stated that the targets by elementary, intermediate and secondary were level but they were distributed to the departments based on need and the discussions that Mrs. Duggins had with the Department Chairs and other groups. Mrs. Bader stated that, after targets were given out, each department developed their budget and those budgets were given to the principals. She stated that during the last week of November, Mrs. Laverdure, Mr. Brunkard and she met with each principal to review their budgets and requisitions and suggested additional cuts. Mrs. Bader stated that on Saturday, November 7, 2009, the Board met with the intermediate and secondary building principals to review building

budget targets and requisitions. She stated that on November 19, 2009, the Board met with elementary principals to review their building budgets, targets and requisitions. Mrs. Bader stated that the first 2010/2011 preliminary budget presentation was made on January 12, 2010, with a tax increase of 8.5% equalized at a 7.1 million dollar deficit. She stated that on January 25, 2010, she presented another version of the 2010/2011 preliminary budget which also included an 8.5% equalized tax increase with a 3.3 million dollar deficit. Mrs. Bader stated that the budget that she is presenting tonight is substantially the same with a few changes due to the PDE form that she filled out. She stated that, basically, she will be encouraging the Board to adopt this as the 2010/2011 preliminary budget since there are so many unknowns at this time; because, time will tell what direction the district has to go. Mrs. Bader stated that she wants to stress that, at this time, there is a 3.3 million dollar deficit. She stated that she feels that the revenues and expenditures are even and the 3.3 million dollar deficit can be reduced by taking two million dollars from the fund balance for our debt. Mrs. Bader stated that our debt is at 19 million dollars which is the highest level that it will be in the next 16 years. She stated that next year it will drop to 7 million dollars. Mrs. Bader stated that she has a bus buyback transaction that she will go through and a debt service transaction, too. She stated that the district feels that the budget is balanced and any additional cuts that come in will go to decrease the tax rate. Mrs. Bader stated that the budget that she presented on January 12, 2010 had revenues of \$132,662,200. She stated that in producing the PDE 2028 form there was a technical correction that had to be made on the computer leases because the present value of the lease payments had to be shown as full value and a full cost of the expense; therefore, the deficit is exactly the same. Mrs. Bader stated that we continue to receive notification of employees who intend to retire and the notification date is March 1, 2010. She stated that, only if we feel necessary, the district can continue to reduce staff based on enrollment changes. Mrs. Bader stated that Jamie Doyle of Public Financial Management is coming to the February meeting to discuss a debt restructuring opportunity for the 2010/2011 school year. She stated that the bus buyback transaction will be on the February 22, 2010 Board agenda. Mrs. Bader stated that this means that we will operate the buses for one more year and sell them back in the end of June 2011 and save the district \$550,000 (which is a one time cost savings). She stated that we are not reducing the fleet but are trying to flatten the transactions and not purchase as many in one year. Mrs. Bader stated that she recommends the district use the small portion of the fund balance to pay the debt up to 2 million dollars. She stated that she wants to remind the Board that this budget has 1.5 million dollars in excess for PSERS contribution that can always be cut. Mrs. Bader stated that this budget has \$900,000 for the capital projects. She stated that they are estimating that capital reserve can cost 1.1 million dollars because of various projects going on. Mrs. Bader stated that we cannot do all projects at the same time; although, we do have some additional extensions coming to us in March that will help. She stated that we have identified that the district can eliminate grant expenditures and use grant funds to pay for more of the district's expenditures. Mrs. Bader stated that, in future months, the district can look at additional programming cuts to see if there are things that the Board would like to eliminate. She stated that any negotiated salary increases are not included and is she is recommending that we pass this version of the 2010/2011 preliminary budget. Mrs. Bader stated that there is quite a bit that we do not know about like the Race To The Top funds that are not included nor is the J. M. Hill Elementary renovations project included. She stated that tomorrow they will be hearing from the Governor about his plans for district further revenue.

- C. Mrs. Hocker asked why are we raising taxes since we do not know how large the budget will eventually be. Mrs. Bader stated that under Act 1, the guidelines are that we have to pass the preliminary budget by February 16. She stated that the final budget can be lower than the preliminary budget but not higher. Ms. Hocker said that she remembers that from last year but it is never lower. She stated that she is concerned with passing this budget now since they are still talking about salary negotiations. Mrs. Laverdure stated that the budget came in lower last year. Ms. Hocker said it still affected the taxpayers in the same manner. Ms. Hocker asked when will salary negotiations be done and how much will it be for the renovations that are not included. Mrs. Bader stated that this budget includes a 2.8% increase which is just a step increase using year five of the five-year contract. She stated that this moves everyone up on their step. Ms. Hocker stated that this still does not answer how much we are talking about and how much of a sacrifice would it be for their raises. She asked if they can move up one step but with no raise. Mrs. Bader stated that we already held back on buses and other items but when negotiations are done we can realistically look at figures. Mrs. Laverdure stated that they are in the process of negotiations now.

Mr. Brunkard stated that we are in the process of negotiations and have meetings scheduled throughout the year. He stated that negotiations is a multi year contract for their professional staff and is a lengthy process that has to be deliberated. Mr. Brunkard stated that the Board has a real balance to follow and they have a responsibility to the integrity of our educational system and an equal responsibility to the taxpayers. Mr. Brunkard stated that everything is progressing but this is a lengthy process. He stated that they have established a number of meetings over time. Ms. Hocker stated that she is aware of those meeting but wonders why these meetings were not prior to accepting this 2010/2011 preliminary budget to help them know where they stand because this is a new contract. Mr. Brunkard stated that the larger question is that some of the things like the Governor's budget, the staff's salary and negotiations might in someway offset each other as they progress. He stated that certainly the anticipation of

the Race To The Top funds are not in here but they do anticipate receiving some. Mr. Brunkard stated that we are not looking to cast something definite. He stated that each Board member has an idea of what an ideal budget would be, but at this stage, we are setting a sealant budget nor is it actual. Mr. Brunkard stated that whatever we decide I have no doubt that we will be inching back on it to save the taxpayers money wherever we can. He stated that he does not like the idea of putting forward a budget that does not repair a roof and results in a less length of life in a building. Mr. Brunkard stated that he is not pointing to anybody but to say that we are saving by putting off roof repairs is not the best fiscal policy. He stated that we need some flexibility and we do not have to assume that everything that we did not account for will be weighing in the negative because, in his opinion, some of it will offset each other.

Mr. Freeman asked if five buses are the limit that they will buy back. Ms. Bader stated, "yes" and that the vendor is willing to work with the district but five is the limit. Mrs. Laverdure stated that the district took the five with the lowest mileage. Mr. Freeman asked if they would take 10 buses. Mrs. Laverdure stated that it becomes counterproductive due to the money we get back from the state and due to number of miles on a bus.

Mr. Cole stated that he agrees with Ms. Hocker in trying to justify in your own mind a preliminary budget that you hope and pray will be much less when it is all said and done. He stated that because many things are not available at this moment like the Governor's budget, we need to consider passing this budget tonight as tentative and not final. Mrs. Laverdure stated that the deadline date to submit their intent to retire is March 1, 2010.

Mr. Motts asked Mrs. Bader what other areas are they looking to cut in the preliminary budget. Mrs. Bader stated that they are looking at the debt, the buses and grant expenditures to see if there are expenditures the grants can pick up. Mrs. Laverdure stated that they have to look at everything that is on the table at any given point. She stated that the number of students may dictate the cutbacks. Mrs. Laverdure stated that we are only halfway through the year. She stated that there are will be 45 new housing units near J. T. Lambert which will affect the district.

Mr. Cole stated that the enrollment is what Mrs. Laverdure stated and when it comes to speaking on staffing, it is a difficult issue. Mr. Cole stated that we will need to come up on class sizes and see what staff will be needed to be retained or hired. Mr. Cole stated that we have a lot of variables like Ms. Hocker and Mr. Brunkard referred to, like the negotiations which will make a tremendous impact on the budget process but it is too early for us to make that determination. He stated that this is a lengthy, give and take process.

Ms. Bader stated that one other area they are looking at is the copiers since $\frac{3}{4}$ of them are coming due this year in July and August 2010. She stated that they are looking at faxes, printers and copiers to make the transactions smarter. Mrs. Bader stated that all administrative areas will be looked at first before the instructional areas.

VIII. PUBLIC PARTICIPATION – LIMITED TO BUDGET ITEMS

- A. Mrs. Judy Summers stated that she is here tonight to answer what is the problem and why she is concerned. She read some newspaper headlines: "Explosion to Erosion", Monroe Unemployment Rate Rises Again" and "Through the Roof". She stated that the headlines say it all because foreclosures are through the roof and unemployment is at its highest. Mrs. Summers stated that turbulent times plus traumatic tax increases will destroy this community. She stated that district's spending exceeds her ability to pay. Mrs. Summers stated that she looked at the payment of bills sheets at the meetings and cannot understand why excess is the way the district functions. She asked if two million dollars was a necessary expenditure for a football field. She asked if it was necessary to have an expensive concession stand at the North field. Mrs. Summers stated that these concerns affect young families, seniors and all businesses. She stated that salaries and benefit packets are not seen elsewhere. She stated that 65 cents of every new dollar spent over the past five years went to staffers in the district for salaries and for their benefits package. Mrs. Summers stated that, in this economy, this is very scary. She stated that some of her neighbors who are retired are spending about \$11,000 out of pocket for their healthcare. She stated that the results do not match the investment. Mrs. Summer stated that the East Stroudsburg Area School District has the 68th highest expenditure per student out of 501 districts in PA. She stated that, unfortunately, PSSA results are 350 out of the 501. Mrs. Summers stated that this district better figure out a way to deliver more results for what they spend. She stated that this Board has spoken about the lack of funding from Harrisburg. Mrs. Summers stated that the district sent more than one delegate to Harrisburg with no real impact on the funding levels. She stated that she spoke to Representative John Siproth and all he can do is throw up his hands and say, "I cannot break the grip of hold harmless". Mrs. Summers stated that Harrisburg does not trust the district.

B. Mr. Gary Summers stated that he is giving his time to Mrs. Summers in order for her to continue her comments. Mrs. Summers said, "Sorry for the interruption but this is the way we have to play these games". She said she spoke to a State Senator that represents this area and he does not trust the local school Board's ability to spend money wisely. Mrs. Summers stated that she is quite sure that this is not the only Senator that feels this way, therefore, the message here is clear, "why give them more money". She stated, "Stop looking and blaming Washington DC or Harrisburg. You must fix the problem yourselves. What is your challenge?" Mrs. Summers stated that if you have to go to 178.19 mils for Monroe County taxpayers as shown in the last budget rendition, you would have raised school taxes by 38% since 2006. She stated that there has been 42 million dollars in increased spending in over the past five years which is an increase of 48%. Mrs. Summers stated that the Board has to lower spending, curtail it and get some backbone. She said to say "no" more often and stay in your position. Mrs. Summers stated that the district may not be able to support 3-4 AP (Advance Placement) students in a given class or all programs that you offer. Mrs. Summers stated that median family incomes in this area is estimated to have increased by 6-7% since 2006 and a significant portion of their increase in median income has gone toward increases in school taxes. She stated that people are poorer today than they were a few years ago and escalating school taxes have contributed greatly to this erosion of the financial welfare of the area. Mrs. Summer stated that homeowners will be paying anywhere from \$80-\$178 more per month for school taxes than five years ago. She stated that at a recent Board meeting, one Board member expressed concerns because student fees and participation costs were causing a hardship. Mrs. Summer stated that if students are having difficulty affording a \$3 admission ticket to a game or the cost of sneakers; wait until they get their next bump up in school taxes.

Mr. Brunkard asked Mrs. Summers who the Senator was that expressed this concern. Mrs. Summers stated that she was not at liberty to disclose the Senator's name. Mr. Brunkard stated that he was not at liberty to deal with the velocity of these blatancies.

Mr. Gress said that he finds the statement ironic because some of the Senators and Representatives of this State are the ones that can't be trusted. He stated that they are investigating the school districts and municipalities and blasting school districts. He said that he talked to Senators and Representatives and looked at the gaming law that was recently passed but we get nothing from Harrisburg and they don't care. Mr. Gress stated that he went to 7 of the 10 schools and saw all the class sizes and one class had four students. He said, "It is outrageous, right? No, they were autistic kids". Mr. Gress stated that another class had six students but this is also outrageous like everyone says. He stated that these students were Life Skills kids. He said yet another class had 27. Mr. Gress stated that if you average these three classes you would get 13 kids in these classes but numbers do not always show the truth. He stated that at the high schools you have honor classes because the past Boards agreed to raise standards for kids because it is a tough world. Mr. Gress stated that we get kids from all walks of life and they need these classes to graduate and pass all mandated tests. He said that the State says that they do not trust us but they have all these mandates for us to follow. Mr. Gress stated that he appreciates everyone's comments but he sees the reality everyday. He stated that it is tough but when we take a simple thing as EIT legislation, which was passed and which increased, who paid what? He stated that when it trickled down to school districts we lose revenue. Mr. Gress stated that he is sure which Senator made this comment but the Senators are the ones that supported the Swaps (Qualified Interest Rate Management Agreement) and we didn't do this because it was a risky proposition. Mr. Gress asked where was the gaming money because we got nothing. He stated that we have to pass a budget by February 17th and we did not get the Governor's information, the CIU 20 budget nor the MCTI's budget, but the State passed the laws that we have to follow. Mr. Gress stated that we are here in the community, stores, and schools and we see it all. He stated that he is not looking to raise taxes but to balance the budget out with quality education. Mr. Gress stated that the Board is trying to do something for everybody, like when they raised the senior citizen tax rebate. He stated that the other day at the game, there were not that many people but if we charged less we would have probably made up the difference.

C. Mr. Devin Day stated that he is giving up his time to Mrs. Summers to continue her comments. Mrs. Summers suggested to cancel some programs and ask, can we afford it and is it effective. She stated that if we do not cut and just add we need to stand back and start over. Mrs. Summers stated that Benjamin Franklin said, "Think what you do when you run a debt, you give to another power over your liberty. "The ability to distinguish between wants and needs and to postpone those wants until they are affordable is the mark of a true man". She stated that sometimes making choices is difficult; but, this school district is a business and it has to be well run. Mrs. Summers stated that Benjamin Franklin also said "beware of little expenses; a small leak will sink a great ship". She stated to stop blaming others and become problem solvers. Mrs. Summers stated that the Board should own the situation and not be backbiters. She stated that the Board should be in charge of contractors because who writes the bids, specs and the performance guaranties. Mrs. Summers stated that the change order gravy train needs to stop because it costs thousand upon thousands of dollars. She stated that the results of this past audit may be very interesting because her research revealed that the team from the Auditor's General office usually comes into a district for about 3-5 days maybe a week but this team came this year in June 2009 and left in September

2009. Mrs. Summers stated that, hopefully, they can come up with an effort that will help this district spend more wisely. She stated that she and her husband are pro public education. Mrs. Summers stated that she was taught the three R's and the district needs to go back and add what they can only afford.

- D. Mr. Mike Meachem stated that he is yielding his time to Mrs. Summers in order for her to continue her comments. Mrs. Summers suggested that the district start with the fund balance and match expenses to CPI. She stated that she is not an education major or that she knows funding strategies but common sense can go a long way in addressing the concerns from the taxpayers. Mrs. Summers recommended approaching each budget by not using targets, taking last year's actuals or projections and bumping them by the CPI and then adding 1%. She stated that what will remain is what you have to spend and will drive the required millage rate. Mrs. Summers stated that she has not seen pain in the school district but there is in the community. She stated that if the district does not stop the spending spiral, they will continue the destruction of wealth. Mrs. Summers stated that escalating school taxes have affected homeowners and the Board has caused them pain. She stated if the Board cannot use these suggestions, they will end up bankrupt. Mrs. Summers stated that Act 47 can kick in and run the district because they will destroy the economic welfare of this community.
- E. Mr. Larry Dymond stated that he is giving up his time to Mrs. Summers in order for her to continue her comments. Mrs. Summers stated that families will leave and business closures will follow. She stated that the number one worst place to live in according to "Where to Retire" magazine in April 2008 is East Stroudsburg, PA. Mrs. Summers stated that the school taxes for a house in her area that costs \$320,000 is about \$9,000. She stated that this home looks like a foreclosure or walk away waiting to happen. Mrs. Summer stated that the property taxes alone are enough to scare away anyone. She stated that, in approximately 120 days, the Board will need to submit the final 2010/2011 budget to PDE. Mrs. Summers stated that she hopes the Budget Advisory Committee members (Ms. Hocker, Mr. Brunkard, Mr. Gress, Mr. Motts and Mr. Searfoss) are up to the task of finding a way from this never ending cycle of tax increases that the people cannot afford. She stated for them to be creative and to look under every rock, pebble and leaf. Mrs. Summers stated to not let any stone be unturned and to get rid of anything that does not do with the three R's and then only add what you can afford. She stated that if this means middle school athletics has to go, then so be it or if there must be class increases, so be it. Mrs. Summers suggested closing a building and lease it to Monroe County court because they need space. She stated that she read with interest about freezing wages at Pocono Mountain School District. Mrs. Summers stated that if they cannot come to an agreement as least the Board is united. She stated that this Board has mentioned it, but it has not gained any support and she wonders why. Mrs. Summers stated that she hopes familial interests are not clouding the issues here. She stated that she is not an educator but has lived in many school districts; so please take what you will from these comments and save the community.

ACTION BY THE BOARD:

Motion was made by James Brunkard to allow members of the public who surrendered their time for the elaborated comment to have time to speak to their own interest and suspend our standard procedures to allow them to speak. Motion was seconded by Douglas Freeman and passed 6-1. Donald Motts voted no.

There was no further public participation.

Board Participation:

- A. Mr. Brunkard stated there are a lot of items in front of us to try to pass the preliminary budget tonight or at the subsequent meeting. He stated that one of his observations and experience is that if we delay in spending money for items that are necessary, it will increase in expense. Mr. Brunkard stated that the field house up North is a beautiful facility and should have had the bathroom facilities built but now it costs more for something that should have been built in the first place. He stated that the South project was also mentioned but it cost more money due to the timing of the spending. Mr. Brunkard stated that in reference to putting a roof on a building, and they do not last forever, we need to replace it when it needs to be replaced because it is a necessary expenditure of \$100,000. He stated that if we put it off for a couple of years, it will probably cost one million dollars. Mr. Brunkard stated that the district purchased the VanNess property to enhance the J. M. Hill School but now what do we do? He stated that the district puts off the demolition which will not save us in the long run if we don't spend the money now. Mr. Brunkard stated that he visits the schools to see what needs to be fixed now and save the district money in the end. He stated that one item we are not mentioning is the shortage of the fund balance. Mr. Brunkard stated that a district of this size with a budget of \$140,000,000 needs to have a reserve. He stated that to not put a reserve in our budget will not do the taxpayers any good. Mr. Brunkard stated that there is a possibility in the future that things will get better but not if we do not repair or have the basics. He stated that the district stripped things down to bare bone and for people to say that there is excess in the building is not so. Mr. Brunkard stated that Mrs. Duggins can speak of the programs that are not being run due to cutbacks. Mr. Brunkard stated that when he sees a classroom with four

autistic children, he thinks the district is doing a good job in providing these children an education. He stated that he does not see waste or fluff in the district but he sees austerity and expenditures that need to be made. Mr. Brunkard stated that other past problems he is willing to address but takes no personal responsibility for them since he has only been on the Board for two years. He stated that he will support the 2010-2011 preliminary budget at this level and wishes that the preliminary budget has not been cut as much as it has been cut in order to have some more flexibility from this point on.

- B. Ms. Hocker stated that she is on a fixed income and school issues are important but they are not the only issues like having a roof over our heads and there are jobs being lost around our community and our nation. She stated that we keep talking about the raises but, the fact is, there are people with no jobs and many of the people that work for us do not live in our district. Ms. Hocker stated that they are getting a district paycheck but are not paying these kinds of taxes. She stated that her taxes equal or are as much as her mortgage is and it continues to go up. Ms. Hocker stated that she is not anti-education because she has been working all her life with education or else she would not have run for Board member. She stated that she ran for quality education and to secure the taxes of the taxpayers of this district. Ms. Hocker stated that she is a taxpayer and it takes three in her home to pay the mortgage and taxes that keep going up. She stated that she looked at certain things and has been shut down. Ms. Hocker asked where else can you go and get your master's degree paid for because in other areas you have to be hired with a master's degree before they get into a classroom. Ms. Hocker stated that she is not saying that there is not quality education in our district but there is a lot of money being spent for education reimbursement. She stated that she may not be very popular for this point of view but she is not in a popularity contest but is here to do her job.
- C. Mr. Cole stated that, in reference to getting reimbursed for your education, other districts also reimburse for education like in Lehigh Valley and in the Colonial Intermediate Unit. He stated that this would have to be discussed during negotiations. Ms. Hocker stated that it would not be easy to discuss but it is harder to be paying for it.

IX. FISCAL ITEMS

ACTION BY THE BOARD:

Motion was made by Robert Gress to approve the submission of the 2010-2011 Preliminary Budget in the amount of \$143,651,600 to the Pennsylvania Department of Education in order to comply with the requirements of Act 1 of 2006. Motion was seconded by James Brunkard. A roll call vote was taken and failed 3-4. James Brunkard, Horace Cole and Robert Gress voted yes. Douglas Freeman, Audrey Hocker, Donald Motts and William Searfoss voted no.

Mr. Brunkard suggested that when Mrs. Bader submits the 2010/2011 preliminary budget that she look at the PSERS contribution to have enough to cover this expense.

Mr. Gress stated that the MCTI should present their budget and include the \$771,000 for PSERS from our district. He also recommended that all Board members be present in order to vote for the 2010/2011 preliminary budget.

X. MOTION TO RECONVENE

ACTION BY THE BOARD:

Motion was made by William Searfoss to adjourn this Special Meeting and reconvene on February 16, 2010 at 7:00 p.m. as has been previously advertised pursuant to the requirements of Special Session Act 1 of 2006. Motion was seconded by Audrey Hocker and carried unanimously, 6-0. (Robert Gress was absent and did not vote).

Mr. Freeman stated that Mrs. Bader needs some direction on where to cut the preliminary budget. Mrs. Laverdure stated that they need direction because the preliminary budget needs to be passed on February 16, 2010.

Mr. Searfoss stated that the preliminary budget should be cut to a 3.5% tax increase. Mrs. Laverdure stated that they will not be able to do this amount without all the information. She stated that the tax increase will not be kept at the amount from the preliminary budget but it will go down. Mrs. Laverdure stated that the bus buyback, Xerox copiers, retirement, etc. information will not be available for the preliminary budget.

Several Board members suggested looking into revenues, expenditures, buses, leases, etc.

- XI. President Horace Cole reconvened the meeting of February 8, 2010 at 7:04 p.m. and led those present in the Pledge of Allegiance. Secretary, Patricia Rosado, called the roll.

XII. Members present were: James Brunkard, Horace Cole, Robert Cooke, Robert Gress, Audrey Hocker, Donald Motts and William Searfoss were present. Douglas Freeman and Bet Hays were absent.

XIII. School personnel present: Michelle Arnold, Patricia Bader, David A. Baker, Brian Borosh, John Burrus, Anthony Calderone, Richard Carty, Mike Catrillo, Robert Dilliplane, Irene Duggins, Larry Dymond, Gail Kulick, Sharon Laverdure, Irene Livingston, Annelle Prefontaine, John Rosado, Patricia Rosado, Paul H. Schmid, Melodie Shamp, Jim Shearouse, Kim Stevens, Thomas J. Williams and Steve Zall.

Also present was: Thomas Dirvonas, Solicitor.

XIV. Community members present: Warren Bailey, Richard W. Berkowitz, Donna Houser, Gary Summers and Judy Summers.

Budget Presentation:

- A. Mrs. Laverdure stated that they worked very hard to trim down the preliminary budget for the Board to reconsider.
- B. Mrs. Bader stated that the district received good news last week when the Governor announced that the district would be receiving an extra 1.8 million dollar in addition to what was estimated. She stated that the increase in funding has been added to the preliminary budget version #3. Mrs. Bader stated that, in addition, they would like to caution the Board that this is only the Governor's preliminary budget and the district may not receive it if it is not approved. Mrs. Bader stated that the bus buyback transaction was also deleted from the version #3 of the 2010-2011, preliminary budget and be presented to the Board at the February 22, 2010 meeting for their approval. Mrs. Bader stated that they thought it was important to replace that transaction with the preliminary budget because they have the support from administration. She stated that, in addition, they have anticipated the retirement of six teachers with their replacement but the replacement is not necessarily guaranteed because student population has to be reviewed. Mrs. Bader stated that we would have an additional reduction in salaries of \$191,500. She stated that with those three transactions and continuing to use fund balance for a one time debt spike they can reduce tax revenues to a 7% equalized tax increase. Mrs. Bader stated that the reduction of 1.3 million dollars can result in a tax increase of 7.6% in Monroe County and 5.0% in Pike County. She stated that she did an analysis of the fund balance for June 2011 and, if it comes in as is expected, they would have a 6.4% fund balance. Mrs. Bader stated that the State does not allow for a higher than 8% fund balance. She reminded the Board that, in addition, there is also the designated fund balance of 1.38 million dollars for PSERS from the June 2009 fund balance. Mrs. Bader stated that they will continue to monitor staff, through attrition and retirement. She stated that they can always reduce staff as approved by the Board and PDE. Mrs. Bader stated that Ms. Jamie Doyle will be coming in to discuss a debt refunding opportunity that can yield \$350,000 in 2010/2011 year. She stated that she previously had stated that \$450,000 would be available for the 2010/2011 budget; however, Ms. Doyle viewed markets and they would have the same overall savings. Mrs. Bader stated that however, \$100,000 would be for the 2009/2010 school year. Mrs. Bader stated that the preliminary budget includes a small portion of the fund balance to reduce debt and we do have 10.5% budgeted for PSERS. She stated that the district is only required to have 8.22%; therefore, there is a 1.5 million dollar built-in for savings or to apply for further debt reduction. Mrs. Bader stated that she and the Property/Facilities Committee are working on a 3-5 year plan for capital improvements and continue to monitor and develop a plan. She stated that they are also continuing to monitor the VanNess project and the J. T. Lambert roof. Mrs. Bader stated that grant expenditures are being reviewed to see what expenditures the grants can pick up which can be a total of \$100,000 in district savings. Mrs. Bader stated that they will examine the reduction of Xerox copiers because $\frac{3}{4}$ of the machines are expiring; therefore, they will review in order to reduce and find the best vendor with the best prices. Mrs. Bader stated that staff negotiations need to be added to the budget as well as the Race To The Top funds. She stated that the J. M. Hill renovations are not included and the revenues may change when the Governor's budget is approved.
- C. Mr. Cole stated that most things that Mrs. Bader stated are good news, especially what Governor Rendell announced. He stated that these are all potentials but are essential to what a preliminary budget is. Mr. Cole stated that they are also a potential of the expenses for the coming year.
- D. Mr. Brunkard stated that he voted to support the preliminary budget at the previous meeting and he will do so again with the slight reduction in the budget. He stated that it does not surprise him of the anticipated things coming in. Mr. Brunkard stated that teachers will need to announce retirement and if we replace them it will be by junior staff with a savings to the district. He stated that as we go through this budget process people may think that everything with the budget is going to come up with less expenditures but let me remind you that we already showed an inclination of all cuts and we cannot continue to cut everything. Mr. Brunkard stated that if someplace along the way we get a wind fall and we save some money, let's put it in for repairing our roofs, putting staples in our staplers, putting books in the classrooms and gas in our vehicles. He stated that as the procedure goes forward those items that we are committed to we face but the discretionary items we find them convenient to cut and they directly impact our education. Mr.

Brunkard stated that this is the most optimistic budget that he has seen but there are some question marks. He stated that they will be discussing PSERS at the meeting on March 2, 2010 because we have a crisis on the horizon and in some cases we have taken a step in dealing with it. Mr. Brunkard stated that there is going to be a lot of things to consider, which make it a difficult task to keep the budget under control, as we get down to truly committing to the spending. He stated that the Board should move forward and approve the preliminary budget, knowing that we will be cutting it from here. Mr. Brunkard stated that they should not look only to cuts but for worthwhile expenditures. He stated that it is a long time from now until we carry forward the final budget. Mr. Brunkard stated that our Business Manager did a great job in laying out the framework. He stated that the Board is committed to a process and they have tackled the issues in a wider sense but we have a lot of work ahead of us.

- E. Ms. Hocker stated that she is still concerned on how the professional staff salaries and the Race To The Top funds can increase the budget.
- F. Mrs. Laverdure stated that it would be premature to discuss any salaries since the union has not talked about it yet. She stated that the Race To The Top funds will be coming into the budget; therefore, not adding to the expenses. Ms. Hocker asked if the district knows what the Property/Facilities Committee expenses would be for capital reserves. Mrs. Laverdure stated that they do not have the final cost since they missed the last Property/Facilities Committee meeting due to weather. Mr. Brunkard stated that they do have a big commitment of \$100,000 for general repairs for a lot of buildings. He stated that they have two third of a million dollars for two years in a row to replace the J. T. Lambert roof. Mr. Brunkard stated that he believes that they will spend more money on repairs from year to year, during the time they put it off, than repairing it all in the first place. Mr. Brunkard stated that the roof repair is an item under consideration since it is the biggest expenditure. He stated that they have \$100,000 to do a repaving project but if they do not spend the \$100,000 now, they may be spending ten times that much in another year. Mr. Brunkard stated that the repairs that the facilities are calling for are necessary and not a huge part of the budget. He stated that they will be discussing all items as the time goes along. Mr. Brunkard stated people may even question why repair a roof before 20 years. He stated that whether they repair items or received funds from the Governor can affect the overall budget. Mr. Brunkard stated that he is willing to approve the preliminary budget tonight.
- G. Mr. Cole asked if we have other renovations at J. M. Hill Elementary beside the removal and preparation of the VanNess property. Mr. Brunkard stated that this is the most costly anticipated project that the Property/Facilities Committee has. Mr. Shearouse stated that they have been working with Trane Corporation with the Board's approval. Mr. Shearouse stated that Trane Corporation has a program that uses Act 77 Grant funds where they can go into J. M. Hill to upgrade existing building such as the infrastructure, heating system and upgrade the electricity in the building. He stated that we hope to share this proposal with the Board in a month's time. Mrs. Laverdure stated that this was a project that has been occurring since she was Principal at J. M. Hill Elementary, which was a long time ago. Mr. Shearouse stated that it was not funded before but now it might be. Mr. Cole asked if this project will be funded by a grant. Mr. Shearouse stated that they are looking into this program that may fund the project. Mr. Brunkard stated that the other things that they would like to do for J. M. Hill Elementary cost \$16,000 to remodel the girls' restrooms and another \$700 for paint and trim since the boys' restrooms were done last year. He stated that perhaps it would cost about \$600,000 for the VanNess property renovations and \$16,700 for the restrooms. Mr. Brunkard stated that the Property/Facilities Committee meeting did not meet this month due to weather and apologizes to Mr. Motts for not relaying the message. He stated that Smithfield Elementary only wants one item, a storage unit for their boiler room, that costs less than \$2,000. Mr. Brunkard stated that, in other buildings, some items may cost either \$12,000 or \$20,000 but whether we do them or not is not going to have an effect on this budget. He stated that some items will be completed while others will be put off.

XV. PUBLIC PARTICIPATION – LIMITED TO BUDGET ITEMS

A. None

XVI. FISCAL ITEMS

2.

ACTION BY THE BOARD:

Motion was made by Donald Motts to approve the submission of the 2010-2011 Preliminary Budget in the amount of \$142,910,100 to the Pennsylvania Department of Education in order to comply with the requirements of Act 1 of 2006.

Motion was seconded by James Brunkard. A roll call vote was taken and passed 6-1. James Brunkard, Horace Cole, Robert Cooke, Robert Gress, Audrey Hocker and Donald Motts voted yes. William Searfoss voted no.

XVII. ANNOUNCEMENTS/INFORMATION

A. Mr. Cole reminded the Board and the public that Regular School Board meeting will be held on Monday, February 22, 2010 in the Board room at 7:30 p.m.

XVIII. ADJOURNMENT - 7:30 P.M.

Respectfully Submitted,

Patricia L. Rosado,
Board Secretary