

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

**Special Board Meeting for discussion of the Proposed 2010-2011 Final Budget
and to consider the appointment of Act 93 Administrative Staff**

May 10, 2010

Carl T. Secor Administration Center – Board Room

6:00 p.m.

Minutes

- I. President Horace Cole called the meeting to order at 6:07 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, Robert Cooke, Douglas Freeman, Robert Gress, Bet Hays (arrived at 6:15 p.m.), Donald Motts and William Searfoss. Audrey Hocker was absent.
- III. School personnel present: Michelle Arnold, Pat Bader, Theresa Benjamin, Brian Borosh, John Burrus, Anthony Calderone, Maria Casciotta, Ann Catrillo, Mike Catrillo, Kim Conklin, Irene Duggins, Larry Dymond, Eric Forsyth, Jill Greenwood, Lynda Hopkins, Sara Kern, Constance Kishbaugh, Sharon Laverdure, Irene Livingston, Olivia Paris, Annelle Prefontaine, Patricia Rosado, Paul H. Schmid, Jim Shearouse, Tom Williams, Steve Zall and Ann Zannelle. Also present was: Christopher Brown – Solicitor.
- IV. Community members present: Jake Brunkard, Kathy Brunkard, Devin Day, M. Meachem and Gary Summers.

V. APPROVAL OF AGENDA

ACTION BY THE BOARD:

Motion was made by Douglas Freeman to approve this agenda for May 10, 2010 (pages 1-2), as submitted. Motion was seconded by Donald Motts and carried unanimously, 7-0.

- VI. **ANNOUNCEMENT OF EXECUTIVE SESSION** -- An executive session will be held immediately following this special meeting for the purpose of discussing personnel and negotiations.

VII. ANNOUNCEMENTS BY THE BOARD

Mr. Cole stated that the Regular School Board meeting will be on Monday, May 17, 2010 at 7:30 p.m.

VIII. PUBLIC PARTICIPATION – LIMITED TO PERSONNEL ITEM

None

IX. PERSONNEL ITEM

A. Act 93 Administrative Staff

ACTION BY THE BOARD:

Motion was made by Donald Motts to approve the change of position of the administrative staff designated, in accordance with the approved applicable policies, procedures and contractual agreement. Motion was seconded by James Brunkard and carried unanimously, 7-0.

1. **Change of Position**

Name	Appointment
a. Catrillo, Michael	From: Principal - J. T. Lambert Intermediate To: Principal – High School South Salary: \$113,457.00 Effective Date: July 1, 2010 Michael replaces Lois Palio who retired.

X. SUSPENSION OF RULES

ACTION BY THE BOARD:

Motion was made by William Searfoss to suspend the rules of the day to permit discussion of budgetary items to be presented by the administration or members of the Board and the public concerning possible cuts and revisions to the Proposed 2010-2011 Final Budget without the necessity of a motion and second being previously made and to vote on individual budget strategies. Motion was seconded by Robert Cooke and carried unanimously, 7-0.

XI. PRESENTATION OF INFORMATION BY THE ADMINISTRATION

Mrs. Laverdure stated that they met many times to come up with this proposed final budget for this evening. She stated that they took into consideration information on programs and staffing concerns that they face everyday. Mrs. Bader reminded the Board of the budget process. She stated that targets were set for instructional and principal budgets as well as administration. Mrs. Bader stated that those targets were flat and in the case of administration, they were cut by 1%. She stated that they were reviewed by the administrative team looking for possible duplication of services or possibly unnecessary spending. Mrs. Bader stated that the building principals were interviewed by the Board to attest to the level of funding that they were receiving. She stated that they ended the preliminary budget with a 7.0 equalized millage for the school district with a use of fund balance of \$2,000,000 to pay for the debt spike.

Mrs. Bader stated that she will be picking up tonight from where she left off and discuss the proposed final budget which must be adopted by May 31st. She stated that her goal is to possibly have this proposed final budget on the May 17th agenda for approval. Mrs. Bader stated that if what administration is proposing is acceptable, then the proposed final budget will go on the agenda next week for approval. Mrs. Bader stated that if the Board does not approve the proposed final budget on May 17th, then they can have a Special Board meeting on May 24th. She stated that the final budget is due to be adopted on June 30th. Mrs. Bader stated that there are advertising requirements of 20 days because the public has to be able to view it. She stated that administration would like to adopt the final budget on June 14th, if acceptable, to the Board. Mrs. Bader stated that, administratively, it is very tough to adopt the budget at the end of the month. She stated that the Business Office will begin to send out P. O.'s (purchase orders) on July 1st. Mrs. Bader stated that there is a lot to be done in the summer months; therefore, they need the extra time. She stated that the Regular School Board meeting is on June 28th where the budget can be adopted but administration would prefer to adopt it on June 14th. Mrs. Bader stated that the proposed final budget has a total revenue of \$14,400,900 and expenditures of \$142,400,800 which includes a \$2,000,000 use of fund balance to take off the debt spike. She stated that this proposed budget includes a projected 6.5% increase in real estate tax bases, which is a decrease of .5% on equalized bases. Mrs. Bader stated that the budget assumes an 89% collection rate of real estate taxes. She stated the local revenues are assumed to increase 10.6%, State revenues are assumed to increase 3.33% and Federal revenues are assumed to increase 37.4%. (a lot of basic education subsidy is coming from the Federal Government and we are also getting the American Recovery and Reconstruction, one time money). Mrs. Bader stated that it also includes the use of exceptions of approximately \$2,008,315, which is in excess of the district's 3.9% index. She stated that the breakdown of the proposed final revenues are: the most notable item is the State subsidy which they are proposing to give us less than in the 2008-2009 school year. The balance is made up from the feds but the uncertainty of the State budget causes a concern to the district. Mrs. Bader stated that under the budget assumptions between the preliminary budget and proposed final budget, she increased on the Monroe County side the assessed value that she applied the millage to and Pike County assessed values declined. She stated that properties with pending tax assessment appeals are included at the full value in 2010. She stated that in some cases, the Board is aware that there are some significant tax assessment appeals. Mrs. Bader stated that the proposed budget assumes that Porter Township will remain in the East Stroudsburg Area School District. She stated that basic education funding is made up of Federal and State funds. Mrs. Bader stated that she was excited for the State to give the district 12.34% but this was a calculation error; therefore, the district will receive 9.94% which is made up of State and Federal funds. She stated that the budget includes a one time American Recovery and Reinvestment Act funds in the amount of \$1,049,525 but it will disappear for the 2011-2012 school year budget. She stated that our property tax reduction allocation is \$4,345,730, a slight decline from 2009/2010, of \$3,400. Mrs. Bader stated that there has been somewhat of an increase in

the amount of households that qualify for this. She stated that her office is examining the amount but it appears that every taxpayer will receive less than they received last year. Mrs. Bader stated that grant revenues have declined by 6.8%. She stated that visual display of the revenues, 71.7% income comes from local and Federal, miscellaneous is 4.4% and State revenues are 23.9%. She stated that the difference between the preliminary budget and the final proposed budget is that the district lost 162 students.

Mr. Brunkard asked if some of the students the district is losing are going to Cyber School and the district ends up paying for their education. Ms. Bader stated that we have lost quite a few students to cyber charter. Mr. Brunkard stated that for the accuracy of going forward in accessing our population drop, if we end of paying for these students to be in cyber schools, then there isn't a loss in the cost of students. He stated that if the argument is going to be made that by losing 160 students it calls for a lot of adjustments in where we put our monies. Mr. Brunkard stated that it may not be a savings but an additional cost. Ms. Bader stated that it can definitely be more expensive to pay another facility than to educate the children ourselves, but that the district is trying to make every attempt to entice the students back. She stated that they are even trying to set them up in our own Virtual Academy which has had some success. Mr. Brunkard stated that he didn't want that point to be glossed over in any way while we have people who are hurting for their taxes to have some sense that in some place we are downsizing our output. Mr. Brunkard stated that while we might in fact lose students in our brick and mortar situation, end up with a higher expenditure for our students that we are responsible for. He stated that taxpayers are worried. Ms. Hays stated that when you look at the student population in the 2007/2008 school year, it was 8,289 and now we are projecting 7,806. She stated that it is a drop of 483 students. Ms. Hays stated that when you look from year to year, it may look like 161 students but you can triple it and it would be 483 students. She stated that she would think we need to look at how we are doing our classes and how many teachers we have. Ms. Hays stated that she knows that the district has been looking; but, as a whole, 483 students is a lot. Ms. Hays stated that before we tenure people and have them forever on the books, we need to look at boundaries, classrooms and everything needs to be revamped. Ms. Hays stated that people are hurting out there and she sees many foreclosures. She stated that people who have newer homes are paying a tremendous amount of money because their taxes are always going to go higher than the homes that are 40-50 years old. Ms. Hays stated that some of these homes have fantastic prices and you wonder why they are not sold. She stated that it is because taxes of \$9,000 or \$10,000 but compared to the old homes that are about \$4500. Ms. Hays stated that taxes on something that is old will only go up a certain amount but when it is \$9,000 or \$10,000, it is a significant hit for our taxpayers.

Mrs. Bader presented the breakdown of expenditures. She stated that the total salary and benefits is significant at 63.8%. Mrs. Bader stated that the professional staff salaries have been budgeted at an increase of 2.8% and any negotiated increases must be added to budgeted salaries. She stated that also included, is a one month trust funding holiday and per employee funding has been held flat. Mrs. Bader stated that the PSERS contributions are at 10.5% and PDE is recommending a rate of 8.22%. She stated that they do have some planning for the future built in. Mrs. Bader stated that new staffing requests are at \$573,400. She stated that a list of all the staff requests was passed out. Mrs. Laverdure stated that the new staff is limited to three custodians because of the building projections they did. She stated that they need to maintain and keep buildings orderly and clean. Mrs. Laverdure stated that they are also requesting six student helpers at the elementary level, three student helpers at the intermediate level and three student helpers at the high school level. Mrs. Laverdure stated that these positions are only projected in case students transfer in or an IEP decisions would be written for the special education needs. Ms. Hays said she does not have the paper with the list of new positions. Mrs. Laverdure said the paper will be distributed.

Mrs. Bader stated that administrative targets were 1% less than in the 2009/2010 budget actual. She stated that the instructional targets were developed using a do not exceed method and held flat from the 2009/2010 budget. Mrs. Bader stated that we continue to have an estimated capital reserve transfer of \$950,000, which is included in the packets to remind the Board of the projects that have been approved. She stated that, in addition, they have applied for two qualifying school construction bonds; one for the J. T. Lambert roof and one for J. M. Hill Elementary parking lot expansion (VanNess Property). Mrs. Bader stated that they have not received notification if they have been approved yet. She stated that the preliminary budget includes one line item in the amount of \$636,470 for phase two of the J. T. Lambert's roof replacement or they can use it for the parking lot at J. M. Hill Elementary. Mrs. Bader stated that the money can be used in whatever the Board decides and if we are not approved for the qualifying school construction bonds.

Mrs. Bader stated that the staffing request includes 3 custodians, 12 student helpers as well as 1 Assistant Elementary Principal at ten months at the East Stroudsburg Elementary school.

Ms. Hays asked why the district needs 12 student helpers. Mrs. Laverdure said that the district does not hire them but each position is filled as the need arises or if a student transfers to the district with the need. Ms. Hays asked how much did we pay for the teacher on special assignment compared to a new Assistant Principal at East Stroudsburg Elementary. Mrs. Laverdure stated that she did not have the amount with her tonight. She stated that the problem with a teacher on

special assignment, which she is recommending that they keep the two teachers on special assignment positions at both high schools, is that you do not get the support that you need as a principal because the person cannot observe; therefore, it ties your hands. Mrs. Laverdure stated that East Stroudsburg Elementary is projected to have about 827 students. Ms. Hays said that she is not saying that we should not have an Assistant Principal but what she is saying that if we are paying from the present budget about \$60,000 or \$70,000 for the teacher on special assignment and if we pay about \$75,000 for an assistant principal, it is \$5,500 more. Mrs. Laverdure stated that we still have to hire for this position; but, if enrollment were down, you would be saving but if it is not so we won't be saving. Ms. Hays stated that if the teacher on special assignment went back to her position who was teaching for her. Mrs. Laverdure stated the district hired a long term sub for her position. She stated that when they hired this year, they hired long term subs. Mrs. Laverdure stated that with the first budget submittal all long term substitutes were cut. She stated that any other budget trimming, at this point, would not be the long term subs but the TPE's (Temporary Professional Employee non-tenured) or retirees.

Mrs. Bader stated that the budgetary reserve is at \$767,346. She stated that the debt payment and spike is why she is recommending use of fund balance. She said that she included a tax revenue anticipation note that she is not anticipating but the district does not know what the State is proposing to do. Mrs. Bader stated that if the State does not give us the funding like last year, we need to have a note in place. She stated that the district continues to have a reserve of \$60,000 for a negotiations attorney. Ms. Hays asked, when Mrs. Bader is talking about the budgetary reserve, does she mean the fund balance. Ms. Hays asked what is the difference between the two. Mrs. Bader stated that the budgetary reserve would be used for unanticipated expenses like if electricity costs rise. Ms. Hays stated that she thought this would be part of the fund balance. Mrs. Bader stated that it would go back into the fund balance when it is not used but this way we are raising taxes. Ms. Hays asked where does the fund get parked. Mrs. Bader said that it is kept under "other" in the pie chart under administrative and student costs. Ms. Hays asked if the district has \$700,000 in this fund and everything else is budgeted for, then who oversees the budgetary reserve account. Mrs. Bader stated it is not assigned to anyone. She stated that if the electric bill goes over or any administrative type expense that exceeds its budget projection, then they use the budgetary reserve. Mrs. Bader stated that its purpose is not to transfer into another account to fund something new. She stated that it is there in case there is an error for electricity, water, roof insurance costs, etc.

Mr. Brunkard asked for a school district of our size what is the State's recommendation of a budget surplus that we should carry in case of cold winter, damage, lawsuits, etc. Mrs. Bader stated that for our fund balance, which is like a saving account, the State recommends 8% of our annual expenditures. Mrs. Bader stated this budgetary reserve is not the fund balance but when it is not unused it goes back into the fund balance. Mr. Brunkard stated that it becomes part of that 8% balance. Mr. Brunkard said on a \$140,000,000 budget, the percentage would equal \$11,200,000. Mrs. Bader stated, "Yes". He asked how much is in our fund balance. Mrs. Bader said she will be getting to that item in her presentation.

Mrs. Bader reviewed the expenditure history and reminded the Board that last year, they scooped out the debt and created a fund balance because our expenditures exceeded our revenues. She stated that they can see that the full complimented debt is back into this budget and that is why expenditures are increasing 16.1%. Mrs. Bader stated that staffing projections have a major difference between the preliminary budget than in the proposed final budget because the staffing budget cuts are at \$690,593. She stated that the Board has a breakdown with names on their sheet. Mrs. Bader stated that all of these positions are from retirements and resignations and because of the loss of student population, we do know that we can eliminate these positions. Mrs. Laverdure stated that the School-to-Work Coordinator job responsibilities have been transferred to the guidance counselors. She stated that the district is not losing any programs. Mr. Freeman commented that the total net is about \$60,000 between renewing and canceling positions. Mrs. Laverdure stated that at this time that is the amount.

Mrs. Bader stated that the fund balance is a sign of fiscal stability. She stated that it enables the earning of interest income which offsets tax millage. Mrs. Bader stated that the credit ratings of school districts can be affected directly by the level of their fund balance. She stated that those with little or no money in reserve are considered to be higher risks and their ratings along with their cost of borrowings suffer accordingly. Mrs. Bader stated that the district is recommending a \$2,000,000 use of fund balance for debt repayment for the 2010-2011 budget. She stated that they will continue to evaluate staffing needs and purchasing decisions. Mrs. Bader stated that any savings incurred will increase our fund balance to offset the unpredictable State budget and future tax increases. She stated that the PA schools, with a budget the size of the East Stroudsburg Area School District are limited to a fund balance of 8%. Mrs. Bader stated that the fund balance should be one to three months of expenditures according to PSBA. She stated that the rating agencies: Moody's Standard & Poor's, and Fitch recommend that the fund balance be 8% of current period operating expenditures (budget). Mrs. Bader stated that at the end of June 30, 2011, we are projected to have \$10,551,101 which includes PSERS reserve fund balance of \$1,380,000 that was set up at the end of 2009. She stated that, at the end of June 2010, we are projected to have a fund balance of 8.4% but when expenditures go back up it will be 6.8%. Mrs. Bader stated that we are on our way to a healthy fund balance. Mr. Brunkard asked if the amount from 6/30/10, \$11,154,339, is pre the \$2,000,000 bumped out. Mrs. Bader stated that this is 8.4% of the artificially suppressed expenditures that were suppressed because the debt was bumped out; therefore, it is really more like 6.8%. Mr. Brunkard asked if the \$700,000 is

part of the general fund balance. Mrs. Bader said if it is not used then it will be part of it. Ms. Hays asked if this amount is counted for now. Mrs. Bader said no because if we do not spend it, it becomes part of the budgetary savings.

Ms. Hays asked if we have a reserve of fund balance in the amount of \$1,380,000 and now we have a reserve fund balance too. Mrs. Bader said that this is to try to head off the PSERS crisis that is coming.

Mrs. Bader stated that the district is assuming a collection rate of 89%. Mrs. Bader stated that the PA State Tax Equalization Board split of revenues is 75.666% for Monroe County and 24.334% in Pike County. She stated that the proposed final millage is 174.53 in Monroe County and 125.10 in Pike County. Mrs. Bader stated that this is an increase of 11.31 mills (6.9%) in Monroe County and 6.16 mills (5.2%) increase in Pike County. She stated that on a \$25,000 assessment, the impact is \$23.56 per month or \$282.75 per year in Monroe County and \$12.83 per month or \$154.00 per year in Pike County. Mrs. Bader stated that 1 mill of collected taxes in Monroe County is \$395,320 and \$177,365 in Pike County. She stated that by law, the proposed final budget must be approved by May 31, 2010. Mrs. Bader stated that the final budget, by law, must be approved by June 30, 2010.

Mrs. Bader stated that the Board received supplemental schedules to show them how she got to the revenues and expenditures. She stated that on the sheet they will see all cuts, the preliminary budget, capital reserve projects and the large fixed item requests that were included in the proposed final budget.

Mr. Brunkard stated that there have been ongoing conversations on this budget and he commends Mrs. Bader on the diligent work that she does in these difficult times to make cuts and take a hard look at things. He stated that as a new Business Manager she submits things that are clear and things read in an easy manner. Mr. Brunkard stated that Mrs. Bader is dealing with a lot of unknown as stated in the page of assumptions. He said that he noted that salaries and benefits and PSERS contributions are at 10.5% which is higher than the required rate of 8.22% which commendable. Mr. Brunkard stated that every piece of information he has seen and she has seen indicate that 2.2% is not going to be sufficient. He stated that he knows that at the Joint Operating Committee Meeting, at the Monroe Career & Technical Institute, allocation of funds were to try to block the PSERS crisis with a one time added expenditure of 10% of our annual budget on top of the 5% that was already put in this past year's budget in the amount of \$77,000. He stated that this amount was in addition to what was allocated to try to stem off the implications of what is happening with PSERS. Mr. Brunkard stated that the proposed budget has a PSERS contribution that may not be perfect and professional staff salaries that have been budgeted at 2.8%, which the number can come in anywhere as a result of negotiations. He stated that if anyone wants to say higher or lower that 2.8%, he would bid on the higher end due to benefit costs. Mr. Brunkard stated that the district is taking a contribution funding holiday due to the fact that our health insurance has held up but when we read the writing on it, it is open ended. Mr. Brunkard stated that if the H1N1 virus would have hit the district, the way it could of it would not have been good. He stated that every week he hears of some disease from his daughter. Mr. Brunkard stated that we barely missed this sickness this time around but can we count on containing our health costs. He stated that we have to make our best guess and we are going with the latest guess from the State. Mr. Brunkard stated that we should put aside more money where we can and not cut taxes when we are barely floating with what we have on hand. Mr. Brunkard stated that we cut back in January in areas that it would have been nice to have more money in those areas. He stated that he walked around the schools and is glad with the renovations at Middle Smithfield Elementary. He stated that they should have a good library; otherwise, they should have left it where it was since nothing new is being added like they did at East Stroudsburg Elementary. Mr. Brunkard stated that year after year they cut the necessity of some things. He stated that he knows it is important that we protect our taxpayers and to keep our economy going but this year's budget is a chopped budget like last year. Mr. Brunkard stated that there are a number of things we put off year after year and areas are not being funded at an appropriate level. Mr. Brunkard stated that this is not a direction that he wants to go in. He stated that he will support passing the budget with no further cuts knowing that some of these things work for us while others won't. Mr. Brunkard stated that we will still be in a position of facing a stringent budget next year.

Mr. Cole stated that he understands Mr. Brunkard's comments. He stated that, in this particularly tough economy, he approves the cuts that the Business Manger has made, thus far. Mr. Cole stated that Mrs. Bader has made the best guesstimate at this particular time. He stated that we should not add items to the budget or cut additional things. Mr. Cole stated that, right now, the budget is gray with the uncertainty of negotiations and the Board will have to be prepared for the outcome whatever it is.

Ms. Hays stated that her concerns have nothing to do with the job that Mrs. Bader has done but it has to do with how we are in the district. She stated that she likes the way the budget was done and that Mrs. Bader makes it easier to look at than how it was done in previous years. Ms. Hays stated that it spells things out which makes it easier to look at. She stated that when she looks at the reduction of 5.8% of students since the 2007/2008 school year and she wonders why there are more expenses for secretaries. She asked if it has to do with contracts that we honor because 5.75% is a big jump. Mrs. Bader stated that the way it is developed is that every staff member is viewed at their current salary and

placed into their projected salaries. She stated that in the case of the secretaries, they have contractual amounts but does not know the particulars or if they had one additional secretary added. Mrs. Bader stated that they take a guess of how many will retire. She stated that with the first level supervisors they had an additional one added. Ms. Hays stated that she wondered if we have any projections into the future if we are going to lose additional students. She asked how can we project in the budget when the State tells us how the growth is going to be done and will we know the decline. Ms. Hays stated that we should reassess the use of all buildings. Ms. Hays stated that she knows Mrs. Laverdure stated that she has been looking at students in each classroom. She stated that if this trend continues, they are going to seriously look at the use of the buildings to see if they have to consolidate. Mrs. Hays stated that, hopefully, the economy will change, but right now it has been very difficult.

Mrs. Laverdure stated that they are assessing all the classrooms. She stated that she gave the Board the same class size numbers that she has two weeks ago for elementary. She stated that the class sizes are being bumped up slowly. Mrs. Laverdure stated that there are reductions within grades K-2 due to grants and they have to stay within the integrity of the grants. She stated that for grades 3-6, they have 24-25 students in a classroom. Ms. Hays asked if the reduction in students are projected about 160 from last year and was this among all schools. Mrs. Laverdure stated that the reduction is in Lehman Intermediate and J. T. Lambert Intermediate. Mrs. Laverdure stated that they are looking to collapse a team in J. T. Lambert and at Lehman Intermediate, they are looking to collapse classes in 6th grade. Ms. Hays stated that if the drop is happening at the intermediate level, then it will also affect the high schools soon. Mrs. Laverdure said that they will need to keep an eye and that is why they are not hiring the teachers on special assignments as assistant principals right now.

Mr. Gress asked how they are planning or budgeting for the transportation of students because not every seat is occupied. He stated that the buses hold 72 and they always seem empty. Mr. Gress stated that he knows that the district has to budget for every student but not every seat is occupied. He stated that if we are budgeting for 72 students, then that is fine but why not budget for 30, 40 or 50 students when we know there will not be 72 students on a bus. Mrs. Laverdure stated that our subsidy is locked into that as well. She stated that if you take the airline philosophy where we are overbooked, you won't get reimbursed for that and may have a dilemma, unless we are close to the schools then it won't be a problem. Mrs. Laverdure stated that the further you drive, the more subsidy you get. She stated that she has five buses by rosters and looks at the routes. Mrs. Laverdure stated that if we put the students together you are looking at 67, 70, 72, 73 etc. students on a bus which is three to a seat. She stated that these would be J. T. Lambert and High School students. Mr. Gress asked what does the district do now. Mrs. Laverdure stated that the district has 56-60 students on a bus which is two to a seat.

Mr. Gress asked if we still contracting out this year or did we stop. Mrs. Laverdure stated that the only sub contracting they do is once in a while for trips that cannot fit in to the district's schedules.

Mr. Gress asked why are some custodians on a third shift. He stated that they should be placed on second shift. Mr. Gress stated that he understands that they need to keep the building clean but he spoke to Tom Williams and they should have more 3rd shift work the 2nd shift. Mr. Gress stated that they should not be there for security reasons only. Mrs. Laverdure stated that due to late athletic events in the high schools, they must clean up late and get the building ready for the instructional time on the next day. Mrs. Laverdure said there is a deterrent when buildings are occupied. She stated that it is not for security but it is important to have staff on hand and cleaning done for the children the next day.

Mr. Gress stated that the 126% PSERS increase is probably about 11 mils of increase strictly for PSERS. He stated that whatever was cut is due to the PSERS nightmare that precipitated years ago. Mr. Gress stated that the State is looking for a magic bond issue to take care of the PSERS issue. He stated that the district is reducing by attrition, increasing class sizes and hiring long term substitutes.

XII. PUBLIC PARTICIPATION – LIMITED TO AGENDA ITEMS

A. Mr. Gary Summers stated that on page 4 of the presentation the total revenues in the proposed final budget is \$500,000 less than in the preliminary budget. He also stated that the proposed millage increase now for Monroe County is 11.31 mils or 6.9% but the budget back in February was a 12.46 millage increase. Mr. Summers stated that; therefore, the district is capped at this preliminary budget and cannot exceed this amount in the final budget. Mr. Summers stated that since the preliminary budget was 175.68 mils in Monroe County and was turned into PDE, it cannot be exceeded in the final budget. Mrs. Bader stated that there could be adjustments because of how the assessed value plays out between the two counties. Mr. Summers stated that the district is capped at what was turned in on the preliminary budget and cannot exceed it. Mrs. Bader said correct. Mr. Summers stated that the district only has a little over \$1,000,000 to play around with between now and the final budget. He stated that if the district wanted to go over 174.53 mils, they would have to go to voters. Mrs. Bader stated that we do not want to go over the preliminary. Mr. Summers stated that if we do, then the district will have to go to the voters. Mrs. Bader stated that it is too late to

go to the voters. Mr. Summers stated that the district is locked at 174.53 mils in Monroe County. Mrs. Bader stated that the preliminary budget was set at 175.68 mils. Mr. Summers stated that the district is locked at that amount and cannot go over. Mrs. Bader stated that the district can go over since the two counties have a shift and can cause it to go over slightly. Mr. Summers stated that the district is locked into the preliminary budget; therefore, the conversation about maybe spending some money is a mute discussion. Mr. Summers asked if the primary purpose of the district's fund balance of 8% is for the debt rating agency. Mrs. Bader stated that this is one of the reasons. Mr. Summers stated that if the district is not planning on borrowing any more money, they may be able to dip into it to help cut some taxes.

Mrs. Laverdure stated that the district is concerned and will be looking into the next year as well as future years, understanding that we really took a hit on the dip on the scoop outs. She stated that we are concerned about all these issues and are looking into them.

- B. Mr. Larry Dymond asked how many students was East Stroudsburg Elementary built for. Mrs. Laverdure stated that it was built for 1,200 to include special education students. Mr. Dymond suggested moving students around and closing Smithfield Elementary School which would be a major savings. He stated that he is not an advocate on adding class sizes in the elementary level but if we crunch the numbers and added one student per middle school and two for high school there would be a major savings there. Mr. Dymond stated that the district can save enough and cut taxes a little bit and give the taxpayers a break and still maintain the \$10,000,000 balance. He stated that, originally, he thought using some of the balance to take some of the hit off the taxpayers since some people will have to pay \$500 tax increases while newer homes will have to pay \$1,200 to \$1,400. Mr. Dymond stated that this will be a big hit especially for some people who have lost their jobs while others work two to three part-time jobs to make ends meet.

Mr. Cole stated that it would be a savings in possibly closing schools but the district's philosophy has been, and he would like them to continue, having neighborhood schools. Mr. Cole stated that if the trend continues to reduce over the long haul and we get less and less numbers in the schools, then they can look at this suggestion.

Mr. Dymond stated that he loves neighborhood schools but it seems we built the North school way too far out to be effective like when you compare it to Resica, J.M. Hill and Middle Smithfield, although it is getting utilized more and more and he would like to see that continue. He stated that in these tough times of unemployment, the price of energy coming up and the unforeseen, this could be a considerable savings.

- C. Mrs. Bader asked the Board if they would like her to include the proposed budget on the agenda for Monday's, (5/17/10) Board meeting or would they like for her to make changes.

Mr. Cole stated that based on the presentation and all information given tonight, he would like to her to submit it as is.

XIII. ACTION BY THE BOARD

None

XIV. ADJOURNMENT 7:20 P.M.

Respectfully submitted,

Patricia L. Rosado
Board Secretary