

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

**SPECIAL BOARD MEETING TO DISCUSS AND TAKE APPROPRIATE ACTION ON THE 2012-2013 BUDGET
AND RELATED FISCAL ISSUES**

**January 12, 2012
(Reconvened on January 19, 2012)**

Carl T. Secor Administration Center – Board Room

7:00 p.m.

Minutes

- I. Vice President, Robert Cooke called the meeting to order at 7:03 p.m. and led those present in the Pledge of Allegiance.
- II. **Members present were:** Ronald Bradley, Robert Cooke, Eileen Featherman, Robert Gress (arrived at 8:28 p.m.), Roy Horton, Marjorie James and Michael Meachem . Douglas Freeman and William Searfoss were absent.
- III. **School personnel present:** Michelle Arnold, Patricia Bader, David A. Baker, Brian Borosh, John Burrus, Anthony Calderone, Rick Carty, Maria Casciotta, Robert Dilliplane, Irene Duggins, Larry Dymond, Eric Forsyth, Lynda Hopkins, Ashley Kean, Gail Kulick, Suzanne Lagace, Sharon Laverdure, Fred Mill, Carolina Rodriguez, Patricia Rosado, Paul H. Schmid, Jim Shearouse, Kim Stevens, Thomas J. Williams, and Steve Zall. Also present was: Thomas Dirvonas, Solicitor.
- IV. **Community members present:** Annette Atkinson, Beverly Brown, Donna Dinkle, Ralph Dinkle, Sharon Duff, Mike Dwyer, Norma Feuer, Steve Feuer, M. Fritz, Diane Hinson, Audrey Hocker, Doug Hussort, Laverne King, Lou Mancuso, Mitchell Marcus, Albert McQueen, Verona Meachem, Michal Peterson, Anne Pohlman, Bob Pohlman, Lorna O’Farrell (for State Rep. Rosemary Brown), D. Scheffler, Scraton, Rod Smith, Gary Summers, Judy Summers, Michael J. Sweeney, Joshua Walker, Beverly White, Ray White and Robert Williams.
- V. Mr. Cooke stated that Superintendent Laverdure has asked for a point of personal privilege, so he is going to dispense with the next item, at this time, and turn it over to Superintendent Laverdure. Mrs. Laverdure stated that at one of our last meetings in November, right before we had the reorganization of the Board, Mrs. Hocker wasn’t able to be present that night. She stated on that particular night, we honored our outgoing Board members with a special token of our appreciation. Mrs. Laverdure stated she would like to do that for her tonight, if that’s okay. Mr. Cooke thanked Mrs. Hocker for her service to the Board.
- VI. Mr. Cooke stated that we are going to dispense with the introduction of guests; please make sure, however, that everyone has registered in at the table in the hallway so that we know who was in attendance here at our meeting.
- VII. **APPROVAL OF AGENDA**

ACTION BY THE BOARD:

Motion was made by Marjorie James to approve this agenda for January 12, 2012 (page 1), as submitted. Motion was seconded by Roy Horton and carried unanimously 6-0.

- VIII. **ANNOUNCEMENT OF EXECUTIVE SESSION** – Mr. Cooke stated that the agenda states that there will be an Executive Session immediately following this meeting for the purpose of discussing personnel, litigation and negotiations. He stated that unless that is needed, there will be no Executive Session and it will be announced it if it will be necessary, however.
- IX. **ANNOUNCEMENTS BY THE BOARD**

- A. Mr. Meachem stated he would like to acknowledge the turnout of the public this evening. He stated that he can tell that this is a subject matter that is pressing to all and he knows it is big stuff when you get all three supervisors from a township to come in. Mr. Meachem stated that what he wants to do is thank everyone for coming out this evening and knows that he is going to take the liberty of speaking on behalf of his colleagues here that they are going to do their very best to serve the public this evening.

X. SUSPENSION OF RULES

ACTION BY THE BOARD:

Motion was made by Michael Meachem 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 review of the 2012-2013 budget and related fiscal issues without the necessity of a motion and second being previously made. Motion was seconded by Eileen Featherman and carried unanimously, 6-0.

XI. PRESENTATION OF INFORMATION BY THE ADMINISTRATION

- A. Mrs. Laverdure stated that before she turns the meeting over to Mrs. Bader, she would like to thank everyone as well for coming out. She stated that this is an informational meeting where we share lots of information prior to any kind of a vote being made on the 23rd of January.
- B. Mrs. Bader stated that we are getting started with the timeline and, for members of the public who haven't been here before, she may be moving very quickly through some of the slides because she did a previous presentation similar to this one. She stated that we have the obligation to have an adopted budget by January 25, 2012. Mrs. Bader stated to that end, we have added a meeting date of Thursday, January 19, 2012, if the Board feels tonight that they need more information presented to them on that night prior to the January 23, 2012 Regular Board meeting where we have scheduled the adoption of the preliminary budget. She stated, of course, we can suspend that meeting and reconvene on the 24th and, then again, on the 25th if we cannot come to an adopted preliminary budget. Mrs. Bader stated that on page 3, we have some legal requirements that you see stated here below and again the reminder that we must have an adopted preliminary budget on January 25th.

Act 1 Time Line Legal Requirements

- Public Advertisement is required ten (10) days prior to adoption of the 2012-2013 preliminary budget.
- PDE deadline to make PDE 2028 (Preliminary Budget) available to public is January 5, 2011.
- PDE deadline to adopt the 2012-2013 Preliminary budget is January 25, 2012.
- Please note: There are deadlines for public notice submission to the Pocono Record.

Mrs. Bader stated that we are starting with where the district is with its budget for the 2011-2012 current school year and we do currently have an operating budget deficit in the amount of \$1,656,000 and said she will be speaking more to that in a moment. She stated that on page 5 (2012-13 Budget Summary), we have a preliminary revenue budget in the amount of \$142,870,000 and what that represents is our index plus what we have estimated to be our legal exceptions. She stated that this is not a balanced budget for 2012-2013 and at that level of revenue, there is an approximately \$7 million dollar budget deficit. Mrs. Bader stated that this assumes a collection rate of real estate taxes of 90%; however, she was hoping to bring back the good news that she could increase the collection rate to 91%, which it has been at for the past two years, but our initial reporting indicates that our collection percentage is only 87.7% and she will have more on that in a moment. Mrs. Bader stated that the local revenues are assumed to decrease 1.5% due to reassessments and, again, the declining collection of delinquents. She said State revenues are assumed to increase 7.1% due to increased funding for PSERS rate hike; that is the retirement plan for school employees. Mrs. Bader stated that other State revenues are assumed to be flat, including whatever limited grant revenue we did receive this school year. She stated that Federal revenues are assumed to decrease to 1.4% and the homestead/farmstead allowance is assumed to be at the 2011/12 school year. Mrs. Bader stated that this has to be one of the first times in our history that our certified assessed values have declined from the previous year. She stated that it results in a tax decrease, although minor, but it is a disturbing trend.

Mrs. Bader stated that on the next page seven, she prepared a multi-tiered collection analysis which does show how our collections have declined and she would like to point out that this collection analysis is as of January 9th. She stated that there are no January collections included in there and for those of you that are familiar with the real estate tax laws, the last date to postmark for taxes is December 31st, therefore, for our purposes, they roll into January. Mrs. Bader stated that this analysis for the 2011-2012 school year does not include any of those. She stated that the item that she needs to point out is Middle Smithfield Township and we have our largest taxpayer, the HRP Hara

Corporation, otherwise known as Fernwood, they traditionally pay their taxes on the last day of the calendar year, December 31st, they did not make any payment this year for many of their properties the only properties there were 18 properties they made payment on. Mrs. Bader stated that the balance at face is about \$2.8 million and if you were to assume that we did collect that amount of money, then the Middle Smithfield Township collection rate would be 90.6 and the overall district would be 90.4 but at this point there is no indication that we will be paid for those (See chart below).

	2011-12* Collection %	2010-11 Collection %	2009-10 Collection %	2008-09 Collection %
Monroe County				
ES Boro	91.1%	92.7%	93.5%	93.5%
Middle Smithfield**	83.5%	91.5%	91.4%	90.5%
Price	88.2%	90.5%	89.7%	89.5%
Smithfield	88.0%	90.6%	90.9%	79.6%
	86.2%	91.4%	91.5%	88.0%
Pike County				
Lehman	92.1%	91.2%	90.4%	89.6%
Porter	93.7%	93.3%	93.7%	93.1%
	92.2%	91.4%	90.7%	89.9%
Total	87.7%	91.4%	91.3%	88.5%

*As of January 9, 2012 – no January 2012 collections are included. January 2011 collection totaled \$509,015 or .5%. January 2010 collections totaled \$918,699 or 1.0%. January 2009 collections totaled \$393,291 or 5%.

**HRP Corp/HARA Corp (Fernwood) has not paid their 2011-12 tax bill in the Face amount of \$2.8 million. The Middle Smithfield collection amount would be approx. 90.6% with a total district of 90.4%.

Mrs. Bader stated that on page 8 (see below), she gave a listing of our 10 largest property taxpayers and HRP Hara is #1.

<u>Owner</u>	<u>Property</u>	<u>2011 Assessed Value</u>
HRP/HARA Corporation	Resort/Land Development	7,751,100
Shawnee Holdings	Resort/Land Development	6,747,360
Pocono Palace, Inc.	Resort	3,164,930
Wal-Mart Stores	Department Store	2,500,000
Pocmont Hotel Corp.	Resort	1,539,010
Mountain Manor, Inc.	Resort	1,017,550
Eagle Valley Realty	Land Development	1,051,130
Green Valley Apartment	Land Development	1,125,150
The Kimco Development Corp.	Department Store	967,680
MHC Timothy Lake North	Land Development	887,160
Total		\$26,751,070

Mrs. Bader stated that on page 9 she has ESASD Revenue & Expenditures Summary, and she is moving quickly, as she has presented this worksheet in the past. Mrs. Bader stated that she is just giving us an analysis of some of the actuals for previous years as well as last year's budget and the preliminary budget for 2012-2013. She stated that we can see how our operating deficit has increased for the 2012-2013 school year. Mrs. Bader stated that on page 11 there are the 2012-13 Preliminary Revenue Budget Assumptions which has some of our revenue budget assumptions, and she will just highlight a few as she goes over these quickly. She stated that this budget does assume that we are at index with exceptions. Mrs. Bader stated that we do have a budget item for pending reassessment appeals that we are aware of. She stated that there may be some room to increase our delinquent tax collections and we currently have that set at \$6 million; however, with the current collection percentage there is probably room to increase that. Mrs. Bader stated that Porter Township remains in our school district. She stated that transfer taxes will decrease, earned income taxes are flat and Basic Education Subsidy is estimated to remain at the 2011-2012 school year. Mrs. Bader stated that was the direction that the Governor gave us; however, that was prior to his budget freeze that he announced at the end of last month. She stated that we will not know what his budget is because he will announce it on February

7th, so that's a full two weeks after we are required to have our preliminary budget adopted. Mrs. Bader stated that we are assuming that grant revenues will remain flat and that we will receive the same level from 2011-2012 and again with the uncertainty that surrounds the 2012-2013 State revenues and the fact that our retirement, our PSERS rate, is escalating which means that the State has to contribute 50% of that increase to us. She stated that it seems unlikely that this assumption is correct.

Mrs. Bader stated that on page 12, Review of Revenues, there is a visual representation of how our local revenues support nearly 75% of our budget and State revenues are representing 22.6%. She stated that on page 13, District Historical Enrollment, there is a reminder to the Board that we have seen a decline in our building enrollment, and increase in cyber charter and our out of district placements have remained flat over recent years. Mrs. Bader stated that the Expenditures from her last presentation haven't changed. She stated Salary and benefits represent 64.7% debt and financing is 12% and student and administrative cost represent 23.2%. Mrs. Bader stated that the budgetary assumptions again have not changed. She stated that the support staff salary increase has been included even though the contract has still not been negotiated or has not been settled. Mrs. Bader stated that she is including a 12% increase in health insurance premiums and that is over the 9% that she has this year. She stated that our PSERS contribution is increasing to 12.36% which is approximately a 4% increase over the current year and there are no new staffing requests. Mrs. Bader stated that administrative and instructional targets were set at 2% less than the 2011-2012 school year and the capital reserve transfer is one million dollars or approximately 2 mil of taxes although we have not determined what projects the 2 mil of taxes will cover yet at this point. She stated that it will be handled at future Property/Facilities Committee meetings. Mrs. Bader stated that the budgetary reserve is set at \$750,000 and we have included \$60,000 for the negotiations' attorney and there is a large fixed asset as well. Mrs. Bader stated that on page 16 there is a budget expenditure history which indicates to you how our budget is moving over the years. She stated that on page 17, 2012-13 Budget Increases Due to Existing Staff, there is a breakdown of our staffing. Mrs. Bader stated that on page 19, it shows there is an operating deficit of nearly \$7 million. She stated that on page 20, 2011-12 vs. 2012-13 Revenues vs. Expenditures, there is a visual representation of how the current year and the future year compare. Mrs. Bader stated that on page 21, Fund Balance, there is, again, a slide from the last time just talking about maintaining a strong fund balance. She stated that on page 22, Calculation of Fund Balance, it has a new calculation of our ending unassigned fund balance would be at the end of the budget year. Mrs. Bader stated that it is different from the last time because revenues now include raising taxes for the exceptions.

Mrs. Bader stated that on page 25, Considerations, it is documenting what it means to a taxpayer in each of the counties and the bottom line is that in Monroe this tax increase would have an impact of \$22.40 per month and in Pike would be \$14.33 per month. She stated that collected mills on page 25 have remained unchanged since my last presentation of nearly \$400,000 in Monroe County and \$180,000 in Pike County. Mrs. Bader stated that on page 26 starts the new worksheets that she was rushing to get to. She stated that strategies for balancing the final budget; what she wants to remind the Board of is the preliminary budget that we are asking you to adopt is really the starting off point. Mrs. Bader stated that what we really are trying to get to is a balanced final budget which will be adopted in June or May, if we're lucky. She stated that it does not have to be done until June 30th. Mrs. Bader stated, again, the way we can do that is we can balance our budget by increasing our revenues, so as she said before, she was hoping she could announce the good news that we increase that 90% assumption to 91%. She stated at this moment, with the uncertainty of our largest taxpayer, she does not even know if we can keep it at 90 for the final budget. Mrs. Bader stated that we will have to see what is going to happen in the future. She stated that she may be able to increase our delinquent taxes to \$7.5 million from \$6 million so there's an increase in revenue. Mrs. Bader stated that we have to wait for the Governor to announce his intentions. She stated that on page 27, are some other strategies for a balanced final budget, reducing the salary and other benefits such as reduction in staff through retirement. She stated that as of last week, we had announced retirements, although they are not official, of 9 professional staff which totals approximately \$1 million. Mrs. Bader stated that if we were able to do without those folks, and not have to replace them, we could have a savings of \$1 million. She stated that we could have a one year salary freeze in our professional staff, which also includes a health benefit premium salary freeze and if we were able to obtain that by working with our professional union we would have an approximate saving of \$1.3 million. Mrs. Bader stated that again, working with our unions, if we were to have a tuition reimbursement suspension for one year, we could have a savings of \$437,000. Mrs. Bader stated to give the Board the idea, if we needed to become more aggressive and we needed to furlough some of lowest seniority teachers and this is only an estimate because needs have to be weighed against lowest seniority but if we needed a \$1 million in savings, that would equate 15 teaching positions at the lowest end. She stated that reducing the EBTEP healthcare contribution that she previously had a 12% increase built into this year, after three months, September 30, 2011, our insurance reserve at the trust has declined below the legal limit of 4 months because of some very high usage. Mrs. Bader stated that we had a couple of extreme cases that have tapped out our reserves. She stated that they are allowing us to be below since, sometimes, in the summer months; lots of people go to the doctor so we will see how the fall turns out and we don't have those results yet. Mrs. Bader stated that early indications are that we may not be able to dip that from 12%; however, we could make a payment from our

fund balance, our saving account. Mrs. Bader stated that a one-time cash infusion which we can then offset some of our 12%, we're still taking our own money but we're not raising taxes to do so and we would be using our fund balance. She stated that as she mentioned before, our workers compensation contribution rate, because our experience modification has improved so dramatically, is potentially an area of savings of \$200,000 but that has to be determined yet. Mrs. Bader stated that on the next page and Board members received this information on Monday late afternoon with some more detail, but for the public, she put together an analysis of the headcount and salary by building, with projected enrollments and some average class sizes for their review. She stated that on page 29, again, strategies for balancing the final budget, reducing the deficit, these are items that the administrative team feels we can look at for potential savings. Mrs. Bader stated that she mentioned before that she made a budgetary assumption that she is going to have \$1 million capital reserves which is approximately 2 mills of taxes which is a benchmark or something she put in as a placeholder. She stated that we could reduce this to zero and we could take the one-time savings that we earned in the current school year because of some recent debt refinancing and that's just like folks at home who refinance their mortgage for a lower rate, the same thing for a school district and we do have a one time savings of approximately \$556,000. Mrs. Bader stated that we could transfer that money this year, with your approval. She stated that we could set our transfer next year to zero and use this for next year. Mrs. Bader stated that the Administrative team feels that we could take a look at our ITEC replacement plan, that Mr. Borosh has gone over with you in the past and we could postpone some of those items. She stated that we could possibly make a recommendation for reductions to all athletic programs and as we do every year but we can continue to look at our bus runs and do a bus run compaction based on building enrollments dropping and shifting. Mrs. Bader stated that one of the ideas we've been kicking around is we could have the MCTI students all attend H.S. South, that would be their home school and we could potentially increase their attendance. She stated that one of the complaints about MCTI from the North is that it is too far to go. Mrs. Bader stated that if we made those children's home school H.S. South, we would bus them down and bus them home and we would decrease our transportation costs slightly but if we increase their attendance at MCTI that could help reduce our costs. She stated that we could offer clubs and intramurals on a semester basis, thereby, cutting the cost in half. Mrs. Bader stated that instead of having Club A and Club B as a full year club, we could have Club A in the fall semester and Club B in the spring semester. She stated that we would make sure with the staff that the children were still serviced but still offer them some club activities and intramural opportunities. She stated that as always we want to continue to monitor our utilities to see if our preliminary budget projection is too high because we have been having some excellent rate savings and some usage reduction through reduction strategies. Mrs. Bader stated, of course, we can reduce our budgetary reserve from \$750,000 to \$300,000 for a savings of \$450,000. She stated that on the next page, she just wanted to indicate to the Board the terrific savings we have been having in our electricity costs both because of usage and some locked in rates that were competitively bid using the IU and other school districts in the area. Mrs. Bader stated that, basically, we put our usage in with other school districts usage and were able to go out on the marketplace as a block and we got some excellent rates and this chart show you how we are doing. She stated finally, the strategy for a balanced budget, these are items that Administration feels that we would need further analysis and/or Board participation, they are topics for discussion. Mrs. Bader stated that they are bigger ideas such as elimination of drivers education, the elimination of intermediate level athletics, total elimination or reduction in activity bus runs, the elimination of block scheduling, however, that's a longer term effect or something we could not achieve for the 2012-2013 school year. She stated that the elimination of the teaming concept at the intermediate level and the reduction in the graduation credit requirements, could possibly lead to staffing decreases. Mrs. Bader stated, again, these are big concepts that could have costs savings. She stated that they do require more analysis by Administration and whether there is Board support for these things. Mrs. Bader stated that the final page she summarized what our graduation requirements are compared to the other Monroe County School Districts and they can see that laid out for them. She stated that she has to say that for other three school districts that this is a topic for them as well. Mrs. Bader stated that she wanted to mention to the Board that included in their big budget binder, we have added custodial and maintenance worksheets. She stated they also added a tab for revenue which was sent home to them on Friday but we included the worksheet in here again. Mrs. Bader stated that the headcount page that they received on Monday afternoon was also placed in here under a new tab called payroll and benefits. She stated that, in addition, there are some worksheets that we put under payroll and benefits which are new tonight and detail some of the Schedule B's which means the items that we pay for such as clubs, intramurals, music and athletics. Mrs. Bader stated that they can see the payments that we make to the different buildings for those programs. She stated, in addition, there is a big budget book additional items that has various information for your consideration, in case you need to do some more analysis. Mrs. Bader stated that she has details on the bus buyback expenses and some of the capital reserve requests. She stated that she put in \$1 million as a placeholder, but the buildings have actually made the request, so there is a list of them in here Mrs. Bader stated that we also have the calculation of cyber charter schools, last year's MCTI budget, special education, technology initiatives, transportation costs, virtual academy, district communication software, the J.M. Hill proposed debt, legal services and senior citizen rebate.

Mrs. Bader stated that at this early stage of the game, in most cases, we are using what we had in the 2011-2012 school year budget because we really do not have enough information to formally make a budget recommendation. She stated that is the case for all of the IU 20 costs just like capital reserves, is a placeholder, holding the funds to see where we are at.

- C. Mr. Roy Horton stated in going through the binder, there are some areas that don't have budget justification forms filled out, so he asked if he can get a breakdown of exactly where that is going or where it is expected to go. Mrs. Bader asked which areas are they. Mr. Horton stated, right now he is looking at maintenance and an increase of \$793,000 over last year and asked if that is correct? Mrs. Bader stated that she does not think so because in the maintenance, the justification is that maintenance gets the same money as this year and everything goes into reserve. Mr. Horton asked if everything goes into reserve that is not used. Mrs. Bader replied, no, because everything goes into, for example, a principal might say I need two tables and a chair and they put in a budget justification for that but in maintenance, if you're talking about the regular department budget, not the capital reserve, those items are all just reserves and he does not know if he's going to have \$1,000 in plumbing or if he needs new equipment. Mrs. Bader stated that it is routine day-to-day maintenance but would like to see what Mr. Horton is looking at. Mr. Horton stated that he is looking at the total cost line, to show you where he is getting the figure. He stated that the current budget is \$277,827 and our new year budget which is \$1, 070,953 and the cost per pupil is going from \$38 to \$149. Mrs. Bader stated that she would get an explanation out to Mr. Horton. Mrs. Bader stated that she has a feeling that it is because we made some adjustments to the way we do the accounting. Mrs. Rodriguez, Assistant Business Manager, interrupted and stated the reason is because we took maintenance out of the buildings and put it into the maintenance budget, so you see increase in his budget but it was normally with each buildings budget; therefore, he really does not have more, we just took it out of the buildings. Mr. Horton stated, so he is going to see a decrease. Mrs. Rodriguez stated you shouldn't see anything on there because we took it out of there from last year so if you compare last year's, the building is going to be less this year.
- D. Mrs. Featherman stated that most elementary budgets have a line item for rental of uniforms, like at J.M. Hill it is \$25,728. Mrs. Bader stated that the custodial staff has uniforms. Mrs. Featherman stated, "Oh, I see".
- E. Mr. Meachem questioned the rental of uniforms and we have a lot of information here but one of the things that deeply concerns him is the conformity because it seems we get to a certain point and not everybody fills out everything in the same way. He stated that when we get to the schools, we have our budget justification sheet and we have our details sheet and that looks pretty standard through the schools and then we get to the departments. Mr. Meachem stated that some of them look like that and some of them don't. He stated that after going through his book for a week now, this evening and he hopes it is not as a result that he kept his and didn't bring it back until this evening but now we have an appendix that looks totally unique, in and of itself. Mrs. Bader stated the appendix was put together because Mr. Bradley requested additional information last night or yesterday afternoon and we had to quickly put it together. Mr. Meachem stated that this appendix, to a certain extent, seems like a bad mystery novel where they withhold characters until the last five pages. He stated that there are sections here that were never contained in the original because now he sees that we have line item delineation for legal services, well what he is saying is he is going to take this back, take a look at it and make something out of this before he makes an overall assessment but one of the things he can tell you that is incredibly frustrating to him because he is not an MBA or a CPA but just a regular person but at this, this is almost like Where's Waldo. Mr. Meachem stated that what he thinks he knows is that he is looking for but then it gets changed but that aside, but the explanation that was offered on why all that is taken out of the budget and put into a departmental area. He stated that when he goes through the schools, he can see there is a very high ticket item that each of the principals are requesting, it's seems that not only are LCD projector bulbs fragile, they are highly expensive. Mr. Meachem stated that what we see is that dollar amount varies from school to school. He stated that his question is, one, why are we not inventorying all of the LCD bulbs that we have and determining how many devices we have where those are required and having a mechanism where the business office competitively bid the total amount of usage for the entire school year, bidding all out at one time and providing the individual schools what their needs are for the year and placing those reserve amounts in the hands of a professional for dispensation as opposed to he sees each school is requesting justification for different amounts. He stated that he occasionally sees the words reserve. Mr. Meachem stated that if we could identify from a maintenance point of view what had to be taken out of the budget and placed in the hands of the maintenance personnel, why then are we not conforming that through the entire budget rather than this principal is going to buy 20 televisions and look he is not going to question what the principals are ordering. He stated that the bottom line is if we can order from a wholesaler than as opposed to running down to the corner store, he thinks that is part of the budget process. Mrs. Bader asked Mr. Meachem if we can answer that question. Mr. Brian Borosh stated he would classify the projector bulbs and the toner as a supply and it is much easier for the principals to know what they are buying for their school. Mr. Borosh stated that he would be happy to take that on if that is the direction he gets and he is fine with that. He stated that when we buy those items, we buy them off a State contract, COSTARS but can we put them out to bid.

Mr. Borosh stated that we could try it and asked will we save any money, he does not know but typically they have been bought off COSTARS or PEPPM and typically projector bulbs cost between \$200-\$275 for the LCD projectors. Mr. Meachem stated that they are a very high ticketed item and it is not to suggest that he wants to heap this on you but the fact is, at this point, if you have 10 people stirring and seasoning a soup something has got to go wrong and he is not saying that they should be denied, if these are supplies that they need. Mr. Meachem stated how about we look at ordering them in bulk and managing it that way. He stated that these are one high ticketed item and that concept can be carried through the entire budget. Mr. Meachem stated that this is all he is asking particularly consumable items like toner cartridges and ink jets. He stated that he has one question, do we know how many printers we have in the district. Mr. Borosh replied 225 and inkjet not much anymore, but we are getting requests for that; maybe a handful. Mr. Meachem stated he understands that there are some down sides and some perils in warehousing and distribution process but the bottom line is that he is looking at a lack of conformity and in a lot of different places and inputs, that's a hodgepodge that you just can't keep track of and when he looks at well, we keep this up by allowing everyone to do what they want to do, but what we can't do wholesale but take away drivers education or take away activity buses. Mr. Meachem stated that the fact is this, if we can make sweeping changes of that sort in managing our buildings because he can look and see there is a different amount for each building and if you look and are comparing apples to apples, what's happening is we're not requesting 10 bulbs in all the elementary schools. He stated that it varies from amount to amount. Mr. Meachem stated that he is not going to question that because he trusts the principals to manage their buildings but the manner in which they are being purchased piecemeal, if we come together from a business point of view and competitively prices, those things then what we can do is have them in bulk, and hopefully at a cost savings. Mr. Meachem stated, again, as far as COSTARS is concerned, he does not know about anybody else, but he just on his own comparison priced some of those items and he does not even know what he is doing and he beat their price. He stated that if we put that in the hands of a trained professional, he can see where there is considerable savings that we can deal with but in the presentation, this tone if you will, he just does not see that kind of thinking. Mr. Meachem stated that it is going take him a couple of minutes just to get his arms around it because all of the departments don't look like all the schools and the categories, so how can he begin to know where he is starting but at this point, he looked for that item in all the areas and he can see not only is it a costly item, it is something that we are calling for often and if we take all those sort of items, why are we not purchasing them in bulk? Mr. Borosh stated, "We are". He stated that he gives the department chairs and the principals, every September a standardized list to purchase from and he can share that with Mr. Meachem tomorrow. Mr. Meachem stated he understands that. Mr. Borosh stated we are not buying 55 different printers and 10 different projectors we are buying certain models and we are standardizing that so that it lowers our total cost of ownership across the district. He stated that when we get supplies for that we are standardizing on the supplies, too. Mr. Borosh stated that when we buy computers, we do not buy 10 different models. He stated that we are standardizing on one particular MAC and one particular PC. Mr. Borosh stated that we have things streamlined purchasing wise that when the business office gets any type of requisition that has anything to do with technology, he has to sign off on it. He stated that he checks that against his price list and if it does not fit in line with the purchasing guidelines that he have given the department chairs and the principals, then it goes back to them and they make adjustments. Mr. Meachem stated, now then, he is going to shift this back to the business office. He stated that if, in fact, we are going to experience a cost savings by taking the items we took out of maintenance, because they have all been removed from the justifications at the schools and they're going to Mr. Shearouse's budget because there is some sort of standardization there where we are going to experience a cost savings, and if it works on that end, he is sorry there's something wrong with him, why is it not working on Mr. Borosh's end and why are we not doing the same thing because it would be standardizing the process. Mr. Meachem stated that if it is going to work in maintenance and not going to work in high prices items like that and again that leads us back to this book here. He stated that some of the justifications look the same and some of them don't. Mr. Meachem asked, "Why"?

- F. Mr. Meachem stated that in the appendix, that wasn't included in the original book, we have legal expenses. He stated that at this point, what is happening here is and from some of the invoices that he has investigated and just going along with the general documentation, he may be wrong, but he does not know if this represents all of our legal expenses, but again, in looking at the suggestions on how we can bring in a balanced budget by altering graduation standards or furloughing the least senior people, his question here would be, why don't we then consider the concept of using varied solicitors and hire a full-time in-house council for us which would then reduce a lot of expense when looking at invoices that don't necessarily, he is looking at retainer or non-retainer, he is looking at letters from attorneys that were part of the backup documents where these attorneys are not negotiating their fees. Mr. Meachem stated that they are telling us that the fees are going up. He stated that his question is why don't we discontinue using solicitors and hire an in-house council because that would drastically reduce our expenses. Mr. Meachem stated that at this point, he sees overcrowded buses where we have students that are over six feet tall and over two hundred pounds jammed into buses and we say that is what we need to do to reduce expenses. He stated that he sees that we can stop paying attorneys exorbitant fees and hire in-house council where we can, #1 with the economy such as it is, he is sure we can beat the overall expense. Mrs. Bader stated that attorneys have specialties just like physicians do. Mr. Meachem

stated then you can hire an attorney that has a specialty. Mrs. Bader stated we need labor, special education, technology and workers compensation attorneys. Mr. Meachem stated he understands that but what he would like to see, as a Board, is to say here is what we will do; we will give the administration an administrative budget on a monthly basis, heck he will be generous and give them \$10,000 of legal expense for the month; therefore, what is happening is, that this is the amount you are going to have to live with that month. He stated that when we are talking about and he always hears these concepts of balancing the budget, the only alternative is the scare tactics to the public of we are going to raise your taxes or we are going to fire your staff. Mr. Meachem stated that we use all these euphemisms, furloughs, call them what you want but someone's going to lose that weekly paycheck or we are going to reduce educational services. He stated, "No", he is saying let's flip that coin over and let us control drastically how we are spending that money. Mr. Meachem stated that at this point, if you come and say something happened this month and we over-exceeded our legal budget and you come to the Board and people who are reasonably aware of what is necessary to run a school district and in the event that it is worthwhile, they will approve and if it is not then they won't, just as there is a principal who comes to you and says that he/she needs to buy a toner cartridge that is not on the list, then it is not approved. He stated that what he is saying is if we are going to be draconian with the taxpayers and the less senior staff and the educational standards he thinks we can be equally draconian with the administrative expenses. Mr. Meachem stated that this is what the purpose of the Board is as he understands it, to provide that level of oversight. He stated that right now just in the construction of this manual, that oversight is absent. Mrs. Bader stated that PDE chart of accounts dictates the functions that we have to use for certain types of expenditures, for example, the buildings will all look similar because they have similar types of expenditures but if you get into maintenance, business office or Board services, we are using different functions, different object codes and so the worksheets look different because we are operating differently. She stated that all of the worksheets are in compliance with the chart of accounts. Mr. Meachem stated this is a Commonwealth and while you are looking at that chart of accounts, this body, here, is to interpret that and if it does not all look the same to him, how is he to figure it out. He stated that whether or not we make the pages look the same, so we can compare apples to apples and oranges to oranges, is in no way going to affect the chart of accounts. Mr. Meachem stated that the chart of accounts is a concept not a presentation.

- G. Mr. Cooke asked for any other comments from the Board. He stated that we will move on to public participation. Mr. Cooke said, "Please" when you come up to the podium, state your name and remember that we have a three minute time limit on all speakers.

XII. PUBLIC PARTICIPATION -- LIMITED TO BUDGET ITEMS

- A. Mr. Gary Summers stated that he does realize where we are and at this level, and maybe by June we are going to come up with something that we are all going to feel comfortable with and we are going to balance the budget and what have you... He stated that he thought it would be helpful to go back and take a look at how we guys and gals have done over the last few years. Mr. Summers stated that in the 2009-2010 school year we approved our final budget, after going through all these exercises with a millage increase of 8.8 in Monroe County but when our auditor came in at the end of the school year and said here is what you did. He stated that the auditor, disturbingly enough, said that we under-budgeted our expenditures by \$4.8 million, we over-budgeted revenue by \$7.7million and we did an operating surplus of \$12.5 million. Mr. Summers stated that the following year, same process, handwringing, "oh my heavens we are going to this and we are going to do that". He stated that we came up with a final budget of 6.9 millage increase in Monroe County, then the auditor comes in, just about a month or so ago, Dale Kirk, and passes over your final audit. Mr. Summer stated guess what, we under-budgeted our expenditures by \$9.2 million, which means we spent \$9.2 million less than our final tough budget and our revenue was \$1 million over, so we had an operating surplus of \$10.2 million dollars. He stated that this year that we are currently in, we are seven months into our budget cycle and we have balanced our budget again, all this handwringing about what have you, and you increase the millage in Monroe County by 3.6%. Mr. Summers stated so he guesses and is sitting here saying what is going to happen when Dale Kirk walks in later this year. He asked are we going to have another operating surplus that we didn't budget for and guess what; he is paying for that operating surplus. Mr. Summers stated that he is paying for our inability to properly budget and get closer to what our reality is and he does not think that is fair. He stated that it is not fair to the taxpayers and he does not think it is fair to the students. Mr. Summers stated that we have increased taxes by 30 mils in Monroe County over the last three years. He stated that it has cost him, everybody else and a lot of others a lot of money. Mr. Summers stated when he looked at what we actually did based on what we said we were going to do, he is coming to the conclusion that he gave us guys a lot of money that he did not have to give us because we ran operating surpluses that were not in our final budget. He stated that if that is the way we are going to operate then he thinks we need to do a lot better job of figuring out what our budget process is. Mr. Summers stated that in his opinion, he does not think we are in a position to approve any budget until we know exactly what our expenditures are. He stated that we already know pretty much what they are and he we are seven months into our process and by

the end of May, we are almost done with the end of our year so before we pass a final budget, we ought to make darn sure that we are not going to do again what we have, apparently, done in the past.

- B. Mrs. Verona Meachem stated we spoke about some type of health cuts we would do for the professional staff. She stated that her question is will those health plan cuts extend to the Act 93 personnel. Mrs. Bader stated that it is not health plan cuts. Mrs. Bader stated that in the third year of the contract, the premium share increases which means, the employees contribution to the district increases. She stated that this would be left at the prior year or it would be frozen because it would not increase; therefore, there is not as much savings to the district. Mrs. Meachem stated so whatever we are doing there is for the professional staff but what about Act 93. Mrs. Bader stated these are all a negotiated event, so we have to work with the unions. Mrs. Meachem asked is this either no or yes. Mrs. Bader stated it means the Board would have to work it out. Mrs. Laverdure stated they are different groups. Mrs. Meachem stated from a layperson, that means no. Mrs. Laverdure stated, "Mrs. Meachem that is not correct information". Mrs. Meachem stated the clock is ticking, let's move one. She stated that the next question is about the tuition reimbursement plan that we might want to take away from the teachers. Mrs. Meachem stated that her question is why not require two years of commitment so we recoup on the investment instead of them getting the tuition reimbursement and walking away. She stated that we should keep it but they would in essence, pay us back with work. Mrs. Laverdure stated we do that already. Mrs. Meachem asked what would be the reason to take it away because they are bettering themselves to become better teachers for our students. Mrs. Bader replied that if there is a salary freeze, they are not moving a step and column; therefore, that could be frozen as well. Mrs. Meachem questioned whether some people would lose it and others would not. Mrs. Bader replied some don't use it. Mrs. Meachem stated that this is not what she is asking. Mrs. Bader stated some people use the reimbursement and that allows them to move their columns but if they are frozen, that cannot move because it sort of goes hand in hand. Mrs. Meachem asked, so you would no longer offer them that as part of their contract? Mrs. Bader stated that it is a negotiated item and just an idea. Mrs. Meachem stated that finally we hear that we might eliminate block scheduling so she defers her question to Mrs. Duggins. She asked could she please explain what she would be using in place of the block scheduling because she has always brought up the block scheduling. Mrs. Bader stated these are big ideas that have not been analyzed by administration because they are just concepts. She stated that if the Board wishes us to do further analysis then we could present a proposal but at this point, it is too complex to actually look at unless there would be some Board support. Mrs. Meachem stated that it is there in the paperwork. Mrs. Bader replied it is there for consideration as topics to discuss. She stated that if the Board has no interest in eliminating block scheduling then we won't begin an intensive investigation of it. Mrs. Meachem stated are you saying the information here, the public should not use it. Mrs. Bader replied, it's a big concept and if the Board does not want to look there then we won't. Mrs. Meachem asked, so Mrs. Duggins, are there no other models in lieu of block scheduling. She asked what do you have. Mrs. Duggins replied there are many models that we have already started to investigate. She stated that we really don't have a true block schedule but we have a blended model. Mrs. Duggins stated that we have many classes that are year-long. She stated that we continue to change that as we talk about the Keystones Exams. Mrs. Duggins stated that we are talking about some of our students who struggle to learn that they may do better by a year-long class. She stated that we also have some of our students who are accelerated learners who have more opportunities to either graduate earlier and start college careers or accelerate and get to an AP foreign language. Mrs. Duggins stated that the current schedule, we have to continue to revise and we are not sure if going to a traditional schedule is going to save us money. Mrs. Duggins stated that we don't want to continue to investigate it unless it is a viable model. She stated that this could cost us more money for facilities and for textbooks. Mrs. Duggins stated that if we don't simultaneously come up with a model that will reduce credits, well it could cost us a whole lot of money. She stated that it is something we could look at if it could be a costs savings or if it could be a more effective model to educate our children so they achieve more academically. Mrs. Meachem stated that she heard that we continue to talk about compacting the bus runs. She stated that she does not know if we are aware, but many times there are children sitting on the floors of those buses and how does she know because her daughter rides those buses. Mrs. Meachem stated that there are children sitting on the floor; therefore, if they are sitting on the floor and if the bus is already full, how is that safe and how can we compact the runs. She stated that in the North, we have no public transportation so the children can only get to the school on the buses for the most part, so why would we compact those runs. Mrs. Meachem stated that her suggestion would be, if there are parents who really do not want their children on the bus, they should sign away their rights. She stated that we should not be taking away everyone's rights to ride on the bus. Mr. Meachem replied, if I could respond to Mrs. Meachem, one, North or South, he does not understand why we are talking about diminishing services, tinkering or tampering with educational standards, the bottom line is on the opposite side, there are a lot of other things he would definitely like to look at and before we would consider, he can tell you right now that he would be hard pressed to support any budget that would provide a consideration of increased taxation and that would in any way affect the education standards. He stated that he thinks, at this point, even though he has many pages here, he does not believe that he has the information necessary to determine exactly what is going on with the spending. Mr. Cooke replied, "Mrs. Meachem I would also suggest that if, in fact, this is happening, that you contact Mrs. Holcomb in the transportation department and let her know the exact buses and the exact situation so

we can get this situation straightened out immediately". He stated that this is certainly not something that the district is supporting and she should definitely contact Mrs. Holcomb. Mr. Cooke stated that if there are children riding on the floor of the buses, we need to know.

- C. Mr. Bob Pohlman stated that he has to say something about Mike Meachem because he is astute enough in his short tenure to pick up on the same things and he did in Mrs. Bader's presentation. He stated that all he saw in her presentation was juggling of the money, possible initiatives that only affect the teachers and students, of course, or raised revenues. Mr. Pohlman stated that he did not hear, as Mike alluded to, administrative cost savings and business office savings. He stated that those two things seem very important in regard to our district. Mr. Pohlman stated that as a prior business person, talking about budgets, what do we do when we look at the previous years' budgets, 2009-2010 and 2008-2009, whatever, do we go back and actually look at actuals? He asked do we ever hear that word, actuals, what we really spent for various items. Mr. Pohlman stated that is what we have to do is base our budget on actuals and what they are and if we have something that occurs that changes or will possibly change in the new year, our actuals from the previous year, then we have somebody write a serious justification for that. He stated, otherwise, he does not know how we are forming your budget. Mr. Pohlman stated that he has been here the last two meetings and we have been here before but it seems like we do the same thing over and over again. He stated that we look at ways to reduce cost, which is very important, but we look in the wrong area each year, we don't look at administration. Mr. Pohlman stated that he read in our presentation that there is possibility of reducing staff through attrition or retirements, but he did not hear any administrative staff being reduced, if we are reducing teaching staff. He stated that he understands that administrators do not like to hear that but, based on what industry uses as a baseline, usually you get paid by the amount of people that you manage or the amount of your budget, so if you are losing staff, then obviously you should be losing administration. Mr. Pohlman stated that we may be operating in accordance with State regulations or State mandates or whatever you want to call it, but in reality, in New Jersey, he is an ex-teacher from New Jersey, they had a State purchase program which really stunk. He stated that they were able to get things at lower cost than going to the State. Mr. Cooke stated, just so you are aware, in the last three-four years, perhaps, we have reduced central administration by three central administrators. He stated that our Superintendent is now doing the job of three people in addition to her own job. Mrs. Laverdure stated that we did that in order to save programs and money and in order to keep guidance counselors in schools. Mr. Pohlman stated if that is the case, then why has our millage gone up so significantly and why has our costs been continually escalating, if we did reduce administration. He stated that, usually, administration salaries are about \$100,000 and at three people, that is \$300,000.
- D. Mr. Ray White stated that he is going to congratulate us because we have added significantly some data that he complained about at the last meeting, including the staffing at each location. He stated that it would have been nice if we had shown a chart with the staffing over the years, like we did the enrollment because that would have been very helpful. Mr. White stated that he just wanted to make some comments, briefly, because he had some time since that last meeting on how this plays into the budget. He stated that he made some comparisons of our district against our peer group, the same peer group that we put in the handout for tonight and he has the data here and will give the Board a copy of it. Mr. White stated that he has some conclusions; the district has the second largest tax increase, 50%, of its peer group over the past 10 years. He stated that it is significant compared to the tax increases in the other school districts. Mr. White stated that the district exceeds, by far, the State average to achieve reading and math targets, 8.9% and 15.7%, respectively, but we are among the lowest in our peer group. He stated that teacher salaries in the school district are nearly the highest of its peer group, matching Stroud area schools, but exceeding Pleasant Valley and Pocono Mountain by 5.5% and 5.3%. Mr. White stated that this data, and by the way this data came from the database in Harrisburg, teacher salaries on average are \$59,000 in the district. He stated, by the way, he is not opposed to people getting paid, but compared to our peer group, they are very high. Mr. White stated that the SAT scores in the district are not good and we already know that. He stated in fact, out of the six high schools in the peer group, East Stroudsburg North is ranked 5th and it is not 5th close but 5th by a great distance. Mr. White stated that the school districts' AYP scores are among the lowest in its peer group. He stated that in math, the district is the worst so just some conclusions about that. Mr. White, the districts, and again this is just in my opinion, the district's tax and spend philosophy is not achieving the results and the total education spending is out of sync with spending per student. He stated that it would appear that the focus is on program intention, not the results. Mr. White stated that teachers' salaries suggest that an adjustment is needed at bargaining time, and he knows we are in the middle of that or will be in the middle of it soon. He stated let's talk about the budget, quickly, Mr. Summers already talked about the surplus and so on and so forth, over the last several years. Mr. White stated that we know enrollment is down 7% and cost should be down somewhat. He stated that the focus is entirely on inputs, this is conventional budgeting, and you need to get away from it. Mr. White stated that the only comment he wants to make, and he will give the Board a copy of his remarks, is that at the Meet the Candidates forum in May, three sitting School Board member here told him and the group when asked if they would be willing to accept some help from very seasoned business executives to help them do some things that they need to do and the answer was a resounding, yes. Mr. White stated that the time

for that is now. Mr. Meachem responded to Mr. White, when he gets a document that he can really understand, to the point where he can call for help, he won't hesitate and thanked him.

XIII. BOARD COMMENTS

- A. Mr. Ronald Bradley stated, going back to Mrs. Bader, he wants to know what measures are being taken or what measures are being proposed in terms of recovering the monies that are owed by Fernwood. Mr. Dirvonas stated we have been in almost daily contact with Fernwood's counsel, with counsel for the tax claim bureau and the counties since the end of December. He stated that from a procedural standpoint, if Fernwood does not pay their taxes, they will be in line for a tax sale of their properties, actually not until September of 2013 because it is an extended process. Mr. Dirvonas stated that there is nothing we can force Fernwood to do today, this month or next month to pay their taxes. He stated that if they are not paid, there are additional interests due, additional costs, so on and so forth. Mr. Dirvonas stated, like he said, we are working on this, not only the non-payment for 2011-2012 but also with regard to their tax assessment appeal, so that is ongoing. Mr. Bradley questioned whether the new ownership has anything to do with the holdup. Mr. Dirvonas stated that we are trying to find that out. He stated that the public documents that are recorded in the court house, essentially consist of the deed for transfer of the hotel property for the sum of \$600,000 and a mortgage back from the purchaser, the Ertle Group to Hara Corporation, which was the seller for \$1.15 million. Mr. Dirvonas stated that those are essentially the documents that we have at this point and we do not have a copy of the agreement of sale, specifically, setting forth the breakdown of what was paid for what. He stated with the resources we have in our hands at this point, it is difficult to say what we can or cannot do but certainly there are a number of questions that have been raised and that we will be looking into and/or referring those questions to the appropriate State agencies. Mr. Bradley stated, at this point, in time when we are working on the budget and are trying to determine what amount we are looking at in terms of what is owed by Fernwood that is something we should not consider at this point but we should just go ahead and make our budgetary considerations without including Fernwood. Mr. Dirvonas stated it is not so much a question of what is owed but it is a question of when are these monies going to be received by the school district. He stated that we are talking in terms of roughly \$2.8 million due from Fernwood that we expected to receive, that Fernwood, in the past, has paid during December of each year, even though it is during the penalty period which we have not received this year. Mr. Dirvonas stated that at this point, he wishes he could say we are going to get it next week, next month or before the end of June but he cannot tell you that. He stated he is not privy to Fernwood's or the Bushkill Group's internal workings, he is not familiar with their budget or their liquidity because we just don't know. Mrs. Featherman inquired whether there is as much attention paid to the other groups that have not paid their taxes. She asked if we are pursuing those groups like Walmart and Pocmont as well. Mr. Dirvonas stated that we basically have Pocmont resolved at this point, and it has come before the Board. He stated that Walmart, we resolved a year, year and a half ago and they are on schedule. Mr. Dirvonas stated that they have been paying their taxes. He stated that we paid them the appropriate rebates, so he thinks most of the others are basically on schedule. Mr. Dirvonas stated that when we look at Fernwood, it is not only the hotel sale that took place; there is, also, the time-share properties. Mr. Bradley asked if they were unsold. Mr. Meachem asked whether they have not paid the taxes on the time-share property. Mrs. Bader replied that 18 of those properties paid but there are pages and pages of unpaid. Mr. Meachem stated that they have different phases of timeshares.
- B. Mr. Meachem stated, while we're on the subject of revenues, what happens if Porter Township goes. He asked where are we then. Mrs. Bader replied that we know they are not leaving for the 2012-2013 school year. Mr. Meachem stated that is kind of a relief but somewhere along the line, we need to deal with that reality.
- C. Mr. Meachem asked if we can tell him exactly what model the budget is in, the form we are looking at and pulling this together. He stated that there are, and we discussed before, four types of models, so that he can get a better grasp on this and asked which type of model is this one based on. Mrs. Bader asked if he meant this booklet. Mr. Meachem replied, "No", the book is a by-product or a tool that has been determined by administration to educate the Board. He stated that he is talking about the model on which you base this backup. Mrs. Bader stated, actually, this book was developed for her internal purposes. She stated that this is how we reconcile our budget. Mrs. Bader stated that the end result of all of this work is that we have to get our school district into the PDE 2028 which is listed on the website and that is it. She stated that is the bottom line. Mrs. Bader stated that all these account numbers, all these objects, functions building codes, funding sources all of that is determined by PDE and we go through all these gyrations to comply with the chart of accounts and this book here is what her staff uses. Mrs. Bader stated that this one is maybe a little cleaner than the one they use, cause the Business Office one is constantly being revised. Mr. Meachem stated he understands what she is saying but perhaps he is not being articulate, and again he goes back to the concept, a chart of accounts is basically a concept as far as he understands. He stated that it is basically an accounting term and he really tends to think when she goes to her doctor and tries to get a straight answer out of him and he starts talking in "doctorize" and he is sure she knows Tom what legalize is as well, a chart of accounts an "accountize" and the fact is that bottom line is there are accountants who have set out actual models of budgets, we collect this, we do this by this

date, we add this up this way, we register this way so it fits into this chart of accounts. Mr. Meachem stated that he is asking us for that model, do we use one or as time went along did we just compile a methodology of the kind of work so we can fit within that, because at this point that is where we are that is fine. He stated that what he would do then, my response or suggestion to that be, perhaps we might want to investigate an actual model, and one of the things he just happens to have seen in the budget justifications for the business office is there are memberships in certain accounting associations, two of whom he checked with, and they happen to have budget models. Mrs. Bader asked if he is talking about software. Mr. Meachem replied that he is not talking about software because what happens is, software is a tool. Mrs. Bader stated PDE has a manual of accounting and a chart of accounts which we are using and we are not making up our own stuff. She stated that she thinks the Board was forwarded an email that contained that information in it. Mr. Meachem stated he thinks the email we received was in reference to his inquiry and the fact was and if he may refer back to a document that was generated several years ago when we had an administrative change, there was certain suggestions that were offered to us relative to the creation and implementation of Finance and Audit committees. He stated that one of the major suggestions that was made was our Business Office determines a set of policies and procedures by which we operate. Mr. Meachem stated that when he asked, and he specifically asked for those protocols after it was suggested that we develop, he was referred to PDE. He stated that, the report that we received then, and all the Board members received it, there was a document that was created by National Management Associates and they came and made a number of recommendations about what we should do in the process of operating the Business Office and nowhere in that report did they say, refer to PDE chart of accounts. Mr. Meachem stated that they say we need to establish our own standards on how and they specifically mentioned in dealing with the budget, and he is going to paraphrase, they said we don't have to reinvent the wheel, there are, and this whole concept of asking about a model, this is not something he thought of, this is something they said. He stated that they said there are plenty of models out there; adopt one and go with it. Mrs. Bader stated if the Board has read the National Management reports, some of the shortfalls of the Business Office was that deadlines were not being met and there was maybe confusion among the staff members and it was recommended at the time that a Business Office floater be hired to sort of be cross trained so that if there were folks out, this person could step in. She stated that the procedures that they were referring to were so that some floater could step in and deal with the person's inbox. Mrs. Bader stated that it is really more a set of procedures that would allow a person to sit at a computer and actually do the work that that person was doing. She stated that the policies that she asked the Board to look at are the actual policies by which the Board has set in sections 600 and significant improvements have been made to the Business Office as far as deadlines go, work getting done and workflows. Mrs. Bader stated that part of that has to do with the fact that we are in a facility and that we are all in the same location and not spread out among the building. She stated that we have come a ways since that time. Mrs. Bader stated that if he is looking for, press this button and then do this thing or that, we do have that for some areas but we handle those recommendations and we have handle them differently. She stated for example, she thinks at that time we only had two payroll clerks and they could just barely keep up with the amount of employees and timesheets and data entry but we have three now. Mrs. Bader stated that the crisis is over if one of them is out, we don't need a floater for that area. She stated that Accounts payable is stable, although they both split the alphabet, they can handle each other's work, so we've approached it in a different way. Mrs. Bader stated that as far as models, she assumes that those models really point to software and we have a software that is integrated throughout the entire district so that when you become an employee in our district and you get turned on and get an email, you get phone calls when there is updates you hear about closings, you hear about bus accidents, if that's your area because our district is all integrated. Mrs. Bader stated that pulling finance out to get another program would be really quite startling. Mr. Meachem stated he understands what she is saying but if he may read from the actual recommendation, "No budget should be completed without first having a detailed and exhaustive review of every revenue and expenditure item within the context of the district's mission". He stated that it further goes on to say, and he quotes, "It is not necessary to rebuild the wheel when developing a comprehensive budgeting system. Because there are many excellent systems already developed and utilized by many school systems in the Commonwealth and across the nation." Mr. Meachem stated and they go on to refer to the International Association of School Business Officials and if he is not mistaken, he saw in the justification that we are already members there, the GFOA, and, at the time, they said there was a book published in 1999, The School District Budgeting by William T. Hartmann. He stated that he is just asking, have we actually thought about that because, again, in what he is looking at and he is trying to pull together, it seems that when we go into each different section, it looks different and in trying to figure out what's going on where he can make at least an informed recommendation, he is not able to and he does not know about anyone else or if it is just me, some pages are 8x11 some are 8x14, one is portrait the other is landscape and he is just saying that if this is what it is, fine. Mr. Meachem stated that he is saying he just wants to know if there is something else out there that we tried because one of the things we are looking at is, and he has been coming to these meetings for a long time before he was sitting on this side of the desk, the only alternatives we ever look at is increasing taxes, cutting staff and dealing with educational services. Mrs. Bader stated she wants to remind the Board that we cut our student costs and administrative targets by 2% when we started the process by cutting it over last year so we did try to address that more of an easing process rather than a dramatic decrease. Mrs. Laverdure stated, however, we were assured by our building principals that programs were not affected.

- D. Mr. Cooke stated that he noticed that Mr. Summers had another question, so please feel free to address it. Mr. Summers stated, he is not exactly sure what we folks are looking at but he sort of senses this huge book with like 8,000 lines in it. He stated that we keep talking about PDE and he hopes we are not trying to run our school district based upon what a bunch of bureaucrats in Harrisburg want us to fill out, because that is exactly what we have a bunch of people up in Harrisburg that need to have all this junk filled out for some reason or call it job security, so he hopes we don't fall into this trap of trying to run our district and manage our budget and what you want to do around some big huge book. Mr. Summers stated that he looked at our actual purchasing audit statements and they looked pretty good and if we got to fill out this huge book, fill in with actuals at some point in time. Mrs. Bader stated, no, this is budget. Mr. Summers stated now that is the problem in nutshell. He stated that the point he was trying to make earlier is if you build budgets based on last year's budgets because you don't have any actuals to go back to those budget lines. Mr. Summers stated that we do not build budgets on top of budgets. Mrs. Laverdure stated when she builds her budget for her own departments, she builds it on actuals for the last two years, so then she cuts it by 2% and she bets you half our principals did the same thing. She stated that we then ask them to justify if it went up and why it went up, so that is basically the process that we used with every principal prior to coming to this point, saying explain it to us. Mr. Summers stated the only reason why he is saying what he is saying is because he is pretty sure that in the past he heard something similar along the lines of we set targets based on last year's budget. He stated that he hopes we are not doing it. Mr. Summers stated if you're setting targets based on your best assessment of actuals, then that is really the way you ought to do it. He stated that he just thinks we need to do a lot better job based on where our performance has been.
- E. Mr. Larry Dymond stated that Mr. Summers and he came in many years ago and looked at the accounting and all the numbers and the codes and whatever and it was quite different from what he was accustomed to after working in 30 years of private business. He stated that as a Board, do we actually have an actual to go with the budget numbers because that is the concept we're missing here. Mrs. Laverdure stated that it is not sitting next to it and let us put it that way. Mr. Dymond stated that in private business or in industry, you sit there and do a budget and everybody's happy if each line item was a couple of dollars less and then if you had one that went over budget or went over the previous year's actual, you can go back and say, oh well, this happened or that happened and you can justify those expenses. He stated that to keep adding to the budget, a private industry never does that. Mr. Dymond stated that another thing that shocked him years back because he did not have a degree in business or anything but he was mandated by his company to take some night courses, he was really shocked as a young fellow when he took that course and the first night the professor stands up and he says, if your boss ever calls you up on the phone and you have not had a decrease in your budget in three years, and all of a sudden you get a phone call and your boss tells you hey you need to decrease your budget by 10%, don't pull your hair out. Mr. Dymond stated that it is a proven fact for hundreds of years that your budget is actually out of line and the theory behind that and the charts that prove that. He stated that if your boss calls you back the following year and wants another 10% decrease, you still have no problem. Mr. Dymond stated that he found that to be true many times and each time he had a dip in the economy, my bosses would call me and tell me you need a 10%-15%-20% reduction; therefore, if you had two or three previous years of good business 10%-20% was no problem at all because there was no hardship, no loss of benefits, no loss of employees, anything and it was pretty much business as usual.
- F. Mr. Cooke stated are we are at the point to discuss if we need another meeting for our preliminary budget before our January 23rd regular meeting. A consensus of the Board agreed that another meeting was indeed necessary. Mrs. Bader suggested January 19th and inquired whether the Board would like additional presentations or just more questions/answers. Mr. Horton stated that he would like to sit as a Board and be able to crack into this and she can answer any questions from what they see here. He stated that he wants to make sure if we vote for something, it's sort of like voting in a primary for president and he wouldn't want to vote for someone in the primary that he wouldn't want to vote for as president. Mr. Horton stated that he does not want to vote for something now that he is not going to like down the road. Mrs. Featherman stated she thinks because five of us are new, this is a lot of material to gulp down and vote on in a very short period of time. Mrs. Laverdure stated for them to remember that this is part of the process which is probably the most difficult to understand as new members. She stated that it is the preliminary budget and once we get the Governor's projected amount of money, we can't raise it. Mrs. Laverdure stated that we can always lower it, so what you have to do because there is so many unknowns out there, you have to come in higher, sometimes maxing it out. She stated that consistently every single year, we have never stayed at that. Mrs. Laverdure stated "Yes folks, I know there have been taxes increases and I appreciate that, I live here too, I know but we've always brought it down." She stated that the preliminary budget is just that, you can't raise it but you can lower it. Mrs. Laverdure stated that you don't know the Fernwood situation, you don't know where the Governor's going to come in and hopefully we are going to get some more of that tax money. She stated that the timeline is totally messed up when you have to do budget; therefore, schools almost have to do the impossible. Mrs. Laverdure stated that it is kind of crazy how they ask us to do this job. Mrs. Featherman asked how many people here came from New Jersey or

New York. She stated that in New Jersey and New York she understands they vote on the budget but Pennsylvania we do not. Mrs. Featherman stated that this is your frustration because they don't totally understand this system. An audience member shouted out, "It seems as though we're being robbed." Mr. Cooke replied now, now, please don't use words like being robbed, it's not really professional. Mrs. Featherman stated she thinks their perception of the procedures are not what they are used to.

- G. Ms. Beverly Brown stated that Mrs. Featherman stated that they don't understand the procedure. Mrs. Featherman stated in Pennsylvania. Ms. Brown stated this is Pennsylvania, but we all moved here because of it being lower taxes and that is what happened. She stated that we understand the system, and what happen is we are paying more taxes here than we were in New Jersey. Mrs. James stated with the influx of people, we had to build schools which led to more taxes. Ms. Brown stated with poor projections because unfortunately, what has happened is that, yes you have built more schools, and what has happened is you had to build more schools because of letting the builders build more homes. Ms. Brown stated what should have happened is that some of that should have gone on to the builders rather than the taxpayers or homeowners. She stated that even with the roads and everything this is all about what we were talking about projection, you know you're building x amount of homes in this area, so how many children might be moving in, what would you be spending and go back to your actuals that you had before and what your growth might be. Ms. Brown stated that we have all done that in industry, people have worked in industry and had to do budgets. She stated so now, what is happening is people are moving out because they can't afford the taxes. Mr. Cooke stated you're agreeing with us in our frustration. Mrs. Laverdure stated in all the years that she has been here in this district, this is probably one of the best conversations that we've had with the public and it's important because you have three Township Supervisors sitting here. She stated that Township Supervisors control impact fees, school districts don't. Mrs. Laverdure stated that what is really amazing is school districts respond to what township supervisors allow and approve in the district. She stated that we have to respond to that and when we do that, we are bound to deliver. Mrs. Laverdure stated that we have to respond to PDE and to every other agency. She stated that we are at everyone's mercy and when we do it, we work efficiently and effectively as a Board, and the taxes go up. She stated that she can remember and not these folks sitting here, not Middle Smithfield Township supervisors sitting here, but other folks sitting in those chairs, the township supervisors demanded that we remove those portables and demanded that we have a certain type of frontage on the new Middle Smithfield School and we had to comply. Mrs. Laverdure stated that, otherwise, we would not have gotten the permits we needed to complete that building. Mr. Cooke stated the other situation is we don't get to choose the size of the buildings that we build. He stated that PlanCon and PDE, tells us what we can build, how many rooms we need to build, they tell us what our projections are and we cannot defer from what they say. Ms. Brown stated so what she is hearing is that we build buildings and forget about the education part. Mr. Cooke stated he is not sure that that's true. Mrs. Laverdure stated she respects her comments but she would like to disagree with that. Mrs. James stated that she would like to say that she appreciates Mr. White and Mr. Summers and everybody else who does research and offers suggestions to the Board. Ms. James stated that Mrs. Bader asked what we would like when we meet again and she would like to see the operating surplus and she would like to see the actuals, so that we can compare the two. Mrs. James stated that our taxes are based on the budget, so can we see that in comparison. Mrs. Bader stated, yes. She stated that another thing she would like to add that is unique in Monroe County is that one of the things that happens is when you build homes and students come in, you get an increase in your assessment and you issue new bills. She stated that you bring in new revenue and one of the things that happened for us is the homes were already here so we had the assessed value and were already issuing the bills, then the children came. Mrs. Bader stated that they used to be vacation homes, then they were year round, so we got no new increase in assessments, no new tax revenue, we just had to provide the services for more children.
- H. Mr. Cooke stated, I see three more hands, so I will call the three because we are out of the public participation project, so I will allow the three people whose hands I have seen to speak. Please come up and identify yourself.
- I. Mr. Robert Smith stated that he wasn't going to say anything today, until he heard the last comment about that we didn't understand how things operate and he is sure some people don't understand how it operates. He stated that my frustration is when he used to come here, not necessarily the schools being built, but the unnecessary line items that we approve. Mr. Smith stated that we are having discussions about budgets and we are starting to talk about advanced technologies like wireless and 1000 Mac computers and things like that would be nice if you had the money but if you don't have the money, you can't get into these advanced technologies and when we do make a good statement, when we stand up here and he mentioned, maybe about a year ago, that you're purchasing these items at retail price rather than wholesale, no one said anything. He stated that when it was brought up that maybe you should investigate this matter further and if Apple had relationships with schools, he knows for a fact, it is frustrating to see the types of money on these line items that we are purchasing. Mr. Smith stated that we are purchasing like we don't have a problem and that is his frustration. He stated that it is not necessarily how it works and that is not in his control, but when he looks at a budget, he looks at our spending like we don't have a problem. Mr. Smith stated that this is frustrating to him.

- J. Mr. Lou Mancuso stated that when someone brought up the question of whether we are from New York or New Jersey, he knows in New York, and he does not know if New Jersey has it, have you heard about the STAR program, school tax reduction, where people who are seniors and the amount of children that you have going to the school, actually, the ones who are being hurt by this are the senior citizens, the ones who were here before we came here because they are getting ruined. He stated that we are not any better off, but is there a way to initiate that thing to try and alleviate some of the tax burden on senior citizens. Mr. Cooke stated that we have the Homestead Act in place; that is one thing that senior citizens have. Mr. Mancuso stated and he has it too and it is helping him out a little bit but his taxes are going up about \$900 a year. He stated that even with the Homestead Act, it is still killing him. Mr. Mancuso stated that he is on a fixed income and it is killing a lot of the seniors, too. He stated that it goes by the age and the amount of kids going to school. Mrs. Bader stated we do have that. She stated that we have a senior citizen rebate. Mrs. Laverdure stated that the Board in the past has voted to keep that as high as they possibly could. Mr. Meachem mentioned you can go on the district website. He stated that he called up somebody in Harrisburg and he found out that a lot of people are not submitting the applications and, something I have to say is, the district has put the forms online and they are simple enough to get, the only thing is that he does not think a lot of people let it be known that there are time constraints on them and you just can't sit around and just wait forever. Mr. Meachem stated that he knows it is hard, but the one thing that he definitely has to admit is when the supports are there we want to make sure that people know about them. He stated that this district absolutely has those forms online and he wants to encourage you to go on the website sometime and look because there is a lot of vital information on there.
- K. Mrs. Judy Summers stated that Mrs. Bader spoke a minute ago about builders and reassessments and that whole avenue. She stated if it is possible that our School Board here in East Stroudsburg, maybe Stroudsburg, could you beat up on whoever has to be beaten up in the upper echelons of government. Mrs. Summers stated that this county needs to be reassessed and she read an article today in the Morning Call that Lehigh Valley, the number was \$750,000. She stated that she is hearing rumors that the people here don't want to do it because it will cost \$5 or \$6 million to do a reassessment. Mrs. Summers stated that she thinks Lehigh Valley is a similar size and if that happened, it might level the playing field for both the School Board in both Stroudsburg and East Stroudsburg. She stated that when you live in a community, Monroe County, when you don't assess, what is it after 22 years, in New Jersey, when she lived there, they were knocking on your door every two years and wanted to get in to see if you added a deck or finished your basement off. Mrs. Summers stated that they wanted it accurate and they went door to door so we should take that avenue if we have some staff people and find out how that might help the school district. She stated that it is just a thought.

XIV. ANNOUNCEMENTS/INFORMATION

- A. Mr. Cooke stated his last action here tonight is to ask if there are any more comments from the Board and that we have a meeting set for January 19, 2012 at 7:00pm. He stated that if there is nothing else, we stand adjourned. Mr. Dirvonas stated we should adjourn this meeting to be reconvened on the 19th.

ACTION BY THE BOARD:

Motion was made by Marjorie James to reconvene the meeting to 7:00 p.m. on January 19, 2012. Motion was seconded by Michael Meachem and carried unanimously 7-0.

- XV. **RECESSED AT 8:56 p.m. ON 1/12/12**
- XVI. President William Searfoss reconvened the meeting on Thursday, January 19, 2012 at 7:03 p.m. Secretary, Patricia Rosado, called the roll.
- XVII. **Members present were:** Ronald Bradley, Robert Cooke, Eileen Featherman, Robert Gress, Roy Horton, Marjorie James, Michael Meachem and William Searfoss. Douglas Freeman was absent.
- XVIII. **School personnel present:** Susan Andrews, Patricia Bader, David A. Baker, Brian Borosh, Sheila Bove, Mark Brown, John Burrus, Wayne Carson, Rick Carty, Maria Casciotta, Ann Catrillo, Kim Conklin, Patricia Cramer, Dawn Dailey, Irene Duggins, Larry Dymond, Dave Evans, Joe Formica, Eric Forsyth, Cathy Gallagher, Heather Gress, Kim Holcomb, Lynda Hopkins, Suzanne Lagace, Sharon Laverdure, MaryJo Lucchetti, Fred Mill, Carrie Panepinto, Carolina Rodriguez, Janice Rodriguez, Patricia Rosado, Paul H. Schmid, Catherine Schoenherr, Jim Shearouse, Kim Stevens, Oliver Trojak, Corinne Weseloh, Thomas J. Williams, and Steve Zall. Also present was: Thomas Dirvonas, Solicitor.

XIX. **Community members present:** Althanasir Abimana, George Andrews, Beverly Brown, Devin Day, Donna Dinkle, Ralph Dinkle, Sharon Duff, Erin Farley, Norma Feuer, Steve Feuer, M. Fritz, Robert Hetu, Keith Karkut, Mitchell Marcus, Albert McQueen, Verona Meachem, Lorna O'Farrell (for State Rep. Rosemary Brown), Michal Peterson, David Roberts, Don Small, Liz Small, Meredith Smith, Karen Strobel, Wayne Strobel, Gary Summers, Michael Sweeney, Joshua Walker, Ray Wetherbee, Ray White, Bob Williams and Jane Wilson.

XX. **APPROVAL OF AGENDA**

ACTION BY THE BOARD:

Motion was made by Robert Cooke to approve this agenda for January 19, 2012 (page 1), as submitted. Motion was seconded by Eileen Featherman and carried unanimously, 8-0.

XXI. **ANNOUNCEMENTS BY THE BOARD**

None

XXII. **SUSPENSION OF RULES**

ACTION BY THE BOARD:

Motion was made by Robert Cooke 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 review of the 2012-2013 budget and related fiscal issues without the necessity of a motion and second being previously made. Motion was seconded by Roy Horton and carried unanimously, 8-0.

XXIII. **PRESENTATION OF INFORMATION BY THE ADMINISTRATION**

Mrs. Laverdure stated before she passes the microphone over to Mrs. Bader, she would like to remind the audience as well as the Board that we are not taking a vote this evening but we are slated to take a vote on the 23rd at our Regular School Board Meeting. She stated that tonight's discussion is reconvening our discussion from January 12th.

Mrs. Bader stated the public should have a handout. She stated that there is no visual presentation. Mrs. Bader stated that her goal tonight is to remind the Board of the budget process including the internal process that the East Stroudsburg Area School District follows and address some of the issues that were brought up at the last meeting as far as targets go; the development of targets, use of targets and comparisons to actuals. She stated that on September 1st, PDE announced the index, that's the legal limit that we are allowed to raise our taxes. Mrs. Bader stated that on the 30th they announce what the adjusted index is. She stated that late August- September our administrators, department chairs and teachers are looking for the targets. Mrs. Bader stated that we handed them out to them because they begin their budget process and this is a separate sheet, the public doesn't have this. She stated that this is an internal document that shows when we begin doing our budget preparation. Mrs. Bader stated that the reason we being this so early, is because there are several layers of review that target submissions have to go through. She stated that teachers pass their requisitions up to department heads, department heads review them and pass them on to the appropriate principals and it goes on from there. Mrs. Bader stated that for the 2010-2011 school year which was the first budget she was involved with, she had been involved in the previous budget as an Assistant Business Manager but the question kept coming up, why was I given this target, why am I getting this and somebody else getting the other? She stated that we tried to come up with a meaningful number that would have some justification behind it. Mrs. Bader stated that they reviewed the 2008-2009 and 2009-2010 results and developed targets on actuals that were spent for those years and for all of the instructional departments, math, family & consumer sciences and principals. She stated that they split them into two and what they did was we said okay principals; you manage an instruction category, an activity category and a principal's category. Mrs. Bader stated that they will get their target based on an estimated enrollment and a per pupil cost. She stated that for the department chairs, math, reading, family & consumer science, Mrs. Duggins will be given a large target which she we will meet with department chairs over a six week process and that will be distributed based on where she wants to target money, if she needs to target a certain discipline or a certain building, targets get distributed that way based on need. Mrs. Bader stated that on page 3, the internal timeline is developed in September and as a reminder to the Board, the previous year's fiscal results are not even completed at that time. She stated that the fiscal year that ends June 30th, for example for this year 2011, those results are not even done by the time we are issuing targets for the 2012-2013 year. Mrs. Bader stated that the department chairs were required to submit their requisitions to principals. She stated that the principals review them, add them up and see what they think. Mrs. Bader stated that the Administration reviews all of those with principals in October and this year we had a special Board review of targets and

requisitions on November 9th. She stated that the custodial and maintenance budget review was done at the Property/Facilities Committee meeting on November 16th. Mrs. Bader stated that we try to take the targets to the appropriate Board meetings. Mrs. Laverdure stated that any audience member who did not pick up a packet, please raise your hand because we have more. Mrs. Bader stated, let's start with the categories of expenses that we have at the district. She stated that on page 4, salary and benefits represent 64.7% of the total budget. Mrs. Bader stated that the Board approves the positions and they are budgeted at the 2012-2013 rate based on employment contracts that are in place, benefits that have been promised and in the case of the support staff, it is just an estimate because the support staff contract has not been negotiated. Mrs. Bader stated that benefits and taxes are estimated based on the 2011-2012 actuals and where we see those items going, where workers compensation costs are going, where the PSERS contribution rate is going, where unemployment is going. She stated that all of those things fluctuate based on salary dollars. Mrs. Bader stated that health insurance, again, she did an estimate of 12% and this could be very pessimistic. She stated that there might be room to change that but we don't know yet because she only have four months of results, where she looked at actuals that are occurring in this year and we have four months of results, so she cannot make a recommendation to the Board to move off that 12% until closer to the preparation of the final budget. Mrs. Bader stated that the PSERS contribution rate has been set at 12.36% but it is a full 3.671% higher than the 2011-2012 school year so we have to take all those wages and add on an additional 3.71% which is \$2.5 million. She stated that any vacant and unfilled positions will be eliminated for the final budget process and what that means is, as this school year is progressing, if there is a vacancy that becomes available, we review that and see if we can make any other alterations before we fill it. Mrs. Bader stated that in some cases like special education, a student helper, we would usually have to fill that. She stated that with our declining population, we are constantly reviewing those and leave those positions vacant and we will remove them closer to the final budget when we see how our retirements are coming in, when we see how our student populations are estimated out and all that. Mrs. Bader stated that in prior years, this is a strategy that Mrs. Laverdure and she has undertaken since we both took effect in 2009. She stated that there are a lot of the budgetary savings that you see, a lot of the additions to fund balance that is budget vs. actual, are coming from position generated vacancies. Mrs. Bader stated that the position becomes vacant, we don't fill it, the budget money is there and we put it into our savings account, our fund balance, and every position that is vacant there is a high rate of benefits and taxes that go along with that. Mrs. Bader stated that on page 4, historical targets were revamped based on 2009-2010 actuals and distributed on a per student basis. She stated, now, the buildings, the targets that are distributed, that's both instructional targets that Mrs. Duggins is issuing and principal targets, represents 1.7% of the total budget. Mrs. Bader stated that she has a detail of that on note 1 which we will get to. She stated for Mrs. Duggins' area, we developed a "do not exceed" method which we also reduced by 2% for the 2012-2013 year and what that means is she told Mrs. Duggins that in the past you spent x number of dollars in elementary, intermediate and secondary. Mrs. Bader stated that she is reducing that by 2% and as your professional judgment sees fit, distribute it throughout the school buildings and distribute it across the disciplines. She stated that the central office targets were developed based on the needs of the departments and they represent .6% of the total budget and overall, 4.7% of the budget is distributed in targets in late August. Mrs. Bader stated that other items representing 18.6% of budget are based on estimates of actuals and we will get to these exact details. She stated that we look at our actuals, for example, let's take MCTI, we know what we paid them this year, we take an estimate. Mrs. Bader stated that she then calls up the Business Manager and asks where do you think you're going. She stated that Mrs. Laverdure has meetings on where do you think you're going with your budget and they say we're coming in flat. Mrs. Bader said, "Fine, you're coming in flat but we always have to remember we have usage issues that we have to deal with". She stated that even though the rates may be flat but if our usage fluctuates, or someone else's usage fluctuates at another school district, that can affect our percentage that we have to pay. Mrs. Bader stated that this is an example of an area where we might have pessimistically budgeted there but the preliminary budget and the final budget, we will revise that estimate and we will bring that in at a new level. She stated that debt represents 12.0% of total budget and is based on the actuals. Mrs. Bader stated that there is an estimate for the J.M. Hill project but by the time the final budget is in place, we will know exactly what that debt is costing us. She stated that we have estimated a capital reserve transfer of \$1 million and that is a budget philosophy that she has (its 2 mils of collected tax). Mrs. Bader stated that it is just a placeholder where the Property/Facilities Committee will pick the projects that the principals have submitted and we will complete those projects based on Board approval. She stated that budgetary reserve is \$750,000 and she has suggested in my strategies for closing the gap that we could possibly reduce the budgetary reserve to \$300,000 for a savings of \$450,000. Mrs. Bader stated that this budget includes \$60,000 for a negotiation attorney and we may not need that we may eliminate that if we can settle our contracts and see where we are with the next round of contracts. She stated that unlike previous years where we would have a labor contract for 5 years, the trend has been that a contract will be only three year so it appears that we are constantly negotiating contracts. Mrs. Bader stated that the negotiating attorney has become more of a stable expenditure than in previous years which is why it is mentioned here and, of course, large fixed assets she has mentioned in the past and she won't go over that again. She stated that on page 5, she has given this worksheet to the Board before, but she went through each item and she told them whether it was a target or an estimate based on actuals and she has referred to those in the following sheets. Mrs. Bader stated that if they see note 1, note 2, note 3 and note 4, they will see the details of that in the next couple of slides. She stated that on page 6, Salary and Benefits, she would like to draw the Board's attention to the increase that we have

estimated for existing salaries. Mrs. Bader stated that the increase in salaries is running about 2.6% and she would like to remind the Board that the Act 93 administrators for the current year, the 2011-2012 school year are operating on a freeze from the 2010-2011 year. She stated that if they look at where the contracted benefits are, they have a 15.9% increase which is being generated by our contribution to PSERS and our healthcare. Mrs. Bader stated that on page 7, this is a visual representation of the targets and in Column A you see the “do not exceed target”. She stated that this is the amounts that were given out to Mrs. Duggins as a total. Mrs. Bader stated that in Column B, they see the amounts that were given out to the principals at each location and there is a small box down below that says elementary, intermediate and secondary, with \$240, \$172 and \$147, again, that’s how much money we spent on an average per pupil in the 2009-2010 and 2010-2011 school year they were developed as a target as a standard. She stated that for those of you who came from manufacturing, in cost accounting you have the standard and you have a variance, this is sort of like that. Mrs. Bader stated that this is government accounting and it really doesn’t work that way but she thought it was appropriate to do that here. She stated that there was a 2% reduction in the amount of money that we spent per pupil. Mrs. Bader stated that she set that without even knowing exactly where our results came in because she knew that the index was coming in low. She stated first guess is that the index wasn’t coming out until September; but first guesses, she talked before having rumors, innuendos, and suggestions from the Governor. Mrs. Bader stated that’s all we’re working off of but he doesn’t get his information out to us far beyond when we need it, so she reduced the per student cost by 2% and she reduced the amount Mrs. Duggins uses there. She stated that overall reduction, before it ever went out to any of the principals or the instructional targets was a savings of \$112,731. Mrs. Bader asked Mrs. Duggins if she would like to discuss the process by which she has distributed the targets.

Mrs. Duggins stated as Mrs. Bader just mentioned, she will give her a “do not exceed target”. She stated from there, she goes to the department chairs and they go on what they absolutely need to maintain a quality program and not get anything beyond that. Mrs. Duggins stated that she would relate to them to maintain what they have, don’t really go trying to get something new unless they can get it through an initiative and find a grant. She stated that we also look at where their school improvement goals are, where are we heading and we look at what they need to deliver a 21st Century Education. Mrs. Duggins stated that they then need to give it to me by category. She stated that they need to, in essence, justify what they have and compare it to last year. Mrs. Duggins stated that if it’s over, they need to explain to me why it’s over; for example, in foreign language this year, we have to revise our AP courses, that is due now and in order to maintain it, we have to do it and there is a cost for that. She stated that now they were actually able to put it in their budget and still not go over which was very commendable. She stated that we talked back and forth and they absolutely have to have that and they do it by categories. Mrs. Duggins stated that they look at what is fixed costs and they have computers and they need to have batteries or cartridges and such, we kind of understand what’s fixed costs and what is not. She stated that a few years ago, we had the philosophy that we try not to do too many consumables but K-2 they need to have the consumables so we developed that philosophy. Mrs. Duggins stated that it is back and forth and she calls and says do you really need this. She stated, again, the department chairs have been conscience of the need and in their mind, if they can do without, that could be one teacher, two teachers. Mrs. Duggins stated that she then adds it up and says what are they asking for. She stated that if she is over she would go back and say we can’t afford this and we look for other ways to possibly cut but we were not over, we came in significantly under target which indicated to me that the department chairs really did look at it seriously. She stated that we have been fortunate that we have been able to maintain our programming through these difficult financial times or offer the same services at a substantially reduced rate. Mrs. Duggins stated that she is really very proud of the department chairs and the teachers for really looking at this seriously and asking for only what they really feel in their heart of hearts, in order to deliver a quality education to the students of East Stroudsburg.

Mrs. Bader asked if Mr. Burrus would like to describe how the principals use their targets. Mr. Burrus stated that he was asked to summarize what the building principals work with, within their budgets, since there are a number of new Board members since the November meeting. He stated as Mrs. Duggins mentioned, she is given the “do not exceed targets” which include the areas of physical education, library, art, music, band, guidance, health, ESL and then when we get into the intermediate and secondary, it includes other departments such as consumer science and tech ed. Mr. Burrus stated also, at the intermediate and the high schools those departments include math, English, science, social studies and reading budgets as well. She stated that after taking all of that out of the total, the principals look at areas and have things called the principals’ account which includes property services which would be your service contracts on copying machines. He stated that we have equipment rental which would be the rental of the copiers, the postage because there are certain mailings that we need to do, the printing of the student code of conduct, mileage and we also have certain supplies that are needed to run the building as well as the office, bid supplies, technology supplies, whether they be flash drives or keyboards that go bad within the office area and also some dues and fees. Mr. Burrus stated that another area that we cover are the instructional accounts which, again, have property service because there are other copiers that are dedicated to the teachers, equipment rental the same thing as the copiers. He stated that teachers, per their contract, are entitled to mileage when they go to meetings. Mr. Burrus stated that there are instructional supplies and bid supplies and he is going to list some of those as he goes through as well as instructional books and instructional software. He stated that another account that principals use is the activity account. Mr. Burrus stated that most of that money comes from the proceeds

from the Lifetouch pictures and that money is primarily used for assemblies, musicals and a number of buildings take student groups to do programs to places like Pleasant Valley Manor. He talked about bid supplies, there are a number of sheets that we get that include things like copy paper, tissues, pens and pencils, construction paper, all of the items that are needed within a classroom to provide an effective instructional environment. Mr. Burrus stated, also we have sticky notes, envelopes, scissors, laminating film because teachers laminate items so that they last from year to year, so that you're not recreating new things every year, as well as transparency film. He stated specific instructional materials include practice books, guided reading books for the younger elementary up into sixth grade, novels new and replacement because as books are used, they do need to be replaced and we want students to be able to read the full context. Mr. Burrus stated that there are assessment materials that need to be purchased, consumables, that happens in both the reading and the math in the K-2 programs. He stated that we have technology supplies, textbooks once we get into grades 3, 4 and 5 and up into the secondary level as well as intervention materials and products to run the science programs. Mr. Burrus stated that when we take all of that, we also have our fixed costs which are our copy rentals and services fees, laminating materials and the secured document services. He stated that their process is as follows: we look at all the fixed costs and we take an inventory of the materials that we have that he covered under these supplies. We looked at what the required curricular items are books, resources and supplies that I mentioned and then items that need to be repaired or replaced because of safety, a lot of that can depend on the building if you have a building that has been under recent renovation and purchase a lot of new items such as cafeteria tables, desks and chairs, they may not need to be replaced but if you're looking at materials that have been in buildings for more than 10 years, they start to wear out and you need to budget for those to maintain a safe environment. Before we order and submit our requisitions, we do communicate back and forth to make sure that if there is a bubble in third grade, we may not need to purchase the consumable or even the textbook because another building may have a decrease at that particular grade level. It also occurs at the intermediate and secondary as well. We try to share and look before we actually go and purchase them. We look at certain building initiatives and also items or supplies that are needed to support the schools improvement programs and plans that are within each of the buildings and then, lastly, we look at, are there specific items that the teachers have requested so that they can provide education for the students and do something for them. Some of the items that we currently, now pick up were previously picked up by Title 1 grants and they would be something like the leveled readers and then we had items that were purchase out of the accountability block grant and school improvement grants which have all been decreased and one particularly example would the Great Books Programs and all the supplies and materials that were with that. We have found that teachers as they are using it are really getting into it and we need to actually expand on that. So that is, just in a nutshell, what the principals do. The process, though mine is slightly different than some of the other principals, it all is encompassing and it may take place in a different format but that is basically what we do.

Mrs. Bader stated continuing on page 7, after the process has taken place and she's talking about in mid-October, so between issuing the targets in late August and mid-October, we are finally at the point where the central office team has reviewed the requisitions and we now can ask the budget secretaries located in each building and in the administration departments to begin data entering all these requisitions into the AS400, our mainframe. Mrs. Bader stated that the amount of decrease between what was issued in targets, which is Column C, and what is being presented in the preliminary budget, there is an additional decrease of just under \$74,000, in total it was \$185,000 less than the 2010-2011 school year. She stated that after the building budget secretaries have completed their data entry, which takes them approximately 2-3 weeks, all those requisitions come to my office for reconciliation by function and object and that's where the big book comes in, we use that book to reconcile to the AS 400 system. Mrs. Bader stated that it takes my office about 3-4 weeks to do the reconciliation on all the departments. She stated that on page 8, note 2, she wanted to show you what types of targets were being distributed to the department heads in these various areas. Mrs. Bader stated that these departments are issued targets based off of the actuals that were used within the 2008-2009 and 2009-2010 school year and, again, some of them were reduced by 2%, athletics was, bus garage was not and neither was any of the custodian or maintenance. She stated that on page 9, the central office targets were distributed and, again, she wants to point out it is .6% of the total budget. Mrs. Bader stated that on page 10, this is a list of expenditures that are based on estimated actuals. She stated that we are looking at our actuals, we are looking at our previous year actuals, we are looking at our current trends of where we think those costs are heading, what we're hearing in the industries and where our usage is in special education, technology initiatives are based on actuals based on a plan we have in place. Mrs. Bader stated that transportation is one of those areas where both the target and an estimate are based on actuals. She stated that we know how many gallons we use because we take a look at what the price of diesel is but there is also a small department target that is used. Mrs. Bader stated that utilities, right now, is based on the current year but as she reported to the Board before, we have had some really good results in some of the pricing and some of the usage decreases that we have in place, so between the preliminary and the final, there is room there for further analysis and she does believe that is an area where we can reduce our budget. Mrs. Bader stated that the Virtual Academy is based on what Mrs. Duggins and the district as a whole feels where we're going to move on that. She stated that is not based on a target and her purpose for that presentation was to focus in on the areas the Board needs to consider. Mrs. Bader stated that we're still not sure what the Governor is going to do with revenues but she believes there is room to increase our delinquent taxes because of our collection rate being so poor. She stated that we still have not been paid by Fernwood, so our current collection rate is

87.7% and it was budgeted at 90% and we are still using exceptions. Mrs. Bader stated that she has seen the special education exception and of the \$3,254,000 of exceptions that she has increased our taxes by for the preliminary budget, \$1 million of it is because our special education expenditures are so high, the Act 1 of 2006 says that we can raise our taxes to cover our special education needs children. She stated that on page 12, as she discussed before, we are budgeting for Board approved positions. Mrs. Bader stated that we try to be as gentle as we can which is why we look at retirements and attrition but if we need to, we told you that to save \$1 million we could eliminate 15 teaching positions. She stated that she thinks there might be some room for reducing our health insurance contributions by taking a couple of different stances. Mrs. Bader stated that we could reduce it because our usage is better than we pessimistically think it is or we can take a cash infusion into our EBTEP fund balance which was very good last year. She stated that one of the reasons it was so good was because we had our PSERS contribution rate prior to the Governor announcing his budget. Mrs. Bader stated that if you can recall, there was a year when the government didn't approve a budget until mid-July. She stated that we had already raised taxes based on the PSERS contribution rate that they told us they were going to use and then by an act of the legislature, they reduced that down by 3% points. Mrs. Bader stated that what we did was put into our savings account, our fund balance, to offset future year because the PSERS rate is just climbing. She stated that we could use some of that fund balance savings toward our health insurance contributions but the way we've added over 100 dependents because of the federal regulations state that we add up to 26 year olds onto our health plan, our 1400 employees have added 100 dependents, so our healthcare costs are just rising and rising. Mrs. Bader stated, again, we have worked very hard at our workers compensation contribution rate and believe that between the preliminary and the final budget, we will have some room there to bring that premium down. She stated that on page 13, these are items that she has gone over before and she does not think she needs to reiterate them here but she would like the Board to consider these items. Mrs. Bader stated that if we could have discussion on any of these items, the administration would appreciate it so that if there is a willingness to entertain any of these ideas, we would like to begin a firm analysis on it. She stated that on page 14, the only item she wanted to discuss with the Board is the postponed ITEC replacement plan. Mrs. Bader stated that they have two worksheets at their seats. She stated that they have the different colored boxes and the public does not have these. Mrs. Bader stated that there is one worksheet that the last revision was October 17, 2011. She stated that this is the current replacement plan that we are working off of and we have every building scheduled out and when it can anticipate having its computers replaced. Mrs. Bader stated that it has worked very nicely and it has targeted buildings that are having renovations like Middle Smithfield. She stated that it was on a six year replacement cycle and because they were under renovation, we did not want to put new computers in a dusty building. Mrs. Bader stated that we waited for that to be done because they are on a six year cycle and they got their new computers this year. She stated that, however, if we look at the next page, they've extended that out and they believe that while it is pushing out to a five-year replacement cycle, the intermediate and the high schools get a lot of heavy usage so it is somewhat risky but it is manageable. Mrs. Bader stated that we could extend those years and some other of the buildings as we see on this schedule to achieve approximately a \$200,000 savings in the 2012-2013 school year. She stated that this is an item that we, as their administrative team, would recommend. Mrs. Bader asked whether Mr. Borosh would like to comment. Mr. Borosh stated the he has no comments but would be happy to take any questions. Mrs. Bader stated that the other items remain unchanged from her last presentation but she wants to encourage the Board to discuss these strategies for balancing the final budget. She stated that basically, what she is recommending is the preliminary budget be passed as is and that all these strategies that we have in place that we have detailed to them. Mrs. Bader stated that they would like the Board to direct us on the items that they would be willing to consider for passage for the final budget. She stated that we would then again present things in February, in March, April and we would appreciate perhaps a joint committee for some of the items between the Board and administration and some can just be handled by administration. Mrs. Bader asked if there were any questions.

Mr. Horton asked as far as reviewing these strategies and another reason why I was hoping we were having this meeting today, are there also other options that the Board can recommend or at least talk about tonight that we could put on there as well. He stated before saying that, obviously there are a lot of emotions when people talk about things like this but we need to look at it and take the emotions out of it I don't think anyone on the Board is against teachers, against taxpayers or anything like that but we do have to look at this and these are tough decisions and I'm sure it was difficult to come up with these recommendations but we have to look at things differently and I don't want anyone to think that if we bring something up that we are against anyone, we just have to take the emotions out of it.

Mrs. Laverdure stated that I think this is a good suggestion and also its almost has to be what do you value and work downward because there has to be some hard decisions that are made, looking at what is important to the community as well and what will make the least impact, although I just came back from a two-day training in Harrisburg and the reality is that every Superintendent there was preparing for this not to be for the short term but the long term, so whatever we start investigating now, we may not have to go there but we may have to go there next year because we just have to be prepared for Act 1, is here to stay. It's not going away. We need to be prepared for that. Mrs. Laverdure stated I think that we would be open to that and obviously that is why when you pass a preliminary budget it can only go down and we need the time to research and then do some focus groups to see where are the needs and where are the values of the community and that it's made through collaboration and not just us laying it on the table.

Mrs. Featherman stated that she noticed in the present population of the district, it's over 8,000, but you're estimating that it's going to be 1,700 that we are going to lose, no. Mrs. Bader stated we do have about 225-250 students going to cyber charter. Mrs. Featherman asked whether they are counted in the buildings. Mrs. Bader stated, no, not in the buildings because when a child leaves our district for cyber charter, we still maintain their seat in a brick and mortar school until we can downsize that but square footage remains the same, the desk is still there, until we can adjust ourselves to that decline. The other thing is we estimate 75-95 children that are considered out-of-district placements. She stated they could be in jail, a hospital, a special ed placement, it's another facility where the child is receiving their education as well as attending to another issue. We do have to budget for that. Mrs. Featherman inquired, if we do lose that many children, aren't we going to have to look at the buildings and the guidelines to where those children go to school and average that out so that it's spread over the district. Mrs. Bader stated that we talk about that at central office. She stated I think the thing that makes East Stroudsburg different than some of the other school districts in the newspaper is that some of those other schools are in the 100s of children, 120-140. Our lowest building is Smithfield with 350 children, so you think about where would those children go? She stated the other thing we think about a lot is, if we think that our population growth might come back, we don't know it could, we think that the townships wouldn't allow us to put up the modular classrooms that they did in the 80's-90's and that we need to maintain those buildings because they have to come back on line. The combination of what we consider a higher enrollment, than some of the ones that make the newspaper, Mrs. Laverdure shared an article where there was an elementary school that had 69 children, that's not what we're talking about. Mrs. Laverdure stated the other thing that we have been able to do that is important, by having some extra space in our buildings, we have been able to house IU classes in district which brings our IU costs down and we don't have to transport to Pleasant Valley or Stroudsburg. We're able to do it right here with our children in our home schools. It's been great to have that. Mrs. Featherman stated that is good.

Mr. Horton stated if we were to get, say J.M. Hill for example, there is projected 399 students going to be there for this upcoming year according to what I read. If those 399 students didn't have that school, would there be room in the other elementary schools, and again we are just exploring ideas, would there be room in the other elementary schools to teach those children. Mrs. Laverdure stated, yes, there would be. Mr. Horton stated, I'm looking at, for example, we have a budget of \$3 million plus in utilities, if that's even 5% of that in utilities, we're talking about \$150,000 there a year in utilities, where if you went to cleaning level lighting, obviously, there wouldn't be a great deal or if something else happened with that building in the long run, whether it be leasing it out. He stated we may be able to get revenue out of it and I think the adjusted budget there was \$101,000 for the year. Mrs. Bader stated \$113,000. Mr. Horton said again, I'm just throwing things out there that we can talk about. I think if there is a possibility, and other districts are doing this and making tough decisions, I think we're in a time where we need to make tough decisions, this is something we may need to talk about.

Mr. Gress stated we do need to look at different things as Mrs. Laverdure stated, it is a preliminary budget. He stated we've talked about closing schools in the past and it needs to be looked at. One thing about J.M. Hill that we need to look at from the transportation side is where kids are coming from and where they're going. For years, we have kids in the boro are being bused and they could be walkers. J.M.Hill has a huge amount of walkers. That school could be 100% walkers and you would have no transportation costs. Mr. Gress stated when the Board, in their infinite wisdom, years ago, looked at moving the high school out of the boro and they thought it was a great idea, of course they stopped the project and the project ballooned from \$39 to \$50 to \$92 million which is one of the reasons we are here is because of the sins of the past Boards. Before you look at closing, you have to look at all the costs and transportation. The last thing you want to do is go to J.M. Hill and see the amount of kids walking there. If you're going to close schools, bus routes need to be looked at as far as why kids in the boro are being bused somewhere else. Why kids by Gap View Heights are being bused to Smithfield Elementary instead of ESE. Mr. Gress stated I've said it before, the junior high and senior high coming in on the same bus, they should be. It's ridiculous that the buses come 10 minutes later or 20 minutes, the brother and the sister, just doesn't make sense. People say well, they don't get along, they're family; it's the same kids. We have cameras on buses, so things like that need to be looked at, a whole list of things but it comes down to 5 votes for 5 things. Mr. Gress stated I've said it before and I'll say it again, I've been on the Board six years now and every year we go through this process. We cut this, we nickel and dime this, there's 5 votes, 6 votes and the budget comes along and 5 people vote for the budget, you stand up for it. The people who voted to cut those programs, they vote against the budget and I there is a couple of Board members, I think Mr. Searfoss, has told me that he has never voted for a tax increase in all the year's he's been on the Board. Well God bless him, but every year, when projects come up, contracts come up, programs come up, you vote for them. Remember every year when we vote for things, remember how it affects future budgets. The computer refresh program is a wonderful program, I've supported it. I think it was 9-0 votes, now we're paying for it. I think it's a wonderful program, we need it; it benefits this community, the kids. The high school renovation project, the ESE project, 9-0 votes, we're paying for it. When the budget comes up 12% and we can't afford, well, we're stuck with it. The refresh for the buses, we need good buses to transport our kids. We don't want them breaking down. We don't want problems, it costs money. Again, the Board signs these contracts, we agree to it. The Support Staff contract, we have great employees

in this district, we need to pay them. Teachers, support staff, bus drivers and everything else, we vote for that and budget comes up and we can't afford it. Mr. Gress stated I'm all for looking at all of these things but come in May when the preliminary budget is here, the final adoption, it will be 5 votes to eliminate this, eliminate this, I'll guarantee you, four of you will not be voting for the budget. He stated I'll guarantee it. I'll write it down in an envelope and I'll say whose going to vote for it and whose not. Mr. Meachem stated I'll vote no right now. Mr. Gress stated, exactly, that's what I'm saying. He stated I still have the floor so you can butt in in a moment but that's fine. Again, we need to look at things, these things are wonderful like the Drivers Ed program, over the years I've supported it. It benefits our kid. We see kids dying on the road. I've been to funerals for kids. Mr. Gress added my brother (a Pleasant Valley principal) and I were at an event on Sunday he got a call and one of his students died. You want to see a tragic thing; they don't have a drivers ed program. That program is the one program that should never be cut because if it save one life its worth that measly \$211,000 and people say let's cut that thing. That's the last thing that should be cut. We can look at activity bus runs. We can look at block scheduling. For years we've looked at it. He stated when we added the graduation requirements, I told the district, it was going to cost this. We got rid of study halls to promote education and increase test scores to do things. It was going to cost us \$1 million. It was 9-0, so we're paying for it, yes, we can reduce that back and we're going backwards. We have good schools; people want to come to our schools. Kids do extremely well in our schools. Mr. Gress stated I'll put our kids against anybody. He stated my daughter had a 4.0 last semester at a great college and I'll put her and these kids against anybody when they say our kids aren't getting educated. To get back to your point, yes, we need to look at things, we definitely need to look at where we can cut, another thing we need to look at is making certain that the ESU housing projects is on the tax rolls. That thing is taxable, should be taxable and must be taxable. Mr. Gress stated we should also appeal to University Ridge why the Board approved that, when I wasn't on it years ago, to be tax exempt, is beyond me but the Board at that time approved it. University Ridge should be taxable. They are not part of ESU. They are a private non-profit providing housing for monthly rents to students. They're some tax rateables that we have. That's just one thing we need to look at. He stated there are other things we need to look at; it is a preliminary budget, its long term effect. Short term, to close a school may be wonderful but when you're busing these kids further, that short-term effect may be more costly in the long run.

Mrs. James asked Mrs. Laverdure, how many walkers do we have at J.M. Hill? Mrs. Laverdure stated I believe it is one-third so you're looking at about 125 perhaps. Mrs. Laverdure stated I can get the exact number for your briefs.

Mr. Meachem stated he would like to ask Mrs. Holcomb a question. He asked exactly what are the standards for being eligible to be bused? Mrs. Holcomb stated hazardous walking routes, if there are no sidewalks, we have to bus them. If they live farther than a mile out, we bus them. The hazardous walking routes are approved by PennDot, we don't assign them. Mr. Meachem stated, at this point, one of things that I think when we're talking about the concept of considering closing the school that would either involve a route or dealing with a child walking, I think that is something that we want to take the time to look into and determine and as part of that, perhaps, we would want to investigate with the parents of the children who absolutely feel no terror in walking, if you are going to walk and you're not going to utilize the services, we can craft a document that would allow them to permanently relinquish those responsibilities, that could be done. He stated, to look at a number of things, I was just tagging onto the end of yours because I have my own list.

Mr. Cooke stated, at this time, I'm not prepared to talk about closing schools because class size is very important to me. We may be able to house student in other schools, but what does that do to our class size but until we are able find out exactly what that does to our class size, I think that's something that needs long term study. He stated the other suggestion on here, the elimination of teaming concept at the intermediate level, I think is something that should be dismissed also. Research proves that the teaming concept that we employ at both Lehman and at JTL, is important to our kids in the transition from elementary into the secondary program, so I'm not prepared at all to talk about those two things at this time. Mr. Cooke stated much more research needs to be done.

Mr. Horton stated he had a question about the elimination of block scheduling. He asked how much cost would be in eliminating the block scheduling because I know you talked about the long term effect beginning in 2013 and 2014 but in some of the schools, wouldn't you need more classrooms and some other things to eliminate the block scheduling? Mrs. Laverdure stated, I think that is why we need to do a more thorough assessment of these areas. She stated our preliminary first talk was that we have enough classrooms at this point. Mrs. Laverdure stated there are some arguments between two administrators as to whether we do or don't. So we really need to jump in there and take a really good look at it. She stated also, if we scale back some of the credits, we'd have to restructure. It may cost more money based on textbooks but at my workshop that I was at, they're looking at the possibility of textbooks being a thing of the past in the near future you transition to Kindles and something more along that line. Mrs. Laverdure stated book companies are now giving a lot of perks if you go that route, they'll give you a free set of books for kids to access, they still have the books for the classrooms, one classroom set or they use the Kindles or computers at night. She stated those kids that don't have computers or Kindles, can sign out a book and take it home. There are other things to look at but we want to know if you want us to jump in and do that, we are here to do it. Maybe it is one of those things where we need to do it anyway

because if we're not talking about it this year, it may be next year. She stated that's what I said earlier having some hard figures so you have the information so that you can make an informed decision. Mr. Horton stated it would be nice to know the costs because if it turns out it will cost \$1million because of the classrooms and supplies. Mrs. Laverdure stated that books were the biggest cost for transitioning back to block scheduling. She stated having a hard book in every student's hands, when a Kindle is going for \$70-\$75 and a science textbook is going for \$125-\$150 a book there is something there and you have to replace every five years when they update the textbook.

Mr. Meachem stated in the presentations that were offered by senior administration, there are a couple of points that came up. He stated, Mr. Burrus, in your discussion, you mentioned that one of the budget justifications throughout all the schools is the printing of the Code of Conduct. He stated that's a universal document across the district and what I see that happens is price per school varies between schools by \$2500-\$3,000. If I were to do some rough math on that, if I were to think about printing 7,000 copies times, you know what, I don't think that it would cost us \$30,000, particularly in today's economy and with printers going out of business. Mr. Meachem stated what I would like to know is why an item of that sort is included not at the school level but at the administrative level because it is a matter of negotiating the best possible price on a document of that sort and then distributing it because as I understand in the construction of the book the wording is identical. Mrs. Laverdure stated that is exactly what we do, but the costs are then assigned to the buildings. Mr. Meachem stated that a week ago, we talked about the fact that the custodial costs don't appear in that way anymore because they've been taken away, I think the word estimation was used and I didn't see any justifications of that sort. He stated if that is good enough to work in a high ticket area like facilities/maintenance/custodial staff, I don't understand how that principle does not transcend to our building in all areas. Mrs. Laverdure stated, it can, because that's an easy fix; we just pull it back under my budget. Mr. Meachem asked what does it cost to print the Code of Conduct. Mrs. Laverdure stated about \$1.25 per book. Mr. Meachem stated that quick math is telling me then that we justified a lot more than it costs to print. Mrs. Laverdure stated that we went to three quotes and it came in quite affordable last year. Mr. Meachem stated which is one of the thing I also want to say, and address this to the Board, and the fact is that, yes, there was a major change in the Board and what I have seen over the years is the way that we structure the budget is we've used this "not to exceed" methodology, whether you agree with it or not, and again I mentioned this last week, the only alternatives we ever look at are furloughing the least senior people, tinkering with the educational program or increasing taxes on the taxpayers. He stated the fact is there were a number of suggestions that were offered and the fact that for the second consecutive year and I don't know if there is any evidence for the two years because I don't have my notes, negotiations for the support workers contract, we budgeted \$60,000 last year and we are projecting a \$60,000 this year, and we're hoping that everything works out. He stated I'm hoping that if we take that \$60,000 away that will step up the pressure and take hope out of the equation because if you don't have that money, you have to make it happen. What happens is the vendors that we are using to provide legal services, I've looked through here and I cannot find a delineation or justification and I spoke about that last week. Mr. Meachem stated I have read through the backup documents, where the attorneys that we work with have not suggested that their fees are negotiable. They've written letters directly to the Superintendent, telling her this is what our costs are. He stated the fact is we have to begin to look at that and what I don't see those types of options are being explored in the budget. The fact is any time that we talk about tinkering with the educational process and dealing with those who are less than, you automatically lose my support.

Mrs. Bader reminded the Board that the current preliminary budget has a \$7 million deficit. That's at index plus exceptions. Exceptions are for special ed costs that we can raise our taxes by and the PSERS contribution rate. She stated if we want to raise our taxes only at index and that is Mrs. Laverdure's and my hope, we have to carve out \$10 million. Mrs. Bader stated so while looking at printing is something that the central office and administration does on a daily basis, in their departments, they are always looking at ways to save costs through best practices and, where they can, they try to reduce. She said I have to thank the teachers because they also have bought into this idea, that if we do a little shopping, take a little inventory and really try to look at what we're spending, we are all on board with this process. I'd like to refer to it as our austerity measures. We have been implementing this for more than two years and that is why we have the nice budget savings that we have. We have the budget savings that we can put in our savings account, our fund balance, to use in tougher years. Mrs. Bader stated this year's tough but my prediction is that this going to continue and this is why administration is recommending to you that we have to look at the way we do things. We can't afford to keep doing the things we just keep doing and while we look at the elimination of graduation credits, furloughing or some of those bigger concepts because we have \$7 million with exceptions and \$10 million with just that index.

Mr. Meachem stated he would like to address Mrs. Stevens with his next question. Since we have learned this evening that there are so many excessive special education expenses we are dealing with that are affecting our budget in a very adverse way, at this point, I would like to look at the OHI population. I would like to know, if in fact, we have a concrete plan of returning those children to regular education because in the event that they are decertified, and correct me if I'm wrong, if they were decertified, we would no longer have those expenses and, at one point, I thought we had a disproportionate level of OHI referrals. He asked have we, in place, a definitive plan designed to return those children to regular education? Mrs. Stevens stated the majority of our students with Other Health Impairments are in regular

education. She stated we are disproportionate compared to the State. We do have a very high population of student with OHI. We also have higher populations in other areas than the State. The OHI is our highest population of special ed students in the District. The majority of those students are in our own buildings, in regular education classrooms but they receive special education supports and services. Mrs. Stevens stated obviously, we always look at every student as far as their academic performance and they need to meet two prongs in order to be eligible for special education. They need to have a disability that requires specially designed instruction. So as students are progressing, we look at that and particularly student with OHI have to be reevaluated every three years. She stated if a student is performing where they're not really needing those supports, we would do that reevaluation and determine that they are no longer eligible for special education which means they would continue in the current placement that they are in, which is regular ed but they would no longer have the supports of the special education teacher monitoring an IEP for that child.

Mr. Meachem stated that he understood everything Mrs. Stevens said there but the one thing that I did not hear clearly identified is a return to regular education because, if in fact, we are looking at a budget that is so top-heavy in special education spending that we're eligible for, I guess, to get around the back door and raise the taxes because we're going to get an exception for that. He stated at this point, we've got a knick in there and I'd just like to understand how we're dealing with it. I saw the records and I sat in on the Strategic Plan and never got a satisfactory answer as to why we are so disproportionately high in that gray area and I am not a special educational professional, but I do know that, at least from the research that I've done, we may not be handling that type of programming in the best way. Mr. Meachem stated this all comes down to across all the boards, against all the object codes in discipline, it comes to management and the fact is this, from I-Tech to the way that we deal with our solicitors, to the way we deal with our bid process, I personally don't feel it is being managed well and that those are a part of our budgetary problems.

Mrs. James stated I have a question I'd like to address to Mrs. Duggins. She stated I agree with Mr. Gress, my children went through the East Stroudsburg School District. I had a daughter that had a straight 4.0 through college. However, when Mrs. Featherman and I, when we went and investigated how our math scores compared with other school districts, they're very low. Mrs. James asked what monies or what are we doing to address this problem with math. It is a problem in our district. Mrs. Duggins stated I'm not going to say that we don't have some concerns with math. I will say though that our growth in math since the year 2000 has been astronomical especially with some of our special needs students who, in the year 2000, may have been 0% proficient and we're now in the 30-40% proficient. She stated so we have made phenomenal progress. We are currently in the process of evaluating math on a K-12 spectrum, with the implementation of Common Core which is going to change the language all over again. The Common Core is something that 48 States have adopted, that we as a District must be prepared to implement by the year 2013. So we are currently, this year, working on math and next year we have to work on English Language Arts K-12. They are changing and the demands are much more rigorous for example, they are moving division from fourth grade down into the third grade. So it's a very, very rigorous curriculum. Mrs. Duggins stated we also have the Keystone exams which we also need to implement. They have a one year moratorium on that but next year the State plans on coming back with the keystones, so that's a whole other area we need to prepare for. Again, they are very rigorous exams and they are end of course exams. The State has what's called Classroom Diagnostics Tests which we are currently in the process, some of the teachers are piloting it now to see how it is working and that's enabling us to look at their scores and where they're falling apart in the progression of skills, types of questions they're missing. She stated we're finding they're falling apart back with fractions and decimals at the fourth and fifth grade levels. We are really going to fire it up down in those areas to try to teach more in depth rather than so wide. With the PSSA eligible content, it's just been a fast, fast, fast and spiral this and spiral that and so much that they have had to do. Mrs. Duggins stated we're hoping that through Common Core we are identifying the core essentials at each grade level and teaching those to mastery and building. High schools have been working on it all year and we are currently working with K-5 and we are trying to do that a regional level and work with other schools as well. It is a concern across the nation but we are working on it.

Mr. Searfoss stated that he would like to remind the Board that we should keep this to budgetary items, this is a budget meeting. Mrs. James stated it was a budgetary item. Mr. Gress stated it is a budgetary item because the fact is when we talked about it in past years, one of the things about block scheduling is that it does affect math scores because kids have math maybe whenever and the test is months later or it could be a whole year later before they have classes, so it is a budgetary concern and we start looking at, again, starting long-term effects what we do here to save money and the downward spiral of things, special ed. Mrs. Laverdure stated and we have gone more to a hybrid where students are struggling. Mr. Gress stated and, I understand, instruct those students that don't hit the benchmarks; but, that costs more money because the grant is gone and the next thing you know it does come back to money. He stated it's one of those things where the short-term effects will have long-term effects on more than just the budget. Mrs. James stated, with all due respect Mr. Searfoss, so many people think we're pouring so much money into our school district with taxes and yet our scores are low and they want to know why and I was asking how we're putting the monies to improve our math program. Mrs. Duggins stated we have had the tutoring in math through the extended day program, we have implemented some remedial programs in the intermediate schools and more currently working with on a Response to Instruction and

Intervention where we really catch the deficits early, that's the key, you cannot wait if a student who starts to struggle in kindergarten. She stated we need the resources to address that gap at that time because as the gap continues as they go into first grade behind and then they continue and that gap gets wider and wider. She stated it is something that we have been spending an astronomical amount of time on and we're looking at it now K-12. It's been a year-long process and, again, I know that we have some concerns but if I could show you the charts on where we were and where we are, it's been astronomical growth. Mrs. Laverdure asked Mrs. Duggins didn't we receive an award for one of the 50 school districts that had the greatest growth. Mrs. Duggins replied, yes, our Lehman Intermediate School has been named a Distinguished Title I School for improvement. Mr. Meachem stated, before you go, you mentioned earlier that, I looked through here and saw the justifications, and in the justifications under consumables, in reading through and trying to decipher the object codes, that's a convoluted process and I'm going to need a little more help on that. He stated in just reviewing the book right now, in the consumables, one of the things I heard and, correct me if I'm wrong, you said the consumables were being used for assessments and the sort. Mr. Burrus stated the consumables and assessments are a different expense. Mr. Meachem stated one of the areas that I have concerns is the usage in consumables where the language is very weak that is pretty much tantamount to what I want to have a reserve in my building and I'm going to put it here if it's necessary. He stated one of the things I've read here are where and how often we are executing budget transfers. Mr. Meachem stated the fact is this, you're just providing a document that we're going to look at and say yah or nay to and it's now like we've crossed our hurdle, back to business as usual. The fact is I really don't see where we're calling for a legitimate budget.

Mrs. Duggins stated that when we start the budget process, we start with projected enrollment and then we determine, philosophically, which grades need the consumables K, 1 and 2 and I think Mrs. James as a former first grade teacher would understand, for young kids we need some of that and we estimate what is the cost of the book and the number of students and we have to budget a little more because you have students coming and going, you have to have books for the new students as well but it should be on a per student amount, so maybe they just need to clarify that. Mr. Meachem stated I agree with what you're saying but I opened up a page, and it doesn't matter what school is on the title, I going to read to you their justification under category 610-Consumable teaching and office items. He stated first of all, the idea that we have comingled consumables and office items kind of defeats the argument because you're telling me we need these types of reinforcements but we put them with office supplies. Justifications for office supplies needed or sixth grade instruction, supplies include staples for Cannon copier, miscellaneous general supplies, batteries replacement, DVDs, VCR and reserves for bid supplies. He stated the first thing I want you to understand, the bells and whistles that go off when I see that word "reserve". Mr. Meachem stated you see what is happening here, is I don't know how often these justifications are being read but I'm reading them and I'm not at all comfortable with the language. Mrs. Duggins stated the reserve for bid supplies, again because of the process, that comes through and again, through Mrs. Bader's process, might say it's projected at a 3% increase over last year. We then have inventories that we take in June. She stated the principals take the inventory again, how much did we use last year and that goes through a bid supply. So that's based on a number we get from the IU at where they project it will come in. It usually comes in higher and I know that's an item where I budgeted as a building principal I budgeted at 3%, I always came in at it being a deficit in the end and then had to transfer money in to cover the exchanged. Mr. Meachem stated that last week, I spoke about the bid process and the list that we're using and evaluating the consortiums that we belong. He asked are we getting the best price for our dollar? I don't have that feeling and these are the sorts of things we're accepting as business as usual and, unfortunately, I cannot. Mrs. Duggins stated that's one of the areas where we've extended that bid process into some of our areas such as art and family and consumer science. She stated maybe Mrs. Bader can speak more about the IU consortium prices but we have evaluated that. Perhaps, point taken, we have to do a better job in explaining exactly, based on x number of students times x number of dollars. Mr. Meachem stated I'd like the opportunity to help. Mrs. Duggins stated that would be fine.

Mr. Horton stated, as far as the overtime goes, there is a budget in there for the overtime of \$522,000. He asked where does the majority of the overtime go? He stated he was wondering if it is for teachers because they have to stay. Mrs. Laverdure stated it is support staff. She said depending on the needs. There is a form every time for overtime, the supervisor fills out and requests to make sure we're holding a line on overtime. She stated we've asked principals not to have Sunday activities in the buildings, sometimes they do. There is overtime with regard to that, if there is an activity past 3pm on a Saturday, that's considered overtime because high school custodians are not scheduled past 3pm on Saturdays. Every time we open up our buildings or have athletic events, overtime may be part of the equation. Mr. Horton stated, with me being new to this, if that is sort of in line with where you normally end up because you're a big district, so obviously you're going to run into overtime. Mrs. Bader stated you can see where we reduced it and that's because we have been monitoring the overtime and we've been approaching the supervisors in those areas asking them to see if they can come up with other ways of handling it. She stated we are, through our negotiation process, trying to adjust some shifts so that we create some Tuesdays through Saturdays so that we don't incur the overtime.

Mrs. Featherman asked whether the District has looked into alternative school for those children in the high school that have difficulty with the curriculum in the high school and since both high schools are in the corrective action area, has that been a thought? Mrs. Laverdure stated you mean to create our own alternative. Not recently, however, based on the

staffing of the alternative school. There would be a shift of course because we would take some of our own staff members however the regulations that go along with that are full time psychologist/counselor on duty, it would mean more staffing/benefits. It's a whole new school/ program. She stated we need to take a look at that again if you're thinking of closing a school and shifting the students, then we would consider it perhaps. Pocono Mountain had its own alternative school as you know. Based on the needs of certain children, we still do have to send certain children to out of school placements. Mrs. Featherman stated, I understand it's not the answer for those kinds of children.

Mr. Meachem stated to Mrs. Bader, one of the things you listed under balancing the budget was tuition reimbursement suspension. He stated there a couple of things I want to ask you about that. I thought that was contracted. Mrs. Bader stated it is. Mr. Meachem asked how we are going to eliminate that. Mrs. Bader stated we would discuss it with the unions it would be voluntary.

Mr. Gress stated the other area we need to look at would be the Teacher on Special Assignment (TOSA) at ESE since that number is down to almost 700 at that school and even at HS North it is approaching 1200. He stated again, if we are throwing stuff on the table, last year we approved both of these positions thinking ESE was going to be closer to 800 it's down to 700 and North was 1300, it's down to 1209 and you said 500 per HS North and I'm just looking at things, the TOSA obviously it's the teacher that it gives them that long-term position and I'd like to suggest we take a look at that. Mrs. Laverdure stated we certainly understand, and we will. The one thing we do need to know is that the State is coming out with a new teacher evaluation system which is a clinical model, not for this year, but the following year. The time that it is going to take for the administrators to complete those evaluations of the staff is going to be phenomenal. She stated we just have to keep that in mind as we approach it. Mr. Gress stated I appreciate that, it goes back to the other piece of this puzzle State unfunded mandates, again, only 22% funding from the State, everybody is running for State Rep and they say they're going to do everything under the sun and we get less and less funding every year from the State which then we're here cutting all good programs, or looking at cutting, not that it isn't something good to look at and that's the other side of the coin that wasn't even brought up tonight which these unfunded mandates like this one here. He asked if you are six or ten million dollars short, where do you come up with the money then?

Mrs. Laverdure asked what you would like for us to investigate more thoroughly. Mr. Searfoss stated I think that 46% of the budget, not including salary and staff, leaving 46% to find \$10 million in cuts in. He stated I really think everything has to be on the table before everybody runs out the door. That doesn't mean everything has to be approved but everything has to be looked. One of the things on here was the elimination of activity bus; well maybe we just need one instead of two. I think we need a more logical approach instead of being draconian but everything has to be on the table, things that were mentioned here tonight and things that were not. The return of half-day kindergarten instead of full but you have to decide if that value is enough to justify by keeping it in the budget that way. Mr. Searfoss stated I will agree with Mr. Gress on drivers ed, absolutely, but you still need to sit down and evaluate whether or not its cost is in the top of your list that it stays as it is. We talked about closing a school. He stated closing a school is a short term, it's not like we're selling it and putting condos up. If a school building has to have the heat turned down to where the maintenance people say it is the level it needs to be at and it's down for two or three years until the population returns, Mrs. Bader is correct, I don't see mobile classrooms coming back and I think that the zoning offices will not allow it and but you have it open back up. Mr. Searfoss stated does it mean it's feasible, I don't know we may have to have Mr. Shearouse look into what that harm would be, physically, to the building? Mrs. Laverdure would tell us what kind of savings it would be. We have to look at everything for what that 46% where we're looking for cuts has to be on the table. He stated we've been eliminating positions through attrition for a few years now so that we haven't done anything like the bigger schools. It needs to be looked at and we can say no to it to see because it's valuable and we think it benefits the kids. A lot of things have to be looked at and decide if that is good or if it's not.

Mr. Horton stated that perhaps Mr. Williams can help me, do we make any money from selling back, cause I see we obviously have to pay for our waste removal, do we sell back any cardboard, paper or plastic to a recycler. Mr. Williams stated actually not, the market does not allow, when we first started we were going to get all these promises but the market fell out of that. He stated we do generate a lot of cardboard and we may partner next year with Monroe County Municipal Waste Management and we may see something from that when we do the RFP. Mr. Horton stated, obviously, that's in the future but I can tell you I pay about \$5,000 a month for my waste removal at my building. I make about \$6,000 a month in cardboard and plastic, selling back so I net a profit of \$1,000 a month on waste. He stated so, again it's not something we can do right now, but something to look to. Mr. Meachem asked when the contract is up. Mr. Williams stated this September. Mr. Meachem stated one of the questions that came up earlier on was the fact that if we require teachers from other buildings to attend meetings. Mr. Meachem stated one of the things I noted over the years is we've expended a lot of money on I-Tech and, just because I've worked with him on a project this year, our Director knows what he's doing. He asked why is we are not holding these meetings remotely because they would get the same information, we could eliminate the mileage reimbursement and when they finish the meeting, which would start sooner, they can be on their way home

sooner because what will happen is the information can be imparted from a central location and they will go to some sort of a portal within their building to get it. He stated I see that as win, win, win.

Mrs. Laverdure stated we did do that Mike. Mrs. Duggins stated actually we're trying to that with second grade in January. They are going to be participating in their buildings in a webinar. She stated we have been trying to do more of that. In the past we used to have some of the distance learning meetings. I'd be talking and people would say we can't hear you. The technology back then wasn't as fast or efficient as it is now but we are doing more of that. Mr. Borosh can explain more about that. We have Adobe Connect and Illuminate so we are absolutely looking into more of that. Mrs. Duggins stated not all meeting lend to that because sometimes you have to bring someone in to do the presentation and it has on site because it has to be hands on and we are looking at a lot of that. Mr. Meachem stated if you could just jot out a few notes on how many meetings do we have during the week. He asked how many meeting do we require our principals to be out? How many times during a week or semester do we require our teachers or administrators to travel in their own vehicles to another location? He stated once we require them to do that in their own vehicles, they're entitled to be reimbursed. I'd like to know how many times we are doing that because if it is not a cost savings, then we shouldn't be looking at it and if it can affect cost savings, we should be looking at that. Mrs. Laverdure stated I require one administrative meeting a month where we meet together here. Mr. Meachem stated that one a month is not a lot. He stated I'm looking at some of the budgets we have for mileage. Mrs. Laverdure stated I try to go to the buildings if I need to meet with the principals and I never put in for mileage. Mr. Meachem stated, I'm going to tell you something and I'll probably get beaten up on this, if you're using your vehicle in the performance of your job. He stated you're entitled to that mileage. Mrs. Laverdure stated I am, can I tell you my philosophy and I'll stop at this point. I am the Superintendent of the whole district. Part of my job is to go to those buildings. She stated my husband would agree with you, I don't. Mrs. Duggins stated in terms of meetings, the elementary principals have meetings once a month, for the secondary, I usually go to them, I meet with them separately once a month at the end of the day. Mr. Meachem stated in looking at these projections, if we add up all of the in-district mileage reimbursement, those are significant figures. He stated the bottom line is, and one of the things I noticed in Mr. Searouse's department, for a long while there, a lot of your people were logging a lot of miles. Mr. Meachem stated my question would be, taking the scenario, the longest drive where I believe going from this building to the North campus, I see this as a management issue because before we would pay that worker mileage, why don't we just schedule them at the North campus for the entire day, at which point, mileage is no longer an issue. Mrs. Duggins stated we do that whenever we can for Staff Development. She stated we put them at one location for the day. Sometimes it's necessary and you have weigh that. When looking at in-district mileage and the 581 account, that is also if they go to an IU workshop where there is not a fee for the presentation, so there is mileage in there and that is budgeted under in-district mileage as well, where you don't have a conference form. Mr. Meachem stated if we want to keep those things down, what I would like to see Mrs. Bader, what would happen to the budget if we eliminated district mileage. He stated I would just like to see those figures. Mrs. Duggins stated maybe we need to cut it out because if there is an IU workshop where it doesn't require a conference form because there is not a fee, it is not an overnight, and it's just mileage to/from the IU. Mr. Meachem stated that we are paying a lot of money to the IU and I would think if they are requiring our people to go there, they should meet us halfway and split the mileage with us. Mrs. Duggins stated that's another topic beyond me. Mr. Meachem stated we're talking about uncomfortable times and we are going to put everything on the table. Mrs. Bader stated it's in the labor contracts. Mr. Meachem stated it is in the labor contracts if they use their vehicle. He stated, at this point, if you set up a mechanism not to use their vehicle, what happens is we never exercise that clause in the contract. Mr. Horton stated that's a long walk to North. Mrs. Bader stated if we have a large number of teachers going to a building, we will run a bus and if they choose not to take the bus, then we don't pay the mileage. Mr. Meachem stated, I understand that, but what happens is we're budgeting significantly for in-district mileage and what I have heard this evening are a lot of exceptions to the rule. He stated my question is, if in fact, we can even remotely consider furloughs or changing graduation rates, then we can think about eliminating in-district mileage. Mr. Searfoss stated I think this is very good to look at for change, I don't know if eliminating it is realistic but lowering it and cutting it, there are probably ways to do that. Mr. Meachem stated let's manage the heck out of it.

Mr. Searfoss asked if we have any other questions before moving on to the public. We are going to move on to public participation for budget items only. When you come up to the microphone, state your name and where you're from.

XXIV. PUBLIC PARTICIPATION -- LIMITED TO BUDGET ITEMS

- A. Keith Karkut, previous Board member, the big thing is with enrollment folks, look at the numbers. The numbers are deceiving, look at the audit report that Dale Kirk gave you a month ago. He stated you started the year out with a \$26 million fund balance, that's great but that is excess money that should be affecting this year's budget. This year's budget only shows a \$9 million fund balance, so where did that \$26 million dollars go. Actually the ending of the year was \$35 million. He stated last year we budgeted \$9 million more than what we needed. That \$9 million was put into an account. What we're doing is over-budgeting now to do the budget transfers

throughout the year. He stated when you budget you budget for a budget, not to deal with a transfer at the end of the year. Keep track of it, I did this for four years and never go anywhere. The numbers are right here in the back of your Board briefs. Mr. Karkut stated they are deceiving, I'm not saying anyone is being deceptive, to the Superintendent and administration, but you look at the words, the district enrollment summary and the district enrollment trend summary. The trend summary is made up by Mr. Forsyth and people in the administration and I guess on the computer. The trend summary says there are 8,000 students in our district. The actual enrollment as of September of this year is 7,537 students. Now, look at that trend folks. He stated when I was on the School Board there were 8,400 students, you can see that trend in the graph chart. Look for the future, Mrs. Laverdure stated look for the future. That is why I said look for the future. The current enrollment of our high schools is in the 600 students plus per class size. Look at our younger grade, 450 in kindergarten, 479 in first grade, and 528 in second grade. They are over 100 plus less and the scale goes down this way. It's not going that way. He stated I was talking to a lawyer in town who said our current foreclosure rate. There is about eight years of foreclosures that are yet come. He asked do you think the enrollment is going to go up or down the more we lose? We have got to look at those things, they are very important. Another thing, enrollment per schools, Bushkill Elementary is rated at 600 students and is 512, ESE is rated for 1,000 is 723, J.M. Hill is rated for 600+ students is 396, this is the big one, Middle Smithfield which was just renovated for 1,000 and it has 517 students. That's terrible. Resica 547 students rated for 600. Smithfield, my daughter's school, I hate to see it close but my daughter's school is rated for 600 students it has 344 students. You can take Smithfield and J.M. Hill and put them into Middle Smithfield and ESE and still have a surplus of about 100 students per school district-wide. Then you can take those two schools and make one an alternative school, not high school level school, make it a K-12 school. Mr. Karkut stated you can't short the kids when they are younger because they are going to need more to improve the education when they are older. Don't take away full day kindergarten, that's where they are getting the initiative to learn for their future. He stated my point being, you can take those schools, you don't have to close the school permanently, just close it temporarily or make one of the schools, an alternative school for the IU. Keep our IU students in our county and not send them down to Bethlehem. Mr. Karkut stated another you have to look at, we have a 100 students that we are displacing at a rate of about \$2 million dollars in transportation cost to send them elsewhere. We can keep them right in our district. We can also keep all the schools students in it and help the entire county. Bethlehem School District has an alternative school for K-12 and if you talk to the Bethlehem School District, it was one of the most effective things they could have done. I talked to them at a School Board Convention a couple of years ago. Just look at the numbers, please. He stated the targets, you have to remember, when we look at the consumables, books, expenditures, you're not looking the full picture. The actual cost, for instance at J.M. Hill, in a book I looked at a couple of years of budget books, was in excess of \$3 million in total costs, meaning salaries and everything, so you are only looking at a couple of hundred thousand in consumable costs, look at the whole picture. Mr. Karkut stated I'm not looking at teachers, to put them on the street because, obviously, we can shift them around to save money but, folks, you have to look at it this way. People are losing their houses to taxes so either people in our county and our school district lose their houses or we lay off teachers like everyone else is losing their jobs. I'm not saying lay off teachers but look at the alternatives. Look beyond the numbers. He stated when I was a School Board member we looked at overtime, they said you can't do anything about it because we have a current contract, we are currently negotiating the contract don't make a Tuesday to Saturday job, make a Wednesday to Sunday position. Make no day a holiday. There are many people who work on a Sunday that don't get double and triple overtime pay. Think long term, healthcare, we are a self-paying district. I think you healthcare costs are too high. Mr. Karkut stated I looked at your budgets and \$7 million plus in healthcare costs but that is my own opinion. If you look at the budget, look at the trends, a \$35 million budget from last year it's just a lot of numbers to look at. Please look at the numbers, thank you.

- B. Mr. Robert Williams, stated excuse me for putting my hat back on, but it is important for me to identify myself, this ship is a WWII Landing Craft Infantry (LCI). It is a ship that carried the troops into the island during the war to fight the Japanese. I was in the South Pacific for three years. I felt I was a prisoner aboard that ship because you can't get off the ship. You can't walk on water. There was only one person who could ever walk on water and I was not that person. We went on occasion, once we had secured the island, we then took navy personnel off their destroyers, off the cruiser, and battleships to go in for recreation purposes. Each person got two beers and two cokes, that's what they got. If you weren't a beer drinker, you could take those two beers and trade them with someone for two cokes. I did that on many occasions because I was not a beer drinker way back then. He stated I didn't start drinking beer until I went to college. I was seventeen years old when I went aboard this ship 1943-1946. We won that war. Now if we hadn't won that war, we would not be the United States of America today. We would be the United States of Japan or maybe the United States of Germany. That was the other war we were fighting at the same time. Mr. Williams stated some people ask me why I wear this hat and thank you for serving and I appreciate that but I wish someone would say thank you for serving and we're going to lower your taxes. That's going to be the day. I'm here on behalf of all the WWII veterans who are still alive here in

East Stroudsburg, because I check the obituaries every day to make sure my name is not in there. Low and behold, in the last two months, eight of my friends that have gone with me to the VFW have passed on. In the obituary it states served in WWII in the army, navy or whatever. He stated fortunately, I'm still here but I wish someone would say thank you for serving and we're going to lower your taxes. Mr. Williams stated I built the present home I am in in 1987. My first tax came in 1988. Listen to my tax, \$1,116.48. My taxes last year were \$7,971.46. Why, it's the same house and I haven't had a child in school in 32 years. Take into consideration all WWII veterans. We can't afford it. Mr. Bradley thanked Mr. Williams for his service. Mr. Williams replied you're welcome but please lower my taxes.

- C. Gary Summers, Middle Smithfield Township, as far as I can tell, you're preliminary budget for 2012-2013 is ballpark \$17-\$18 million more than what you spent than in the 2010-2011 school year according to Dale Kirk's audit. I hope you find \$7-\$10 million because I can't afford my taxes anymore. He stated I've got a suggestion for you, I think you are approaching this thing the wrong way, I don't think you should be talking about \$211,000 in drivers ed because you're already spending that. What you ought to be looking is how come my budget is \$17 million more than what it was than my last actual year. Come at it from that standpoint and go into each of the categories for example, your 2000 area expenses, your administration, transportation, building operations, etc. That entire budget category is \$10 million higher in your preliminary budget than what you actually spent in your 2011-2012 school year. He asked why? That's how you ought to be looking at this budget. If you're going to cut something, if you don't spend it, you're not cutting it, get my point. You shouldn't be talking about drivers ed as a cut because you're already spending that money and I'm not going to get into an issue of that program or not, the fact is you're already spending it. Look at the \$17 million that you're not spending, that's the difference between what you programmed in your preliminary budget and what you actually spent according to Dale Kirk. Look through each one of those sections and ask yourself why is this number going from here to here, how come the 2000 category is going up \$10 million, why is transportation going up \$3 million during that period. Mr. Summers stated I can't understand, you have the big book, you must have all the answers in there, I hope, because if you don't you shouldn't be passing any budget, quite frankly, because you don't have enough information to do your job right.
- D. Mr. Ray White, Middle Smithfield Township, stated I am encouraged by the dialogue tonight, actually more from the audience than from up here but I hope it's just not lip service because despite what you might think about the educational standards in the school district, you rank among the lowest in your peer group. He stated you're taxes are among the highest, the performance is the lowest and if you want to look at a model, go over to Stroud. You're talking about playing around with educational requirements, they have lowest of your peer group and they had the highest SAT scores. So maybe the Board should go over there and talk to some of them and see what they're doing. The bottom line here is that this Board has some responsibilities and I don't need to tell you what they are but in my opinion, one of the first responsibilities is the students in this district. The second responsibility is the fiduciary responsibility to the people in this room, all who pay taxes and you pay taxes. I've looked at the big book; by the way, I'm sorry it's ridiculous. Mr. White stated you have to ask some hard questions and, at least, do some research that some of us in the audience have done and then ask some very hard questions.
- E. Mr. Albert McQueen, resident of Saw Creek, I am here because of my concern that was expressed by the gentleman, the WWII veteran, that was here a moment ago. I am a Korean veteran, US Marine Corp. My children are in the 50 year age range, and yet my taxes have been increasing every year that I've been here since 2003. He stated when I check out the educational standards for this area, I find that they are some of the lowest in the nation and I have a concern about that. If I'm paying for something that puts us in good stead on a national basis, let alone a local basis, I can understand that. He asked why am I being hit with increasing taxes on a system that is not standing up to the standards of the country educationally. Mr. McQueen stated I think that's a hard to question to answer. I want to know, personally, what the means for interacting with the budgetary process in this area is because I'm not one who stands around and complains, I'm one who gets involved. Now I don't know if that takes place here but if it doesn't take place here, I would like to know what that process is because I want to get involved in it. Mr. McQueen stated I want my voice heard about why my taxes are going up like they are in an area that is suffering from the educational standards that this area has endured and I would appreciate any help that you can provide me that.
- F. Mr. Meachem stated if I could respond to Mr. McQueen this evening's questions are specifically surrounding the budget but I've done a lot of research in the short time that I have been on the Board and I see where there is an opportunity for me in the very near future, to make a recommendation to the Board to create a task force that would take into consideration the budgetary process because it is a political process that requires the input of all minds, administration, as well as the Board and that's one of the things that disturbs me and He stated I've only

been sitting on this side of the dais for a short period of time. The fact is there isn't enough input from the other side and I would like to do what I can to at least open those lines of communication.

- G. Mr. Gress stated the other thing is to come to the meetings and understand not just at budget but every month to understand these meetings and the process. He stated the other thing is, again, the representatives and senators running at the State level we need them. Call them and ask them where our equal funding is. Mr. Gress stated I've said this for six years I've been on the Board. We get shortchanged here from Harrisburg. We get 22% funding from the State instead of 50%. If we had 50% funding from the State, there would be tax decreases. The problem is they don't care about us, they continue to shortchange us we get the heat here. He stated, Again I don't mind, I ran for this and the education is foremost and the students are foremost. We have a growth problem here, we've had a growth problem here, we've had transients and our curriculum supervisor can explain the reasons. The poverty level in this district is astronomical. The facts are the facts and there is a whole host of reasons. We are improving, can we improve more, yes but until proper funding comes, again, 22% funding and the mandates from the State. Allentown and Bethlehem are getting 60-70% funding, Harrisburg gets 60-70% funding, upper Wilkes-Barre/Scranton, their getting 50% funding and their taxes are lower. Mr. Gress stated we built two high schools. Again, I said before sins of the past. We have two high schools in this district. It is double of everything. We have two middle schools in this district. It is double of everything. Two hundred eleven square miles, 10 schools, it is expensive. We built the high school up North and it's done, with two of everything, it is an expensive proposition. You come to the Board meeting and ask its history, some of the Board members, Will gets mad every time I talk about it for a long time and he'll shake his head, not again Bob, why do you keep bring this up. Again, you come to these meetings for the first time and I seem like I'm so high-spending, whatever you want to call me. Mr. Gress stated I've call this for years, nobody listened. That fact is, this budget, as Mr. Ray White pointed out before, the reason why it has increased so much over the years is because, prior years, the Board didn't do what was right. Either A, they didn't cut the programs or raise the taxes needed to sustain the budget. They were warned if you need \$10 in two years, there is two ways to do it either cut a little bit or raise taxes a little bit or you wait for two years and raise it to \$10 at that time and the Board has historically waited and instead of incrementally, that's what happens. A couple of years ago, yes, there was a \$17-\$19 million surplus and the reason why we restructured the debt, was strictly just to get breathing room because we didn't have any money and that is why the fund balance was astronomical. Mr. Gress stated I see Larry Dymond laughing in the back with the other guy there. That's okay because I am talking and you're laughing. (There was an outburst from the crowd.) He stated excuse me, I'm talking, I'm talking. So anyway we hear this threat thing that everything is going up and up and there is a reason why. We restructured that \$17 million. It was the only thing to do to prevent a huge tax increase to get breathing room, that's why the budget increase and decreased in subsequent years. You look at the trends of this district. It has been a 6-7% increase in expenditures, expenditures that have exceeding revenues it's a simple thing. How do you curtail it? When the State continues to cut the PSERS, you look at the big numbers like Will said, you have the huge numbers on where the actual numbers are increasing, retirement costs because the State and the school district over the years, they balanced the PSERS on the expectation that the stock market was doing well and they didn't fund it in good times, so what happened was it became bad times. The health insurance is self-funded. Mr. Gress stated we make money there. That has gone up. That amount of money is \$4-\$5 million that we are trying to make up in those two line items alone. Again, how do you curtail that without affecting the other side? This is a whole host of reason. He stated I love input from people. We do listen but it's just not the one meeting that people come and complain it's coming to every meeting to see the votes. Mr. Gress stated like I said before, you check the minutes because every time we come up with a vote, and I say, whether its buses or computers, what is the long term effect, nobody cares. I should say nobody cares because it's a good program but then the budget roles around and I'm not going to vote for the budget. He stated you can't have it both ways. You can't vote for every program you like and on the other hand not fund it. It's coming to the meeting, visiting the schools and you see what it going on. The fact is transportation is expensive. He stated special ed is expensive we are mandated to do it. If you don't have a special ed program for a special person and they, guess what we're paying a lot more than \$2 million, I'll tell you that. People move here, why, because their child gets the special ed or appropriate education that is required by law. If you compare us to Stroudsburg, you can't compare us to Stroudsburg or anybody else and I appreciate that but there it is a whole different district. It's a compact district. Two high schools make a difference; it truly does. Mr. Gress stated check with the State, and I have done this research, and they say districts that have multiple high schools and middle schools, it's expensive to run and your taxes are higher. Neighborhood schools, the smaller the school, the better the schools do. Bigger is not always better; it's not always the best. Coming to the meeting, there will be other meetings for the budgetary input, there are committee meetings, there are building meetings that ultimately come to this, where money is all totaled up and this is what the cost is. We appreciate you coming.

- H. Mr. Cooke stated I am going to dovetail off what Bob said. The only way this is going to change is if you contact your representatives. I, for 38 years, have contacted my representative on a weekly basis. He stated I'm one person. I'm not going to embarrass anyone in this room by asking when was the last time that you contacted your Senator or representative and said I'm fed up with only 22% funding of education and I appreciate that and I appreciate all the help you can give. If you haven't done that, we're never going to get education funded at the level it needs to be funded by the Constitution. Mr. Cooke stated make a vow, go out of here and make a vow tonight to contact your Legislator, Mario Scavello, Lisa Baker, whoever it is and let them know, or your Governor. Don't just do it once, don't do it twice, do it once a week. Let your name be known. Become a pain in their side. It's the only way we are going to get the funding that we need for education and thus lower your taxes. He stated that is what you can, personally, can do to get involved. There you go, at least a weekly contact with all your legislators.
- I. Mr. Larry Dymond, while I did smile and I was smiling not laughing, because you did in fact speak the truth and I was really pleased to hear that and the other comments here tonight that every time there has been a discussion and somebody wanted a program for \$1 million more, it was always an item and that is what got us here today. He stated I don't know how you're going to get around that. I do like the tone here tonight. I think the Board and community need to get together and come up with a real action plan. Mr. Dymond stated I know I have called politicians and lobbied them for over 30 years. In my involvement with the union, lobbying on a daily basis and across the State and, I don't know if it going to take something as drastic as to close the doors for the schools because we ran out of money to get our fair funding or something but I think everybody in this room ought to get together and on one night and come up with a real plan to do it. He stated a phone call here a phone call there isn't going to get \$1 million from any of our State legislators. They don't want to hear it. I can tell you most of our legislators anymore, everybody's got caller ID. If you're on the education list, they don't even answer the phone and they have automatic delete on sending emails. Mr. Dymond stated I think most of you are aware that the teachers and support workers, on some of the legislation the districts across the State was supposed to resort to handwriting letters. A lot of our politicians were really impressed that the teachers and support workers were that dedicated to take their time and write a letter and put a 42 cent stamp on it and send it in. He stated I think it is time for this community, as shortchanged as we are at the State and federal level, to put a real plan together and let them know that we are fed up.

XXV. BOARD COMMENTS

- A. Mr. Bradley stated I have been sitting here quiet all evening listening to the Board members and the public. He stated I'm a 27 year veteran of the United States government and its policies and its fat and it's climbing over and on the backs of the people because the money was there and more importantly the people weren't and they didn't say anything and they didn't complain. So I'm definitely glad to see the people are here tonight and they are speaking out and they are discussing ways and things that need to be discussed and we who are members of the School Board, have a responsibility especially those who have been on the inside the longest, to take a good look at the fat and try to come up with a solution that will create the leanest, along with the public's help. Mr. Bradley stated I am a disabled vet; so I've watched this government from the inside and out, up to and including having to deal with it today. Take an individual who was dying, to get him in a veteran's hospital because the government didn't want to afford the cost of getting him an ambulance to pick him up. I took him. He stated I'm on this Board basically for the same reasons, as I said being on the inside as well as on the outside. We've got a job to do. It is not about pointing fingers. It is about coming up an equitable solution to the problems we face. The School Board, like society, yes has added fat over the years, basically because in a sense, it was there. They have done it like they have always done on the backs of the people. Well it is time for that to stop. It's time for the people to stop being stepped on and for them to step up and that includes us who are members of the School Board. We've got a job to do, a responsibility. Let's meet that responsibility and let's do it as a cohesive unit. He stated you don't need the invite.
- B. Mrs. Laverdure stated we need direction. She stated we need to know how to prepare for Monday night because of the Act 1 timeline, there will be a vote Monday night. If we don't come up with a preliminary budget, then we have to meet Tuesday night. If we don't on Tuesday night, then we have meet Wednesday night. Wednesday night is the last night to do it.
- C. Mr. Meachem asked what happens if we don't adopt a budget on Wednesday night. Mrs. Laverdure stated then we are out of compliance with the law and I don't know if that's the kind of example that we want to show our

students and our community that we can't come up with a preliminary budget that can come down and will come down. She stated you've got to give us the opportunity to move in that direction.

Mr. Meachem stated, as I've said before and I will say it again, if we bring it back and we go back to the drawing board, I would like to see a budget, because there were discussions that were made on issues on special education and I looked through the budget here and I would venture to say, no I wouldn't venture to say, I would state for a fact that there are some due process hearings that have been threatened against the district and some of them that the district has even been served on. He stated without discussing the details, I for the life of me, can't find out where in this budget are those items accounted for. That's a black hole that I don't see. Mr. Meachem stated I'd like to see a line item delineation of the vendors and the contract people that we're dealing with to see where we can develop a list where we can eliminate them. What's happening is we're looking at the way that we're spending as sacrosanct and that the low level workers, the educational process and the level of taxation is the only way to go. He stated well I'm saying, let's step back and look at the box in a whole different way because there are options that we can look at to eliminate that have not even been put here.

- D. Mrs. Featherman stated I think we also have to look at the fact that we are mandated by the State of Pennsylvania to come up with a budget and it's an antiquated system. She stated no one is saying it has anything to do with reality at this point because we have to come up with a budget before we know the amount of money we're getting from the State. We know that we are getting less and less federal money but right now, in this antiquated system, we have to come up with a budget by the 24th of this month. It's not what we like. It's what we have to do. It's the law. She stated so right now we have to have a preliminary budget passed so that we can send it into the State and get our State money because they may very well hold the State money unless we have a preliminary budget. Mrs. Featherman stated as I said, it's not an efficient system, it's an antiquated system but it's what we have to deal with.
- E. Mr. Dirvonas stated in partial response to Mr. Meachem's question, as far as what happens if you do not adopt a preliminary budget. Again, Mrs. Featherman's comments were very apropos in the fact that it is a preliminary budget but if you do not adopt this by the 25th of this month, you will not be able to apply for any of the exceptions that you were otherwise entitled to. He stated we're roughly talking \$3.2 million in additional exceptions for the special ed and for the PSERS. If you do not adopt it, you lose your ability to apply for that. Again, keeping in mind that what you should be doing on or before the 25th is preliminary. Mr. Dirvonas stated I think there have been a lot of very good suggestions, a lot of constructive criticisms made this evening and these are all items that can be looked at before this Board adopts its final budget by the end of June. A number of very good suggestions on costs cutting; look here, look there but if you don't adopt the preliminary budget by the 25th, you do risk losing those exceptions. Whether you need them or not, that has to be further looked at but you do run that risk. He stated in fact, from what I understand, it is more of a certainty than a risk from what the Pennsylvania School Boards Association and the Department of Ed are indicating. If you don't pass it you're going to lose it.
- F. Mr. Meachem asked whether Mr. Dirvonas had any legal history of a school district not passing a budget or is that prognostication on the part of PSBA. He stated they're saying if you don't do this than this will happen...ooh. Mr. Meachem stated I want to know do we have had hardened history of someone saying, no, I'm not going to do it. Mr. Dirvonas stated no because of the fact that Act 1 has been in effect for a very limited period of time; however, PSBA has been in contact with the Department of Ed and the Department has given a very strong indication that this is going to happen. Mr. Meachem stated I checked their site. Mr. Dirvonas stated we have had discussions with PSBA over the last week, actually as of last Thursday. Mr. Meachem stated what is disturbing about that is I have spoken to them several times in the last three weeks and if, in fact, discussions that sensitive and moving had transpired why did they not mention, I don't understand, is the billed paid. He stated am I still a member then because, at this point, what's happening is to get that, there are some who would think of that as a scare tactic. Ooh if you don't do this...the bottom line is we're back against the wall and what happens is we want to explore all of the options. Mr. Meachem stated I want to know why not passing the budget is at least not being examined so we can at least look at it in a general context. Ooh you don't go over there and don't open that door. I know what you did last summer. No, let's stop that and let's look at that. He stated we can pass a budget or we cannot pass a budget. What we need to do is look at the options because if we lose the exceptions on the special education, perhaps that would get us to the point where we actually have to then begin to manage that program. Mr. Meachem stated that whole business with the PSERS, I've got a feeling that, just from a public relations point of view, we can put our heads together and make them back off of that because those are our workers and that's money that they earned for retirement in a system that for decades has been underfunded. If one district stands by and says we're not going to make a decision on spending in a black hole and you're saying discussions were held with them, what's going to happen is I'm going to make it my business to follow up on

those discussions tomorrow because the number of people I've spoken with in the last few weeks and I've spoken specifically asking questions about the budget process.

- G. Mrs. Featherman asked, Mike, are you willing to fund the lawsuits that we will encumber for not have a budget. Mr. Meachem stated do you know if we're going to get a lawsuit, Eileen. Mrs. Featherman stated I've seen lawsuits for less. Mr. Meachem stated wait a minute, I just asked the solicitor that and he didn't answer it. Mr. Gress stated there are a couple of different questions, if I can. He stated if we don't adopt it, then it falls back to the budget without exceptions. We would have to come back with a budget without whatever that rate is with no wiggle room period. So then you're talking wholesale cuts across the board for everything. That's the law and it's a simple thing. Going back to those guys in Harrisburg, they're hoping that people cut their budgets and the way the stupid law is written, the Governor presents his budget in February and his first year it was not until the end of February and we have to do it. Mr. Gress stated as far as PSERS, it's been underfunded. The State has underfunded that since 2001 when they borrowed \$30 billion dollars to fund PSERS. They were supposed to fund it every year at \$3 billion dollars and they never funded it. He stated now there is a crisis with PSERS and they knew it and that's another issue. Again, going back to the process, if we don't have a preliminary budget adopted by the 25th, then what happens is the exemptions are done and we have to come up with \$10 million in cuts. Mr. Gress stated if that's what the Board wants that's clear and there are no exemptions around that and that is why the preliminary budget has to be adopted by that date in order to submit to Harrisburg and all these guys see what was thrown in the pot so they can shortchange us some more. He stated that's all it is and as the districts cut back, past years we didn't put in the full amount in the preliminary budget, we cut, and next thing you know they're not going to fund us what we need anyway. It's a process and getting on board on what we do with special ed looking at cuts there or somewhere else. It's a preliminary budget, the first go around and ultimately there will be meeting that we schedule as soon as possible, whether weekly meetings to discuss the budget with these cuts that need to be done. When you do a preliminary budget and wherever that budget is on Monday, this is too high, it has to come down because we can't pass this budget anyway if we wanted to because we don't know if the exemptions are going to be there. It's a preliminary budget that has to be passed. He stated it's as simple as that as far as I know.
- H. Mrs. Laverdure stated I feel the necessity to say something as Superintendent. I really like the whole nine Board representation. She stated I think it is good for the community. I think it is good to have new members on the Board. I think it is good to have a new set of eyes looking at the process that we're doing. It's really important for every single one of you to know that you have fabulous administrators that are not mismanaging your money. The community needs to know that and I am at the point now where every Saturday morning I will be sitting here in this Board room at 9:30am and I would love to have any community members who want to come in and have dialogue. Mrs. Laverdure stated I will be here from 9:30-11:00am every Saturday morning. I can share with you concerns and I can hear your concerns between now and when our final budget is passed. She stated I'm here to serve you and the community. Please know that these folks that are here, your administrators and the workers, the teachers and support staff do a great job. They are not mismanaging your money. Coffee and chat with the Superintendent. If there's a snow storm predicted, trust me, I'll still be here every Saturday morning until the final budget is passed.
- I. Mr. Searfoss stated I like some of the ideas that were brought up, the reality is that some of this can't be researched or have numbers added onto it like the team concept and the block scheduling it's going to take some research and I think we need to not wait to proceed researching those items for a future date even though they will not be ready for Monday. He stated I think we will move forward with that. We need to look at a lot of the ideas that were brought here tonight because at some point we are going to sit here and say how much is it going to cost to do x and it will be good to have that right at our fingertips.

ANNOUNCEMENTS/INFORMATION

ADJOURNMENT 9:28 P.M.

Respectfully submitted,

Patricia L. Rosado
Board Secretary

