

**BOARD FINANCE COMMITTEE MEETING MINUTES
MONDAY, AUGUST 3, 2009**

Members of the Board Finance Committee met on Monday, August 3, 2009, in the Dining Room of the Education Center, at 1516 Sycamore Street, Bethlehem, PA. Mr. McKeon, Chairperson, called the meeting to order at 6:02 p.m. The following school board members were present: Mr. Rosario Amato, Mrs. Michele Cann, Mrs. Charlene Koch, Mrs. Loretta Leeson and Mr. Benjamin Tenaglia. Also in attendance were Dr. Joseph A. Lewis, superintendent of schools; Mr. Stanley J. Majewski, Jr., assistant to the superintendent for finance and administration; Mrs. Anne Morton, assistant director of business affairs; members of the press and other interested citizens.

COURTESY OF THE FLOOR

William Lentz, 173 Hamilton Avenue, Bethlehem said that last Monday evening he represented three stake holding groups in the Bethlehem area. They are the All Faith Racial Reconciliation Alliance, The Bethlehem Coalition for Quality Education, as well as The Organizing for America, Bethlehem Group, requesting a meeting with any configuration of the board to speak about concerns that are being raised among stake holding community groups relative to the search for a new superintendent. We were disappointed at the response at the board meeting and have not heard officially back from anyone of the board other than to hear that an appeal to what the law requires and that a national search will determine what the community involvement is going to be is somewhat disappointing. The reason why it is disappointing is because what I think is a growing concern in the larger community in the relative competency of the Bethlehem Area School District Board of Directors. It's strange that we are meeting at the finance committee who so far has the very least competence. The credit default swaps issue has raised some real concerns about the board's ability to deal competently with important issues and certainly a search for a new superintendent is an important issue. What our group has asked for is not a special interest concern but rather a stake holding concern for the larger community is concerned with how the board is going to choose a new superintendent. We ask for simple rules. What are the rules that you are going to follow and their guidelines? Are you going to choose a firm in order to choose a new superintendent? We are hoping and appealing to you to open your hearts and perhaps meet with some of the stake holding groups that don't represent special interests but rather the community at large. Groups that have offered volunteer hours of service in helping the Bethlehem Area School District in some difficult straits. Particularly where it relates to raced relations and opening up your minds as well to opportunities to have lade persons come and assist in the process rather than seeing yourselves as a board that is closed to the idea that the larger community may indeed present some competent ideas about how to address the current situation as you go forth. We are asking you to reconsider. Even having just one of you meet with some of the stake holding groups to talk about the rules that you will follow. Thank you.

BANKING COSTS SAVINGS UPDATE

Mr. Majewski stated that it was requested that we take a look at a somewhat unique concept where we would have a bank providing a file and would submit our payments directly to vendors. What makes this unique is the ability to be able to obtain revenue from those types of transactions. We have met with several banks. One of them was Commerce, we also talk to Keystone National, National Penn, Wachovia, and we are looking at Liquid Asset Fund. What we are finding is that the type of service that was described to us from Commerce is unique in that they will go and negotiate certain payment terms with vendors who are willing to do so. What that translates to is much like when you have a credit card transaction the banks will take a fee for that transaction and the retailer is willing to pay that because they are getting a guaranteed surge of payment in a timely manner. What occurs in this type of transaction is that if there is a payment to ABC Company and it is an electronic form the school district is not mailing the check. A bank would be processing that check, some of these larger companies have been willing, in exchange for getting their payments electronically and securely, to take a discounted amount. What we are looking at right now is creating a vendor file so that we can have our prospective bank take a look at that and look at known companies who are willing to do that and assess potentially what that discount will be. The second part we are looking at is that, as part of this transaction there has to be shared revenue from the discounts. In theory if we had one hundred dollars worth of discounts and there was a 50/50 agreement the bank would keep 50 percent of the discount and they would send us a check for the other 50 percent. We can possibly reduce or limit the number of checks we are processing. There is a savings there. We would also be able to take a look at a revenue stream as a result of this type of agreement. I think it is very interesting and definitely worth considering. From the banks that we looked at, we are down to two banks that are willing to do this. We need to provide a file of our vendors. We need to sort it so they can work with it electronically. We are hoping that can be in their hands by the end of this week. They will then take a look at potentially what the savings amount will be and then we will continue forward with the other part. Potentially what is the size of the money we could anticipate receiving here. How much of the money in the discount will be coming to the district and how much would they be willing to take. I have to tell you I am very interested. Even if we can get \$20,000 or \$30,000, it would be \$20,000 or \$30,000 we would get without doing anything or than providing someone with our files, reducing our costs and improving our own efficiencies.

Mrs. Cann stated that she did not quite understand what the point of it is. The vendors like it because it is a more secure way of getting their funds. They won't consider a check from the school district as secure payment?

Mr. Majewski responded that they do. Let's take a look at large organizations that are getting many checks. There is a cost to a company to handle a check to have someone process it have someone put it into the system and be able to record that revenue. Where as when you have an electronic payment, no one needs to handle that check. It gets deposited directly to an account they can have access to that cash faster. There are certain benefits to companies to be able to accept these types of electronic payments and maybe

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they would be willing 99 percent of what is due and that one percent maybe the revenue that we are looking at sharing. There are reasons why a company would be willing to take a look at that and provide us with a discount. There are efficiencies that may be gained for them.

Mrs. Cann asked if the bank approaches them and the manager says we do not wish to give a discount; do we go back to paying them by check?

Mr. Majewski replied no. Of the majority of the vendors we have if we provide them with the file, many of them will say no because they are not in a position to be able to provide that type of discount. There will be a number of companies that will be interested in doing so. That is what we are assessing right now. We are not the first to use this. This is a service that has been out there so there are known companies that we deal with that are already willing to negotiate terms with some of these banks. We identify who those are, what discounts they may have agreed to were and then we take a look at calculating a pool of money.

Mrs. Cann asked what if a vendor says I cannot offer a discount. Are we withdrawn from the bank's electronic system and go back to a checking system with the school district?

Mr. Majewski replied no. We will take a look at continuing to work with the other bank because they have people who are making phone calls. You may ask yourself why couldn't we set up our own electronic arrangements. We probably could but in order to get a discount they need to have someone on the phone to persuade them and if you are looking at a large number of transactions somebody who has many companies like what we are looking at, you may be able to persuade them because of volume and taking a look at taking one payment with setting up electronically as opposed to potentially one thousand checks.

Mrs. Cann asked if they refuse to cooperate, no discounts for electronic transfers, would they get electronic transfers anyway?

Mr. Majewski replied yes, they make the electronic transfers anyway.

Mrs. Cann asked so what would be their incentive for the discount?

Mr. Majewski replied that some companies are willing to do this. Smaller companies may not be interested. In the end we have nothing to lose. If we end up with no company that is willing to provide us with this discount in shared revenue, we are still out of the check cutting business. We don't need to process those checks. For us it could be a win, win.

Mrs. Cann asked if there were any fees on the bank's part.

Mr. Majewski replied that there is not a fee. They take their fee from the shared revenue.

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Mr. Tenaglia asked if this requires the district to have money in deposit with the bank in question.

Mr. Majewski responded that they have indicated that they do not. If we provide them with a file, we will need to transfer money to them for the payment but not for any compensating balance.

Mr. Tenaglia stated that if you have a balance on deposit the payment would come out of the funds and electronically goes to bank X and the same day bank X sends it to the vendor?

Mr., Majewski responded yes.

Mr. McKeon asked what would happen if we had a vendor who is offering two or fifteen days and agrees to this type of electronic transfer do we lose that two percent as part of the overall discount?

Mr. Majewski responded that type of agreement we would never participate with. That type of agreement we would never participate with. That's why we are going through and trying to review all of the details because those discounts, the net ten and fifteen days, you are looking at two percent discount. There is no way we are going to get that type of discount from any of our vendors. Those types of arrangements need to be agreed to where they would process or we would not be able to lose our discount. If we send a file that we owe a vendor a \$100 invoice and we are paying \$98. We would be remitting \$98 and the discount would be on the \$98 amount, if they were willing to do so.

Mrs. Koch asked if most of the employees get paid directly electronically or by check?

Mr. Majewski replied that we would like to see a larger number get direct deposit. I tend to be a bit confused by individuals who are not interested in direct deposit. I will say that we have about 1/3 of our employees that still want to get a check; substitutes and temporary employees are some for instance. The regular employees who get a check every two weeks see the value. The first time is when they go on vacation and they don't have access to their pay. We usually could reel them in to direct deposit.

Mr. Amato asked is there any time line that you could set up that as of such date, there will be no more paper.

Mr. Majewski responded that we are in a position where we can do that immediately. However, that would be a negotiated item. We could not unilaterally right now dictate that it would occur.

Mr. McKeon asked why not?

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Mr. Majewski replied because it would be part of the bargaining unit with unions and that would be a change of working conditions. The language we have now says we provide them payment bi-weekly but past practice indicates we have given them a check.

Dr. Lewis stated that Mrs. Vitalos is here taking notes perhaps she would be interested in that discussion.

Mr. Majewski indicated that we would love to see 100 percent of our employees on direct deposit.

Mr. Amato stated that he did not know anyone who in this day and age would not take direct deposit.

Mr. McKeon asked how does direct deposit work for the school district. Is it done overnight?

Mr. Majewski stated that we are sending the file earlier in the week. Pay is on a Thursday, we would be sending the file on a Monday so that it can go through the system come Thursday morning. I have gone into the account at 5:00 a.m. and it is there.

Mr. McKeon stated that you don't have to worry about someone sitting on a paycheck until 2:30p.m. and running to a mailbox and you are not rushing to banks anymore.

Mr. Majewski stated that there are two ways that you can grab folks. One is when they are on vacation and the other is between Christmas and New Year's Day. When the post office is inundated with Christmas cards and they call and say I didn't get my paycheck today and we don't turn it around right away. We tell them we know it is coming if you don't get it by Monday then call us.

FACILITIES USE POLICY DISCUSSION

Dr. Lewis stated that Mr. Washington is away and he would be handling policies. In his absence Dr. Donaher, Mr. Majewski and myself met again today to finalize this. Please understand that these are recommendations that came out of several meetings with the athletic directors, Dr. Donaher, Mr. Gilliland, and myself. These are as a result of a recent right to know request. We don't need to arrive at consensus this evening however we would like to have a discussion with the board on fine-tuning policy 707. Let's go through these one by one and get some feedback. We made some assumptions. Number one is to enforce the policy, payment upfront. Item number two states, use of database system to include a specific checklist of lease approval activities that identify specific responsibilities and approval. This is in essence that every single lease would be tracked. The point of discussion is that we would make this a matter of policy. Every single lease has to go through the same process and conduit. They will have direct involvement of the building principal in every single building lease. I will handle those in the education center. In other areas there may be another key administrator.

Mrs. Cann asked if all of this would apply regardless of category of lease?

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Dr. Lewis replied yes and no. For example, item number three states include athletic equipment in the list of equipment to be charged for in the lease. Regardless to the fact that they are an outside agency and non-profit; if they are using the equipment there needs to be a provision. There's wear and tear, loss, and damage. We are not about to tell you what it costs to use a basketball. Our goal is to obtain within reason some type of parameters established within the policy. Item four reads differentiated rates for the stadium, Frank Banko Field. For example, we lease the stadium to Relay for Life. They use the running area; they do not use the specific field so we are talking about designations relative to the exact space you lease. Athletic fields beyond the turf field, descriptions of when each would apply should be part of policy 707. You define the specific activity and you define the specific space you would be leasing. There is a cost associated with that. If you are on the main turf, there is a different cost to Mr. Gilliland's crew maintaining that.

Mr. Amato asked if we were trying to price out the leasing of our facilities. These facilities are for the taxpayers. It's going to get to the point where groups cannot afford them.

Mr. Majewski replied that we are trying to do just the opposite. What you are looking at is the stadium. The stadium is \$1,500 but if you are only using a portion and you are not using the entire stadium for your use that same fee applies as it is right now. What we are trying to do is differentiate those that may only use a sub-section of the entire stadium and provide an appropriate rate as opposed to a rate as if you are going to be using the entire stadium and filling it with 10,000 people.

Mr. Amato asked if the Bethlehem Bulldogs bring in a wrestling team, are we going to charge them for the mats?

Mr. Majewski replied that might be the case because of wear and tear.

Mr. Amato stated that the taxpayers have already paid for these facilities.

Dr. Lewis stated that this is the starting point for a discussion. We want to be fair to everyone involved. That is why we are having the dialogue. We are not suggesting a laundry list of 250 pieces athletic equipment that you can charge for.

Some discussion followed

Dr. Lewis stated that item number five reads develop a job description for the site manager. Jump down to item number eight. I'd like to tie these two together for discussion purposes. The site manager for a lease may not be a participant in the lease activity. It's just not good management. The site manager should be there to look out for the interest of the district exclusively. Item six reads develop a camp application. Require all interested parties to submit this application following a lease request. Applications could be sent out in January for those planning summer events. This is an

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issue that the board must discuss. We feel that we should not be telling 501(C)3's what they should be paying for a coach, a consultant or an employee who is serving in any capacity on non compensated hours. We have to be mindful of our reach in that regard. A camp application would be specific. If you are going to run a summer camp you need to detail what you are doing. Item number seven reads to provide the board of school directors with a monthly report of leased facilities by location and organization. Item number nine states verify non-profit status of organizations by requesting a copy of the IRS determination letter. Only an IRS approved 501(C)3, verifiable religious groups and political sub divisions are considered non-profit. Item number ten reads political campaigns may not use school district facilities. We will have some discussion on this one. Item number eleven was created because schools within our geographical area are charged a very high rate to use our facilities. Customarily they have not paid a flat rate and they pay the expenses. We wanted to be sure to clarify this because we did not want the policy to affect Bethlehem Catholic High School, District 11, state competitions or use by other school entities. We felt we could talk with you about creating that category and what those reasonable fees should be.

Mr. Amato stated that district 11 and the PIAA to rent out our facilities is a different story than Bethlehem Catholic High School. You charge Bethlehem Catholic High School for \$1,500 and they play a school that brings 200 spectators; there is no way that they will be able to cover that.

Dr. Lewis stated that under class IV we would not charge them \$1,500. Your policy would direct us to charge them that amount. We do not feel it is fair. We agree with you. That is why we are saying let's create class IV. It would give relief to district 11, BECA and any other school entity.

Mrs. Leeson stated that she has difficulty with this issue because Hillary Clinton owes the district \$14,000 and we are trying nickel and dime the boys scouts to get money for our facilities. I do not have a problem with political campaigns or anyone using our facilities if they are empty but we need to get the money up front. With regard to the BECA situation, I believe that under our current policy BECA is a religious organization and non-profit.

Dr. Lewis stated that it is superseded because they are non-profit who are charging admission. Your policy reads that way.

Mrs. Leeson stated that she would like to recommend that if they come to terms on the facilities policy that we run them parallel to each other and watch what would happen under the new program for a year. I am only going to guess here but I don't think that they we will be all that different. We also need to look at the time and effort it takes to implement some of the changes that we are proposing.

Mr. Majewski stated that he did not believe that time and effort to implement these changes is going to be significant. When you take a look at some of the suggestions we

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are suggesting there are some new ideas. If it works out well we can have a new database that will help manage it and create reports for the board. It should not be any more research intensive. The facilities policy here over the years and like most policies, you put them in place and you refine them as you need to. When you take a look at our facilities policy now you will see it is not a bad policy but it is in need of refining. There are a lot of things in our facilities lease policy that are working very well. We are trying to make the policy even better.

Mrs. Leeson stated that we have already discussed this now several times. We have a lot of things on our plate right now to be reviewing the facilities policy and I believe we are going to continue to see some problems along the way.

Dr. Lewis stated that it was the board that directed us to bring this to this meeting. You can't just go with the current policy or you will have the BECA conflict.

Mrs. Leeson stated that she suggested going to the old policy.

Mr. Majewski stated that they couldn't implement the old policy because we have an approved policy. It means you go back to the two readings again. It will take time to do that all over.

Dr. Lewis stated that we are suggesting some modest changes. We would like to know out of these items if there is anything here you do not want us to work up into policy language or if there were anything you would like to add.

Mrs. Koch stated that she agreed with Mrs. Leeson on the political campaigns. We should get the money up front and if possible charge a deposit in the event of any damage.

Dr. Lewis asked for a clarification on item ten. Is it a consensus that political campaigns may use school facilities provided payment is received prior to the event and we will put some damage language in there.

Mr. McKeon polled the board and it was agreed to allow use of the facilities by political campaigns.

Dr. Lewis stated that item ten would be reversed to reflect the use of facilities by political campaigns.

Some discussion followed.

Mr. McKeon stated that he had a comment with regard to the BECA memo that was received. I suggest that we don't increase the facility use until we have all our ducks in order. We have too many issues here. Prime example here would be the Ray Guy Camp. It is a for profit organization. He has a number of camps throughout the country.

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Until we can have things in order, I don't think that we should rely on what looks to be flawed policy.

Mr. Majewski stated that the camp application is one of the things we are looking at. It may be that your typical lease application has a certain amount of questions and asks for a lot of information but the type of detail that you would need to evaluate the camp is just absent. We would like to be able to work something up and run it before you and see if you believe it is a useful tool.

Agenda Items for August 17, 2009, Regular Board Meeting

A. Sale of Monocacy Building

Mr. Majewski stated that Mr. Tenaglia pointed out a typographical error on the sales agreement. It indicates October 15 and it should have been October 19. October 19 is not a scheduled date for a regular board meeting however I was hoping to be able to discuss with you the possibility of a special board meeting. I am trying to keep the window as narrow as possible between when somebody provides us with a price and when we will either accept or reject. The way it is structured bids will be due on October 25, 2009. Which should allow a chance to be able to evaluate them and put something together and get it before you at a finance committee meeting for further discussion. If you agree with what you have in front of you, schedule a special board meeting for approval on October 19 for the sale of the building.

Mrs. Leeson asked if we have a bottom price for the building?

Mr. Majewski responded that an appraisal company has been brought and they have been to the building and they are writing their evaluation. That information will be shared with you and then we could talk about what that price is once you know what that appraisal comes in at.

COURTESY OF THE FLOOR

Jean Johnson, 3116 Altoona Road, Bethlehem. I am here to follow up on what Pastor Lentz said earlier this evening on the topic of publication sharing of the search procedures for the superintendent with the general public. I was thinking how this might relate to the work of the finance committee but before I mention that there are some people here tonight that represent those three groups that we mentioned. Would you mind standing up so that we can show you who you are? There were three that had to leave earlier. We are here again following up on the board's suggestion last week that we show up and we will continue to show up and address some concerns that we have with the superintendent's search process. We do have some questions as it relates to the superintendent's search process. Has the board budgeted a specific amount for the search itself? Are there any associated expenses to the search to date? What parameters will the board use to determine the new superintendent's compensation, including salary and benefits? We feel that is a huge concern to offer a competitive salary to attract a really superb candidate. There is a concern with the sharing of public information. The district's website has not been updated since July 6, 2009. We feel that it is really

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important to use the web as a way to engage people who are not able to be here tonight. Lastly, we would like to ask if there is another search firm coming and if so, when is that?

Mrs. Leeson stated that there has not been anything new since July 6, 2009. We have not interviewed anyone. We have just listened to different search companies. We actually considered having one here tonight but because of the short time frame to get out information to the public. That means that the next open dates for the board would be August 24 and August 31. We would possibly meet on one of those days. There have not been any parameters or compensation set for the next superintendent. I would venture to guess that it might not occur until after we engage a search firm and take some of their advice.

Mrs. Jean Johnson asked if Mrs. Leeson was leaning in the direction of hiring a national search firm?

Mrs. Leeson replied that it is difficult for me to say that because I am only one individual on a board of nine. The board has not had a discussion on any of these issues. The board is continuing to listen to and look at national search firms and is still inclined to listen to them.

Mrs. Jean Johnson stated that one of their concerns was to learn what are the guidelines. If your guideline is to engage a broader conversation about this including hiring a national firm. I think that is an important thing to express to the community.

OPEN FORUM

Dr. Lewis stated that he and Dr. Persing heard from two different sources that the talk is that some compromise was reached on the education line item of about 60%. Stan and I have prepared some preliminary discussion items. These items are not for discussion tonight but for you to take and review. It is an initial listing of areas that you may be looking at for budget reductions. This is a very sensitive deliberation. We have never seen anything like this ever. This wrestling over the education line item is unprecedented. We will do some calculations tomorrow in cabinet on what a 70 percent, 60 percent, and 50 percent funding level looks like and then give you some scenarios should they become reality.

Mrs. Leeson asked Dr. Lewis what does 60 percent mean to us?

Dr. Lewis responded that if you are looking at the reduced governor's proposal of \$300 million. My estimation is that this means \$180 million increase. If it looks like we will be short about 5.1 then our shortage would be about 40 percent of that. I am rounding this. Please do not quote me on this. I am trying to give you a sense of the relativity of the issue. In the worst-case scenario, we would be looking for \$5 million in cuts.

Mr. Majewski stated that what we are hearing coming out of Harrisburg is that you need to consider both of those a \$3 million increase plus roughly the \$2 million dollar with the

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stimulus money. That totals the \$5 million we were expecting to receive. If you take 40 percent of that as a potential loss, we arrive to the \$2 million amount.

Dr. Lewis stated that at this point and time we would not be happy but at least there would be a decision and we could begin our work. We have a very short time line here. One of the things that is troubling for me is that this translates to personnel and I am not happy about that. Folks need to continue to hound their legislators. This board did not create that. This administration did not create that. It has been created at our state level.

Mrs. Leeson stated that we went through a very tough budget process. The administration and the board held on to programs as much as we possibly could. This is a very difficult situation. We are getting close to the start of school year and we are going to have to go back and make some serious cuts.

Mrs. Koch stated that in the past when other school districts have had this problem they have borrowed from the banks just to be able to meet their payroll.

Mr. Tenaglia stated that we have already done that. We borrowed \$15 million for the same purpose.

Mrs. Cann stated that Dr. Lewis has done as much as he can to try and get us as much as possible from the state. You have been involved above and beyond what most superintendents do. Thank you so much because you have really done a stellar job. At this point, if we need to make cuts it is not a choice. It has been imposed on us.

Mr. McKeon stated that the legislators don't think of the school district because they already have a budget. If there were a shortage on the community side we could raise the millage on the community side starting January. Our millage is set so we have one of two ways of doing this. Let us run a deficit or cut the programs to get back to the state level and move on from there.

Mrs. Koch stated that she had a comment on keystone exams. Later this month we are going to have a telephone conference of the regional directors with Tom Gentzel and his staff. I was hoping to get some consensus from our board of where we stand with what we know so far. We are not happy with Tom Gentzel for making a compromise without bringing it to the board first. There are problems here because we would have to pay quite a bit of money to have these tests validated. The state is paying 50 percent and we will pay 50 percent. How many times has this worked Mr. Majewski? Where the state says they will pay 50 percent and they actually did it? Another concern is that if we use these exams they are used during senior year so there is no opportunity for remediation. It will simply show how they did and that is it. It also counts for one third of their grade. That is very disturbing to us. The kids have been working hard and maybe they are doing better in their actual schoolwork than they are at taking a test. I would like to ask Mr. McKeon if we could go around and kind of get an idea. Are we ready to jump in and be a partner or are we going to say let's at least wait and look into this a little more.

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Dr. Lewis stated that everything Mrs. Koch said is accurate. We have discussed this at cabinet level. Superintendents are split on this issue and we will be discussing this on Wednesday again. One thing that Dr. Persing and I talked about today was that the current high school PSSA's are requiring more and more instructional time. The PSSA's have become this bear. Maybe if done correctly, something like a keystone or a regents given at the end of Algebra I, at the end of Algebra II, at the end of Biology, or at the end of American History would be a final exam minus the one third calculation. Most universities say no more than 25 percent towards their grade. An end of the course exam might be fair for all students if done correctly. The glitch is we don't have \$51 million to develop statewide tests in all the major subject areas. I suggested to the secretary recently that they develop a task force in the same manor in which they developed the standards task force in Mathematics, Social Studies, Science and English. That task force could also develop the tests and validate them. The current benchmark is the graduating class of 2015. Those kids are not in High School yet. They will arrive in 2011. You have some time to develop this and develop it properly. If key districts offer folks to work on a task force like that you would not have to spend \$51 million to develop a test. I want the board to be aware that this, if done properly could restore instructional time that we have been losing for our children as well as be a fair measure. This has not gone through the regulatory review process yet. Now is the opportunity for us to weigh in. I don't see it as necessarily a 100 percent bad thing that we should not go into. I see it as something that needs to take a good three to four years to develop and develop properly. It gives back instructional time to our students. We have eroded instructional time for our juniors, our eighth graders, for our sixth graders beyond belief. It is too much testing.

Mrs. Koch stated that she agreed with Dr. Lewis that it might be a good thing. What I am seeing is an urgency in passing this through and having it now without allowing an opportunity for more discussion. We need more time. Give us some time to add some ideas from other areas and certainly do not try to place all of the expense on the school district.

Mrs. Cann stated that she read unlike the PSSA's these tests would test what you learn in your course or subject. It is opposite of the PSSA where you teach them to the test. In this case, the test is reflecting the teaching. Is that an accurate statement?

Dr. Lewis responded that it is an accurate statement, if done properly. I'm not comfortable with somebody out in Minnesota developing a test for Pennsylvania but I am comfortable with people like Julie Victory putting together a team to develop it.

Mrs. Leeson stated that she liked the idea of accountability. The original concept of the keystone exams is accountability. I agree with Mrs. Koch that the current format has to be better. The proposal that Dr. Lewis has put out there tonight I can go along with very well. If we are at the high school levels and doing standardized exit exams, that's accountability. You have four years to accumulate your levels of accountability. As far as the cost is concerned, we just talked about our problems with the state. If we are going to have to cut costs then I am not looking at adding any more. It sounds like we need a lot more discussion on these tests.

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Dr. Lewis stated the DCA's were not going to replace the PSSA's. We had a heated debate on this issue. My colleagues were with me on this as well in Harrisburg with members of the state board who came to our meeting to defend why that had to be. We said you can't do this. You are just testing these kids each time they turn around. Dr. Zahorchak heard that and he said if we are going to get volume, we have to replace the PSSA's. The current PSSA's will just add more and more high schools to the corrective action list across the commonwealth.

Mrs. Koch stated that she would like to have a consensus on whether we should go with the way it is set up now or if we need more time.

Mr. Majewski stated that with regard to the governor's budget it seems likely that they are making cuts. In the end, they may allow for the opportunity to open our budget. That is not a practical thing. Once the bills go out, there is an expense to recalculate and send out new bills and the confusion it creates. About 75 percent of our folks have escrow accounts. I don't see opening up our budget as something that is a serious consideration. \$2 million cuts in November will end up impacting more and more programs. The sooner that one can make a decision, the more likely fewer programs and fewer students will be affected because you have more of the year that you saved those funds.

Mr. McKeon stated that he agreed with Mr. Majewski. In a recent visit to SPARK he said one of the things parents asked was to please be given enough time to find an alternative if you decide to eliminate the SPARK program. If SPARK is one of the cuts then we have that obligation to those people and to their employees. I don't know that if we eliminate a program that those employees would be able to latch on in another school district. I would like to go back to the discussion with Mr. Amato on leases. If we price ourselves out as a commodity, we may end up losing the revenue. For example, for BECA if we price the stadium so high they may go elsewhere. There is nothing that stops them from approaching Nazareth School District or anyone else. They go up the road but it increases the hole in our budget and supplement someone else's budget.

Mrs. Leeson stated that at this last minute it is very difficult on the people. It's going to be difficult on the students. It's going to be difficult on our personnel. That's what really hard right now. I would like to say to Dr. Lewis that we do have day-to-day substitute positions.

Dr. Lewis stated that he also did not feel good about any of this. I will sit down with Jolene Vitalos and we will take a look at everything from certifications to service. We also will have some last minute leaves, some last minute folks who will go to other districts and retirements. It will not be anywhere near what you'll need to deal with in terms of displacement. I feel very badly that some folks may not have the opportunity to apply elsewhere. We have informed every single principal that their most recent hires are the ones subject to not receiving their position. It's not fair but it is not the result of this board or this administration's financial dealings.

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Mrs. Koch asked how many classes do we have within our school districts that are less than 14 students?

Dr. Lewis responded that we have in our high impact schools some classes at about 18 or 16 students per class. You don't gain staff with that, you lose staff and you create additional problems because you now have to put 26 students that are in high impact situations in one class. We'll talk more in depth about some of the areas that we have identified and these will be tough decisions. I am hopeful that they will come to their senses and offer more meaningful funding.

Mrs. Koch stated that she had asked that to see if there could be any classes that could be doubled up.

Dr. Lewis responded that you are still going to have a loss of staff. There is no way to approach this without losing staff.

Mr. Tenaglia stated that you couldn't do it by staff alone. You are going to have to cut programs now at risk?

Dr. Lewis replied absolutely. Programs are tied to staff.

Mrs. Leeson stated that if she understood Mrs. Koch correctly, what she is asking for is a study of classrooms and the amount of students in those classes. Is that what you would like to see?

Mrs. Koch replied that she would like to see those classes that have 14 students or less of regular education classes because I understand that special education students need a smaller class in order to be able to function but if we have regular classrooms that are small then we need to look at them. Even if we have to cut somebody's job we have the obligation right now at looking at all of these things.

Mrs. Leeson asked if she could have some information on the finances. I know that we have gone through some of these programs but maybe we can go through them again. What would be our savings and what would be our fall out. One of things I am concerned about as we make these changes is that some of these students will have to go somewhere. Can we look at the impact on some of our other schools and in classrooms as we go through the process?

Mr. Majewski responded we could do that.

Mr. Tenaglia stated that he thought the superintendent had information he was going to share with us.

Dr. Lewis responded that he would be giving an outline.

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Mr. Majewski stated that he had a request. It has been indicated to me not to provide any overtime to at least one particular employee. In reviewing some of the work due for the beginning of the school year, I am requesting a consideration to allow this individual some limited overtime so that we could make sure that we have the instructional materials available in time for the opening of the school year.

At this time I have about 1.5 million impressions that must be done within the next two weeks. Based on the ability to be able to produce those, it does not seem to be possible.

Mrs. Leeson responded that since you said for the opening of schools; I am assuming these are all necessary documents? I saw some overtime for the brochure for the play that is very nice but not necessary.

Mr. Majewski stated that the types of things he was talking about were the code of conduct, the Spanish version of the code of conduct, and the faculty handbook copy. What you are looking at here is a lot of information that we need to have in the hands of everybody for the beginning of the school year. There are some others like late passes, volunteer helper forms, and shaggy dog books. I have about two pages worth of lists. These are all instructional materials that typically are provided at the start of the school year. She has been working at trying to keep up with those. We had her contact some of the other schools so that we could offload some of the information. The problem we ran into with some of those individuals is that they have vacation. I have been pushing to see how close we can get without running into overtime and I am somewhat concerned that some of these may not be ready.

Mr. Amato asked are these materials that we have done in the past”?

Mr. Majewski responded yes. It’s an annual thing.

Mr. Amato asked how many people are involved in getting it ready.

Mr. Majewski replied the same number that we have right now.

Mr. Amato asked did they require overtime last year?

Mr. Majewski replied that there was overtime that was required during the summer months.

Mr. Amato stated that we have done the same amount of work, we used the same amount of people but now we require overtime. If that is the case, then I am for not scheduling the overtime.

Mr. Majewski stated that we have been trying to find ways to have equipment spread out. Which is why we have through the majority of this year we have not had to require overtime. During the summer however there is a bottleneck of activities that occur between the end of June and the middle of September. The amount of activity is about six

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times higher than the normal amount of activities because we are preparing for the beginning of school.

Mrs. Leeson stated that this maybe a perfect opportunity to go electronic. Why don't we offer people the opportunity to sign that they have reviewed the code of conduct electronically as opposed to having a copy. If we have them online I think most people would rather view them online. Maybe we can have both options and not as many copies and have both the parent and the student sign off that they have read it electronically.

Mrs. Koch asked if the district did not continue to have a family messenger for families who had more than one child attending our schools?

Mr. Majewski responded that they might be using it now. I am not sure that the process has discontinued. Even with that process this is still quite a task.

Mrs. Cann asked how much money in overtime was required.

Mr. Majewski stated that obviously we try to keep it down to a minimum. The amount would be under \$1,000. The reason I am coming to you is because I have been told not to allow it and I am in a position where I could have just said no but then I would have a problem. I am coming to you saying I think I may have an issue and I need your consideration to allow some of that.

Mrs. Cann stated that she thought it would be a good idea to begin to offer some things electronically. In the mean time, this is not too much to ask for to get this done.

Mr. McKeon poled the board and it was agreed to allow Mr. Majewski the overtime for his production department.

The meeting adjourned at 7:43 p.m.

Minutes prepared by: _____

Arlene Vargas
Confidential Secretary to Stanley J. Majewski, Jr., Assistant to the Superintendent for
Finance and Administration