

1 COMMONWEALTH OF PENNSYLVANIA
2 HOUSE OF REPRESENTATIVES
3 REPUBLICAN POLICY COMMITTEE HEARING

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Public Hearing on School

8

Consolidation was held at Pottstown campus

9

of the Montgomery County Community College,

10

101 College Drive, Pottstown, Pennsylvania

11

19464, on Monday, May 18, 2009, commencing

12

at or about 10:00 a.m., before Jan Edwards,

13

Court Reporter and Notary Public, there

14

being present.

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16

17

BEFORE:

18

HONORABLE STANLEY SAYLOR, CHAIRMAN

19

HONORABLE THOMAS J. QUIGLEY

20

HONORABLE ADAM C. HARRIS

21

HONORABLE THOMAS P. MURT

HONORABLE KATE HARPER

HONORABLE WILL TALLMAN

HONORABLE ROBERT W. GODSHALL

22

23

24

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1 ALSO PRESENT:

2

3 ANDREW J. RITTER, JR., EXECUTIVE DIRECTOR

4 BRETT BARRY, ANALYST

5 ANTHONY TZEAK, VIDEOGRAPHER
6 MARK CLEMSON, VIDEOGRAPHER

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2 P R O C E E D I N G S
3 - - -

4 REPRESENTATIVE SAYLOR: We're going
5 to get started. I'm Representative Stan
6 Saylor of the Republican Policy Chairman of
7 House Caucus, and I'm pleased to be here in
8 Montgomery County today to talk about the
9 issue that the Governor has brought up in
10 his budget address back in February which is
11 the issue of school consolidation.

12 At this time, I would like to turn
13 it over to our host, Representative Quigley,
14 from Montgomery County.

15 REPRESENTATIVE QUIGLEY: Thank you,
16 Chairman Saylor. I just want to thank you
17 and the committee for coming down to
18 Montgomery County again.

19 This is actually our third year, I
20 think we've had in our term in Montgomery.
21 So, again, I appreciate the efforts of you
22 and your staff in coming down here today.

23 I also want to thank our testifiers,
24 John Armato, Dr. Reed Lindley, James

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1 Testerman, Marsha Hurda, and Greg White in
2 taking the time to come here today to share
3 their thoughts on the school district.

4 I also want to thank my fellow
5 colleagues from around the state to join us
6 today and listen to the testimony.

7 Finally, I want to thank Dean Foster
8 and the staff here at Montgomery County
9 Community College. They have always done a
10 great job, very hospitable. So, again, I
11 thank them for their consideration.

12 This is a topic, I guess, that
13 Chairman Saylor said was brought up by the
14 governor in his budget address. Many people
15 feel that it was thrown out as just a
16 diversion to take the attention away from
17 the \$3 billion deficit that we're now facing
18 in the Commonwealth. But nevertheless, it
19 did bring up some questions and some ideas
20 to be talked about throughout the
21 Commonwealth.

22 We thought this would be a good
23 opportunity since we have a two-week break
24 before going back on June 1st to conduct a

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1 hearing and hear from the people at the
2 ground level; the school districts and other
3 members. Who are concerned about education
4 and find about the possibility of this which
5 we as legislators should be looking for if,
6 in fact, this issue is brought to the
7 forefront, and we hope to hear some
8 testimony and hope to engage in some
9 question and answer.

10 Again, I don't believe anybody has
11 necessarily taken a position on this panel.
12 We just want to hear what the thoughts are
13 of people out there. So I am looking
14 forward to a good hearing. Again, thank you
15 everyone for their cooperation.

16 REPRESENTATIVE SAYLOR: Okay. I
17 would like, at this time, to have each of
18 the panel members introduce themselves.

19 REPRESENTATIVE HARPER: I'm State
20 Representative Kate Harper from Eastern
21 Montgomery County.

22 REPRESENTATIVE HARRIS:
23 Representative Adam Harris from the 82nd
24 District. I live in Juniata Township. I

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1 represent Juniata, Miffler, and Snyder
2 Counties.

3 REPRESENTATIVE MURT: Representative
4 Tom Murt from Eastern Montgomery County, and
5 I also represent a part of Philadelphia.

6 REPRESENTATIVE TALLMAN:
7 Representative Will Tallman, and I have
8 parts of Adams and York Counties.

9 REPRESENTATIVE SAYLOR: Very good.
10 At this point, we're going forward with our
11 testimony of Mr. John Armato and Dr. Reed
12 Lindley. If they would please come forward
13 for our first presentation this morning?

14 Welcome gentleman.

15 MR. ARMATO: On behalf of the
16 Pottstown School District, I'd like to thank
17 you for this opportunity to come before you
18 and speak about education in the State of
19 Pennsylvania.

20 Pottstown School District shares
21 it's five and a half square mile borders
22 with the Borough of Pottstown. We are a
23 community of approximately 21,000 residents.

24 Since 1960, Pottstown has lost most

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1 of its industrial base and has seen steady
2 decline in the owner-occupied housing and a
3 continual erosion of its tax base. The
4 average assessed value of a home is
5 approximately \$80,000 with a median
6 household income of \$37,000.

7 Almost 30 percent of our Borough
8 residents are employed in low-wage service
9 industries and approximately 25 percent of
10 the adults in our community have not earned
11 a high school diploma.

12 Less than 13 percent of our
13 community adults have earned a Bachelor's
14 Degree.

15 We have an outstanding staff of
16 educators and support staff personnel who
17 are complimented by dedicated
18 administrators, school board members, and
19 concerned citizens.

20 The Pottstown School District is
21 responsible for attempting to provide
22 quality educational opportunities for our
23 3,100 students grades pre-kindergarten
24 through 12th. Almost 60 percent of our

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1 students are members of identified
2 low-income homes.

3 Because of our high-transient rate,
4 we struggle with maintaining classroom
5 continuity. Our special education needs
6 have grown to meet the 21 percent of our
7 student population identified as special
8 needs.

9 This year, in spite of the fact that
10 our 50 million dollar operating budget is
11 supported by approximately five and a half
12 million dollars of grant funding, our
13 community's homeowner are burdened with one
14 of the highest local tax efforts in the
15 State of Pennsylvania. This year's mileage
16 rate to 32.86 has created financial
17 hardships for many of our citizens.

18 As we continue to ensure the
19 educational foundation necessary for our
20 young people to be able to compete in the
21 21st century workplace, our property owners
22 struggling with being able to maintain their
23 homes. This conflict results in an inequity
24 of educational opportunities for young

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1 people.

2 As our state government contemplates
3 the mandating of school consolidation, I
4 believe there are many factors to consider.

5 The first and foremost of which
6 should be providing the best educational
7 opportunities for all of the approximately
8 1.8 million young people who are relying
9 upon the Pennsylvania public school system
10 to provide them with the foundation needed
11 to become successful, contributing members
12 of our society, and to help them play a role
13 in building a strong economy to ensure the
14 future success of our community, public
15 school system, state, and country.

16 The cost savings that is perceived
17 by some that would result from the scale of
18 economy that would exist in consolidation
19 should not be the decisive motivating factor
20 and should not be used to disguise the
21 30-plus year dilemma that has been created
22 by antiquated school funding system that
23 unfairly puts a disproportionate burden on
24 homeowners many of which can ill afford to

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1 support a system which is clearly flawed.

2 Our local schools have long stride
3 to ensure a source of community, pride, and
4 identify. As schools grow larger and
5 decision makers are further removed from
6 those effected by decisions, there's a loss
7 of personal element and development of
8 relationships which is essential to quality
9 education.

10 As responsible legislators,
11 educators, and citizens, it is incumbent
12 upon us to study all aspects of school
13 consolidation issues and base our answers on
14 objective means.

15 In order for consolidation to occur,
16 it would be necessary for the state to
17 provide incentives and assistance in the
18 form of -- and this is not limited here --
19 technical assistance in studying and
20 addressing all of the logistical concerns
21 associated with consolidation; provide
22 funding for upfront costs of consolidation;
23 provide technical and financial support for
24 curriculum alignment; provide support in

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1 developing unified communities.

2 We need to explore all concrete
3 options that would contribute to the growth
4 of student achievement while demonstrating
5 the cost benefits.

6 In the final analysis, whether the
7 Pennsylvania public school system is able to
8 provide quality educational opportunities
9 for all its young people regardless of the
10 configuration of 500, 100, or any number in
11 between, school districts will be dependent
12 on the legislative actions that ensure the
13 fair and equitable assistance of school
14 funding.

15 Thank you.

16 DR. REED LINDLEY: I thank the panel
17 for the opportunity to speak. Thank you,
18 Mr. Quigley, for the invitation. I'd like
19 to begin by reading a part of two comments
20 from our school board members and conclude
21 with some personal thoughts on the state of
22 education and the state of the economy here
23 in Pennsylvania.

24 Board Member Number One: While

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1 local control has been part of Pennsylvania
2 history for hundreds of years, now might be
3 the time to consider consolidation. We have
4 tremendous needs in Pottstown in regard to
5 our goal to give the highest quality
6 education to each and every one of our
7 students.

8 The only way I can see to continue
9 striving for this goal without putting an
10 unbearable burden on local taxpayers is to
11 spread the cost of those programs
12 geographically.

13 As you know, the cost of providing
14 programs of students of special needs brings
15 the average cost of education to all
16 students well above the State average. If
17 we continue to put this burden on the
18 taxpayers, many will simply move out of the
19 Borough. This creates a cycle of needing
20 ever more funds to be drawn from an ever
21 decreasing tax base.

22 Board Member Number Two: I agree
23 with the above. Through discussion at
24 previous board meetings this year, I have

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1 shown that this is something that we need to
2 review. I understand the Governor's goal of
3 100 school districts is most likely
4 unattainable. And there are many challenges
5 districts would face during any
6 consolidation -- contact negotiations,
7 schedules, busing issues -- but there are
8 many positive things that can be obtained
9 through mergers -- reduction of duplication
10 of efforts; personnel, technology, attorney
11 fees, et cetera.

12 Regarding personnel, I do appreciate
13 the jobs our administrators do everyday, and
14 that with a larger overall district, there
15 might be extra administrative assistance.
16 But administrative assistants are less
17 costly than upper-level administrators in
18 two separate districts. So clearly, there
19 were cost savings at that level.

20 If this is something that is found
21 to be needed, people will be retained during
22 the transitions; and during this time as
23 people retire, if in redundant positions,
24 they would not be replaced. And he had more

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1 to say.

2 I'll just summarize the theme of
3 those two board members, and I can't speak
4 of consensus of our school board, but I
5 believe that most people in our district
6 will agree with this. That they feel it
7 will be definitely beneficial to explore
8 consolidation.

9 The two categories would be, number
10 one, we need to maintain the quality of
11 education, quality of instruction because we
12 have a strong belief to continue to improve
13 as most districts do. We would not want to
14 lose that, and certainly consolidation would
15 demonstrate cost benefits.

16 Some considerations as we think
17 about consolidation. John mentioned
18 curriculum. There would be some cost
19 savings in curriculum development. All
20 districts have some level of common mission,
21 and that common mission has been by Federal
22 and State mandates such as PSSA.

23 Most districts hire teachers in the
24 summers to write curriculums, to develop

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1 intervention, strategies, and programs. So
2 in many ways, we are all doing the same
3 things, and there are sure to be some
4 benefit in cost saving if that was
5 centralized.

6 I want to talk about one example of
7 government that I see being very effective
8 and efficient. When I talk about one
9 example of government being very effective
10 and efficient, and that is the Ed Hub site
11 on the Pennsylvania Education Website.

12 The support needed to complete this
13 site, Pennsylvania teachers will have the
14 ability to register here, collaborate with
15 others, identify researched best practices,
16 and connect with a Standards Aligned
17 Curriculum. These are areas, as I
18 mentioned, that most individual schools and
19 school districts are developing
20 independently or in collaboration with their
21 Local Intermediate Units. What a waste of
22 resources. We're all doing the same thing
23 by support and any such collaborative effort
24 to use local resources for additional

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1 training in the programming.

2 So I am encouraging you to work with
3 the current administration and find a way to
4 see that the contract that they do let for
5 the completion of the Ed Hub site actually
6 be completed in a way that would save us
7 energy immediately.

8 Example, our district is working on
9 interventions in math. I was excited when I
10 heard about this site at the IU. I ran
11 home, go on the website, look for
12 interventions in the math -- to be
13 developed. Okay. So the harder part is to
14 be developed. We need to move that forward.

15 Some other considerations regarding
16 consolidations. How would the Board of
17 Directors be defined? These are just some
18 considerations. Would they be enlarged or
19 zoned? If it's by geographical zone, how
20 would the lines be zoned and so forth? I
21 think we need to understand that those
22 thoughts of consolidation in Pottstown and
23 the immediate conclusion was that we could
24 save the staff.

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1 But what we forget is there is still
2 the same number of students. Whether you
3 consolidate or whether you don't
4 consolidate, you still have the same number
5 of students that have to be taught. So
6 there is still need for some supervision,
7 and there still needs to be most likely very
8 similar number of teachers. So the
9 reduction of the staff, in my opinion, would
10 be limited even though there might be some
11 where there is imbalance.

12 When you look at facilities savings,
13 are we going to save money in facility's
14 cost with consolidation? So saving money
15 where there's an imbalance where one
16 building may be understaffed and
17 underutilized. But in most of our
18 districts, all of our buildings are full.
19 So buildings are being used. Then we'll
20 have very little cost savings with
21 facilities.

22 What about the merging with other
23 district and other labor contracts? In some
24 districts all employees are unionized. In

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1 other districts, some employees are
2 unionized. How does that work if we go into
3 consolidation?

4 John mentioned economy of scale, but
5 should Pottstown merge with any local
6 district? The aid ratio will likely decline
7 for Pottstown, but there could still be some
8 cost benefits with the economy of scale.

9 However, it maybe prudent to
10 consider consolidation across county lines.
11 It might be more effective to consolidate
12 schools across county lines especially if
13 you find schools that are very similar.
14 Then you have the other issue of local
15 politics, and county taxes, and all of those
16 local issues. So it creates funding issues.
17 But I would still suggest that that would be
18 a consideration.

19 Consider the Intermediate Units. If
20 you have larger consolidated districts, are
21 the Intermediate Units cost effective?
22 That's a question.

23 I've worked across the state
24 Washington County, York County, Lancaster

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1 County, and Montgomery County. And I can
2 tell you there is a difference in the cost
3 effective use of Intermediate Unit services.
4 So some of the larger districts they don't
5 need Intermediate Units. They are almost
6 the Intermediate Units under themselves. So
7 I think that would be another area to
8 consider.

9 I'd like to remind the panel, and
10 the educators, and all the taxpayers that
11 Article III, Section 14 of the Pennsylvania
12 Constitution states, quote, the General
13 Assembly shall maintain, shall provide for
14 the maintenance and support of a thorough
15 and efficient system of public education to
16 serve the needs of the Commonwealth, closed
17 quote. So when times are hard, even though
18 we have a tradition of local control, it's a
19 tradition of local control.

20 Where does the responsibility lie?
21 The responsibility for education does not
22 lie with the local board. The
23 responsibility relies with you.
24 Like I said, it's a tradition of local

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1 control, but the constitution clearly puts
2 the responsibility on the state legislator
3 to provide for a quality educational system.

4 Since I have the opportunity to
5 speak to you, I would like to conclude with
6 some thoughts as a former social studies
7 teacher and being somewhat knowledgeable
8 about economics.

9 I'm going to conclude with this
10 statement. Overburdened taxpayers are not
11 open to funding public education nor willing
12 to engage in the necessary dialogue to bring
13 community and schools together. We know
14 that public engagement and parental
15 involvement is one component of
16 high-performing schools.

17 So we need the community to work
18 with us. But if your an overburdened
19 taxpayer, you don't want to really come in
20 and work with your public school.

21 My personal opinion is that
22 government should become more effective and
23 efficient. They need to streamline overhead
24 to leave more money in the hands that create

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1 jobs and opportunity. We need to leave
2 money in the hands of the entrepreneurs and
3 the small-business owners.

4 While I believe that local bodies
5 should go after any and all state and
6 federal monies that are available because
7 someone is going to use it if we don't, the
8 increased size of government will eventually
9 end the free market system that created the
10 greatest wealth this world has ever seen.

11 I leave with you this question. Why
12 should intelligent people promote policies
13 that will lead the US to stagnation instead
14 of growth and prosperity?

15 Thank you for the opportunity.

16 REPRESENTATIVE SAYLOR: Thank you
17 both of you for your testimony. I'd like to
18 recognize at this point having joined us is
19 Representative Godshall of Montgomery
20 County.

21 And at this point, we'll move to
22 questions. Representative Quigley?

23 REPRESENTATIVE QUIGLEY: Thank you
24 gentlemen for taking the time here to

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1 testify. I want to bring up a point that I
2 had found here. The Legislative Budget and
3 Finance Committee did a study on cost
4 effectiveness in consolidation of
5 Pennsylvania School Districts back in, I
6 guess, the report was issued in June of
7 2007. This was at the directions of the
8 State Senate.

9 Senate Resolution 208 of 2006 called
10 on them to do this cost effective study. It
11 was a survey. I guess they identified about
12 88 districts that they thought could be
13 consolidated. One of the points they made
14 was that a group that was studied responded
15 to the survey and agreed the consolidation
16 was needed to help them provide additional
17 academic enrichment opportunities for the
18 students along with academic services. Also
19 support for a larger district would be
20 better equipped to provide extracurricular
21 activities for their students. I would just
22 like your reaction to that comment.

23 DR. REED LINDLEY: I am very
24 knowledgeable of that because I built the

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1 schedule for Pottstown High School, a
2 relatively small high school. I also built
3 the schedule for Penn Manor High School in
4 Lancaster County, a relatively larger high
5 school. So I always compared Pottstown.

6 When we start talking scheduling
7 with schools like Spring-Ford or Boyertown
8 or Penn Manor, what you mentioned is
9 absolutely true. There are more
10 opportunities for extra classes in a larger
11 system because of the economy of scale when
12 you schedule them.

13 When you have a small system, you
14 don't have the staff. There might be two or
15 three teachers who might have free periods
16 on their schedule. So then we would
17 schedule them with an elective class. There
18 are hardly any teachers like that in
19 Pottstown.

20 When you combine that, combine the
21 number of teachers that might have one
22 unscheduled theory on their schedule, then
23 that allows a larger system to have
24 opportunity for more elective courses. So I

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1 would agree that that would be an advantage.

2 Speaking to the extra curricular
3 point, a larger school system just brings
4 the same number of students together. So
5 that can be a plus, and that can be a minus.

6 My son played soccer, and lacrosse,
7 and wrestled. He was in a lot of different
8 sports. If he would have gone to a larger
9 school, he would not have had the
10 opportunity to do that because he wasn't
11 that great of an athlete. But he was a hard
12 worker so he was able to make the team in a
13 smaller school. Where in a larger system,
14 most likely, he would have one sport.

15 So extracurricular, the larger
16 system might make more opportunities for
17 extracurricular activities, only if they
18 offer more teams. So if they do that, I'm
19 sure that is the answer for consolidation.
20 When it comes to the addition course
21 opportunities, I'm not so sure.

22 REPRESENTATIVE QUIGLEY: Second
23 question. You talked about how Pottstown
24 made an effort to act cooperatively with

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1 other districts or other Intermediate Units
2 to purchase services, or material, that type
3 of thing?

4 DR. REED LINDLEY: Yes. We work
5 collaboratively with a number of services.
6 We've had staff of the IU work with us
7 almost on a daily basis for a period of time
8 this year as we worked on a daily basis as
9 we implemented an RtI Response to
10 Intervention.

11 But listen to how that was funded.
12 They were able to allow a person or persons
13 to come to us because they were being funded
14 by special education dollars through the
15 Intermediate Units. So they came here at no
16 cost to Pottstown.

17 Now, I also had other people come
18 from the Intermediate Units and work with
19 Pottstown, but at a higher fee. So the fee
20 there was probably not as competitive with
21 market. However, with the management of the
22 special education funding, that was a
23 tremendous advantage. So we worked
24 significantly with our Intermediate Units.

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1 You had two questions. What was the other
2 one?

3 REPRESENTATIVE QUIGLEY: Sir, at any
4 time that you purchase materials, books,
5 those types of things, do you enter any kind
6 of operative?

7 DR. REED LINDLEY: The BIS manager I
8 know they have consolidated through the
9 Intermediate Units the purchasing of
10 gasoline, gas, oil, those types of things,
11 but not textbooks.

12 And I would say we have cooperated
13 with Pottsgrove. Pottsgrove sends students
14 to Pottstown for the ROTC Program. I know
15 that's very difficult. We're on one
16 schedule. They're on a different schedule.

17 That's usually the issue. People
18 want to know why schedules don't cooperate.
19 Well, schedules typically don't align. So
20 that causes a stress.

21 They doesn't mean that school
22 districts don't want to cooperate, but it is
23 a struggle.

24 We shared with Pottsgrove. We

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1 shared special education classrooms. We
2 also have a consortium with them and with
3 saving school money. We have an alternative
4 school program in consortium with
5 Pottsgrove. So this year, our resources
6 were weakened.

7 MR. ARMATO: I just want to
8 reinforce what's being said. There are a
9 number of opportunities particularly as they
10 exist within the neighboring schools, but we
11 do try to consolidate and work together.
12 Some of those examples such as ROTC, et
13 cetera exists.

14 Certainly, as we move further and
15 further with the use of technology and
16 education, those opportunities will become
17 even larger. As we look at virtual high
18 school, we've come up against some of the
19 same problems that you do in traditional
20 schools in finding enough students to
21 justify a class.

22 But with some combination of
23 cooperation of other schools, virtual high
24 school, the use of technology will become

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1 more and more prevalent.

2 DR. REED LINDLEY: One other thing
3 that I forgot. I believe it was a few years
4 ago, we also shared in service
5 opportunities. Spring-Ford hosted, I
6 believe, three districts on the same day.
7 Again, why does that not continue?
8 Schedules.

9 The school district's schedule and
10 the building schedules make that very
11 difficult. So is that one area where
12 consolidation would help? Yes.

13 REPRESENTATIVE HARPER: I guess
14 we've been talking about the evidence for
15 consolidation with regard to programing is
16 equivocal; helps in some areas and hurts in
17 others. But we've mainly been looking at
18 financing or funding of our schools. What
19 percentage of the Pottstown Area School
20 District project comes from the
21 Commonwealth?

22 MR. ARMATO: It would be a little
23 bit under 30 percent.

24 REPRESENTATIVE HARPER: About 30

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1 percent or under 30 percent?

2 MR. ARMATO: Yes.

3 REPRESENTATIVE HARPER: So if we
4 were looking at finances here -- and I think
5 you both pointed this out in your testimony
6 -- I just want to make sure that I heard
7 this correctly. We really need to revisit
8 the school funding formula.

9 DR. REED LINDLEY: That's what we're
10 saying.

11 REPRESENTATIVE HARPER: I represent
12 three districts that, I guess, we could
13 probably admit to being a little more
14 fortunate than Pottstown in terms of the tax
15 base. I represent Colonial, Wissahickon,
16 and North Penn.

17 DR. REED LINDLEY: Clearly, you do.

18 REPRESENTATIVE HARPER: Right. And
19 90 percent of our school costs in each of
20 those three districts are handled out of the
21 home, but we are lucky. We can do that. We
22 can afford that. So I guess, from the
23 perspective, the real problem is funding.
24 We should look there first.

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1 DR. REED LINDLEY: I believe you
2 would have better support from the public
3 looking at funding issues. I believe that
4 you would have with consolidation issues. I
5 was in York County. So I saw the same
6 issues between the two districts that were
7 discussed between Hanover and Southwest.
8 And at one point how that was such a
9 positive.

10 MR. ARMATO: I would say for the
11 legislature and Governor to come up with a
12 different form of funding of public
13 education other than the reliance of profit
14 taxes will be heroine throughout the history
15 of Pennsylvania from that point on.

16 REPRESENTATIVE HARPER: Well, I
17 don't think it's going to happen this year,
18 but this is a problem that we're working on.

19 My follow-up question is, how about
20 transportation? I think a study is going to
21 be done on transportation. I know that we
22 have so many districts in Montgomery County.
23 We have so many private or religious
24 schools. They are all being bused. It

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1 seems as though there would be an economy to
2 scale in transportation that might be easier
3 to implement as consolidating school
4 districts.

5 MR. ARMATO: In our school district,
6 we pride ourselves on being a walk-home
7 school district. So to that end, we have
8 very little busing. Consolidation with
9 another school district for us would mean
10 increased busing costs.

11 REPRESENTATIVE HARPER: So you would
12 have more costs. Thank you very much.

13 MR. ARMATO: I notice that you have
14 already consolidate us because we are the
15 Pottstown Area School District. We are not
16 the Pottstown School District. Our borders
17 are continuously within the Borough of
18 Pottstown.

19 REPRESENTATIVE SAYLOR:
20 Representative Tallman?

21 REPRESENTATIVE TALLMAN: Real quick.
22 The fact that Southwestern and Hanover had
23 been on since the 70's.

24 MR. ARMATO: Correct.

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1 REPRESENTATIVE TALLMAN: And you
2 won't believe the things that derail, but we
3 won't go into that. Real quick. What is
4 the average cost per pupil in Pottstown?

5 MR. ARMATO: Approximately \$9,800,
6 instructional costs.

7 REPRESENTATIVE TALLMAN: And from
8 the State, how much basic ed do you got per
9 pupil for funding basic funding.

10 MR. ARMATO: I'm sorry. I don't
11 have that.

12 REPRESENTATIVE TALLMAN: Okay. Just
13 two more quick and easy questions. Since
14 you understood Southwestern and Hanover,
15 would you perceive -- and I'm not sure which
16 school districts border your school district
17 -- but would you perceive the outside school
18 districts, the people, the public buying
19 into a merger?

20 And then B, what would happen to
21 that merging school district's tax base that
22 can bring Pottstown Area School District
23 into their school district?

24 DR. REED LINDLEY: It's very

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1 inventive. If you're just asking my
2 opinion.

3 REPRESENTATIVE TALLMAN: Your
4 opinion.

5 DR. REED LINDLEY: I doubt that
6 would be very welcoming. It wouldn't be
7 very welcomed by the neighboring school
8 district because the perception would be
9 Pottstown being urban. Pottstown being --
10 again, a perception of having more
11 significant issues to deal with than any of
12 the neighboring school districts. Why would
13 we want to merge to help solve their
14 problems? So I doubt if that would be a
15 welcomed view on the part of other boards.

16 Although, when you look at the
17 region, local districts are beginning to
18 have similar concerns to our district as
19 populations shift and socioeconomic and
20 demographics change. So I'm very aware that
21 there are some situations where a merger or
22 consolidation would be beneficial. I just
23 don't think the perception of that would be.

24 MR. ARMATO: I just want to speak to

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1 the financial piece of it. Representative
2 Harper, you used several school districts
3 that you represent as examples.

4 Any school districts, in two schools
5 or three or four depending upon the
6 combination that would be consolidated,
7 clearly, if you were living in a school
8 district that had a very high-assessed value
9 and low taxes, you would be seeing yourself
10 as having to now pay for somebody else's
11 schooling.

12 And clearly, we have problems with
13 people who live in the district wanting to
14 support the local education. Let alone
15 feeling as if you were coming together for
16 the sole purpose of providing the financial
17 support to ensure that another school
18 district had the same opportunities.

19 DR. REED LINDLEY: That's why I
20 quoted the constitution because I don't see
21 any solution to that issue unless schools
22 are funded by the legislature. That takes
23 care of the political issue. Because
24 locally, I don't see volunteers stepping up

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1 to say I want to share in the costs of
2 someone else's problems.

3 REPRESENTATIVE SAYLOR:
4 Representative Godshall?

5 REPRESENTATIVE GODSHALL: Just a few
6 things that I'd like to respond to, and I do
7 agree on the comment of the previous
8 gentleman pertaining to the disproportionate
9 burden of the homeowner. I also support the
10 fact that the system is clearly flawed.
11 That is the school funding system that we
12 presently have. I totally agree with that.

13 But at the same time, we have since
14 1991, I think, offered four different
15 opportunities to the public to change that
16 system. Each time, the public substantially
17 turned it down. And every one of those
18 cases was a situation where you can increase
19 the local earned income tax or the actually
20 income tax, and they were substantially
21 turned down.

22 So it's typical for us to mandate a
23 new system. But when we offer it to the
24 public, they say no. So I wanted to point

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1 that out.

2 DR. REED LINDLEY: I would just say
3 I agree with you. I was involved in a tax
4 effort in the 70's back when we were looking
5 at changes in tax codes. So I agree with
6 you.

7 So what does it come down to? It
8 comes down to leadership. It comes down to
9 leadership because the State of Pennsylvania
10 can do better than what we're doing today.
11 There's no doubt in my mind, that we do not
12 have to be known as a Rust Belt state
13 anymore. We need to be competitive.

14 And just look at the South. What's
15 happening in South Carolina? What's
16 happening in North Carolina? What's
17 happening in Virginia? States that we
18 looked down our noses toward a few years
19 back, what are they doing in education?
20 They are centralizing their focus on
21 results, and they are getting that job down.
22 People are moving from the north to the
23 south. For what? For jobs.

24 Let's take a look at some of the

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1 real issues in Pennsylvania. This is not an
2 educational issue. This is a structural
3 funding taxation. We have to look at the
4 economy. All of these things come together
5 as a system.

6 To look at how to improve education
7 in isolation is wrong. You can't do that.
8 We need to look at education in light of
9 what's happening with corporate tax, and all
10 other areas of the tax code, and project a
11 view of Pennsylvania to the voter because I
12 believe voters are getting sick and tired.

13 So people are looking for
14 leadership, and they're looking for new
15 solutions. But it's going to take a lot of
16 effort and work to come up with new
17 solutions.

18 REPRESENTATIVE GODSHALL: Another
19 point I'd like to make is, there was a
20 comment on here about the problems that
21 could exist when you do combine school
22 districts. It's basically some of the same
23 problems and questions that came up when we
24 did the merger back the last time around.

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1 And you have heard the same thing.

2 The cross county thing is one. I do
3 know my school district, Souderton, is cross
4 county. Never was a problem. Hasn't been a
5 problem. We combined six school districts
6 there into one, and it has meant a lot of
7 advantages to the school system that never
8 existed before in six systems.

9 I look at the extracurricular
10 activities, and I can give you an
11 unbelievable lists of everything from field
12 hockey, to lacrosse, to ice hockey, to
13 swimming, to diving, to basketball,
14 softball, football, arts and a
15 entertainment, things which we do that were
16 never available before.

17 So it does create. Even the larger
18 schools do create opportunities that never
19 ever could exist with a small system.

20 I have also represented part of
21 North Penn which is about 13,000 students.
22 They have a list that goes beyond of
23 activities that we have in the smaller
24 schools.

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1 But it wasn't only in the athletic
2 activities or in the arts and so forth, but
3 it was in the academic activities that could
4 move ahead that we never would have had the
5 opportunity if we would have stayed in the
6 2000 school districts that we once were
7 rather than the 500 we have today.

8 So I don't think the 100 is the
9 exact number that we should have. But at
10 the same time, I do believe there should be
11 some consolidation for those reasons that we
12 benefitted from the last time around.

13 One of the things that you did say
14 about the personnel. The personnel at the
15 upper echelon is definitely going to bring
16 savings in these districts.

17 REPRESENTATIVE SAYLOR: I want to
18 thank both of the you gentleman for coming.
19 I will tell you the Policy Committee is
20 going to be creating a task force on
21 property taxes. It's been around. I think
22 it's probably been around for so long.
23 Probably when I was born, and I'm 50 years
24 old.

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1 It is something that I think is the
2 biggest problem we face in the State is not
3 politicians coming up with solutions.
4 There's a lot of solutions. The problem is
5 getting taxpayers to agree not only in my
6 home district, in York County, but I think
7 it's somewhat east and west.

8 If you live in near Delaware, the
9 State of Delaware, they don't have a sales
10 tax. So if we were going to use the sales
11 tax, these are part of the State's concerns.
12 The same type of thing if we use it like an
13 income tax.

14 Personally, I will do anything to
15 get rid of property taxes, and so would most
16 of my voters in York County. But I do think
17 that what has divided the electors at this
18 point and time is what tax should be or
19 maybe a mixture of taxes. I think that's
20 what has kept the General Assembly from
21 moving forward on any kind of major property
22 taxes.

23 At some point, hopefully voters will
24 say we really don't care anymore. Just get

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1 rid of property taxes. I think when that
2 day comes in, you'll see the legislation
3 move forward.

4 Just like school consolidation, I
5 think one of the problems that we have had,
6 and I've seen it. York County school
7 districts have a lot of different
8 backgrounds when it comes to financial,
9 sports team names. We talked about that
10 earlier before we started. It's amazing how
11 voters turn down an opportunity to cut their
12 property taxes.

13 We've seen the boroughs refusing and
14 townships refusing too. Even though the
15 borough wouldn't the townships say yes. You
16 wonder why they say yes when they're taking
17 on a larger burden. Then the borough would
18 say no.

19 So this merger issue is a major
20 issue for people who call for property tax
21 reduction. They don't want to accept some
22 changes sometimes. And I think the big
23 thing also that is interesting to see is
24 it's not always just the poor school

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1 districts who are getting shut out and not
2 being able.

3 We have a district in York County
4 which is considered one of the wealthiest
5 and the smallest, and nobody wants it
6 because they are going down economically
7 even though they are still the wealthiest.
8 While others are rising that surround it.

9 So it's not always -- I think
10 sometimes people look at things in a way
11 that well, nobody wants to take the poorer
12 school districts or the boroughs, or the
13 cities, whatever. There are a multitude of
14 issues that are out there.

15 And I want to thank both of you for
16 coming today and talking a little bit about
17 a borough school district such as this and
18 how it will be impacted. I appreciate your
19 testimony and giving us your perspective on
20 those things. Thank you very much.

21 The next testifier is Jim Testerman
22 who is the President of PSEA.

23 JAMES TESTERMAN: Good morning. I
24 would like to thank Chairman Saylor for

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1 allowing me to be here this morning as well
2 as the rest of the Members of the Committee.

3 As you noted, my name is Jim
4 Testerman. I'm the President of the
5 Pennsylvania State Education Association.
6 We represent 191,000 school employees and
7 members throughout the Commonwealth of
8 Pennsylvania. I'm currently on leave from
9 my teaching assignment in Central York
10 School District where I taught 7th grade
11 Life Science.

12 School consolidation could impact
13 most, if not all, of Pennsylvania's students
14 and PSEA members. For a number of
15 legislative sessions, this issue has moved
16 onto the legislative radar screen for from
17 time to time. Yet has never garnered
18 significant support.

19 However, the issue has now gained
20 momentum as Governor Rendell proposed the
21 idea during his 2009-2010 Budget Address.
22 And specifically, the Governor's proposal
23 would create a commission that would study
24 the potential for school consolidation and

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1 propose two alternatives to move the
2 Commonwealth from 500 to 100 school
3 districts.

4 Now, these plans would then be taken
5 to the legislature for a vote. If the
6 legislature failed to enact either proposal,
7 the State Board of Education would then be
8 charged with developing and implementing a
9 school consolidation plan. To be certain,
10 PSEA has strong concerns with this proposal.

11 Proponents of school consolidation
12 base their policy primarily upon the
13 assertion that relatively small,
14 locally-controlled school districts are both
15 economically inefficient and less able to
16 offer the full range of opportunities needed
17 by students today.

18 According to them, consolidating
19 existing districts into districts of optimum
20 size should reduce costs and, presumably,
21 lower property taxes. Furthermore,
22 proponents argue consolidated school
23 districts could offer a wider range of
24 services, course offerings, and activities.

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1 However, it is important to note that the
2 perception is not always a reality.

3 PSEA supports efforts to make
4 schools better places to learn and work.
5 However, forced consolidation of schools on
6 a statewide scale is unlikely to achieve
7 either of these goals.

8 Our members' experiences indicate
9 that many factors beyond cost effectiveness
10 and the range of opportunities contribute to
11 the effectiveness of a school or a district
12 as a workplace and center for learning.
13 Community pride and a sense of ownership
14 create an environment promoting effort and
15 accountability.

16 Small classes and small buildings
17 enable students and staff to interact more
18 frequently and effectively in a manner that
19 instills self-confidence in pupils.
20 Especially those in impoverished
21 communities.

22 Staff members find innovative
23 solutions to immediate, local needs easier
24 to implement when decisions are localized,

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1 and there are fewer layers of bureaucracy.
2 While each of these factors can and do exist
3 in larger school districts in Pennsylvania,
4 they can be strong in some of our smaller
5 ones.

6 Forced consolidation runs a great
7 risk of losing positive aspects already at
8 work in these districts in exchange for the
9 possibility of lower costs.

10 Districts that merge often find that
11 anticipated cost reductions either fail to
12 materialize or are largely offset by
13 unanticipated increases in other cost
14 factors.

15 While administrative costs at the
16 highest level usually go down, these often
17 have been more than offset by increases in
18 costs associated with lower-level management
19 added to help supervise operations that are
20 larger both spatially and in the number of
21 students served.

22 Potential reductions in costs
23 associated with buildings have been thwarted
24 by resistance to building closures, when

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1 buildings have been consolidated, or the
2 expense of erecting and maintaining new
3 facilities. I should probably throw
4 transportation in there as well.

5 Merging dissimilar curricula can
6 require new textbook purchases and
7 professional development as well.

8 The relative gain for the pain will
9 vary across groups of districts. Some will
10 enjoy either cost savings or gains in
11 educational opportunities that outweigh any
12 increase in costs, and others will not.

13 Experience and additional study may
14 indicate which neighboring districts could
15 achieve cost efficiencies and improved
16 student outcomes through consolidations, and
17 which could be harmed. This process
18 actually may work best by encouraging
19 districts to explore the costs and benefits
20 themselves.

21 Allowing elected officials with the
22 most knowledge of a community's wants and
23 needs to identify and evaluate the pros and
24 cons of a merger is more likely to produce

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1 truly efficient results than having state
2 officials make such decisions based on
3 spreadsheet analyses of a few data elements.

4 The state can facilitate the process
5 by making such data and analyses easily
6 accessible to local decision makers. The
7 state can also promote effective school
8 restructuring by providing resources to
9 districts willing to consolidate but facing
10 prohibitive start-up costs.

11 The steps we outline will not work
12 in every single situation. There are a few
13 districts in the state that do not have the
14 local tax base or sufficient state resources
15 to deliver a thorough and efficient
16 education.

17 In some places, districts willing
18 and able to merge will find the path blocked
19 by any number of tensions that may exist
20 within and between the communities involved.

21 In fact, this was a now remedied
22 issue in the upcoming merger of Monaca and
23 Center Area School Districts, which create
24 the Central Valley School District in Beaver

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1 County. Means already exist for the state
2 to intervene in such circumstances.

3 Although, improvements may be warranted.

4 We encourage you to instead pursue
5 ways of making the current policy of
6 voluntary consolidation more attractive and
7 mutually beneficial. Our testimony today
8 points to the conclusion that forced,
9 statewide consolidations of school districts
10 are unlikely to generate the cost-effective
11 improvements in student outcomes proponents
12 anticipate. We encourage you to instead
13 pursue ways of making the current policy of
14 voluntary consolidation more effective.

15 I want to thank you for conducting
16 this hearing today and providing PSEA the
17 opportunity to testify before you. And I
18 look forward to any questions you have or
19 comments.

20 REPRESENTATIVE SAYLOR:

21 Representative Quigley?

22 REPRESENTATIVE QUIGLEY: Thank you,
23 Mr. Testerman, for taking the time to come
24 out here and testify. Basically, you decide

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1 the position on the PSEA agreeing with the
2 Legislative Budget Finance Committee report
3 that identifies about 88 districts that
4 could benefit from a consolidation if, in
5 fact, it is a voluntary or if the state
6 provided some type of incentive for that?

7 JAMES TESTERMAN: I think
8 conceptually we would agree. I would
9 probably want to go back and look at the
10 list of 80. But conceptually, we know there
11 are some districts that are in peril, that
12 are not being able to provide for the needs
13 of students. And the students in those
14 districts are not receiving the same
15 education as students just a few blocks
16 away.

17 So in that respect, we think a
18 merger, and finding ways to facilitate and
19 promote that merger where earlier you
20 identified some of the concerns of, it's
21 really the haves and have not's.

22 But I think at PSEA, we think that
23 this is a rising time in all of us. And we
24 have an obligation to all of the students in

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1 the Commonwealth. Whether it's reinventing
2 the funding program we have in the state and
3 have flat funding or it's a way that we can
4 incentivize districts to come together to
5 meet the needs of all students.

6 We are going to face some districts
7 that are fiscally not viable in the near
8 future. We have already faced a few, and
9 we've tried to work with legislature in
10 intervening in those.

11 REPRESENTATIVE QUIGLEY: Thank you.

12 REPRESENTATIVE SAYLOR:
13 Representative Murt?

14 REPRESENTATIVE MURT: Are you
15 familiar with the study that Representative
16 Quigley made reference to?

17 JAMES TESTERMAN: I am familiar with
18 it, but I haven't read it recently.

19 REPRESENTATIVE MURT: My question
20 is, in Pennsylvania, is there's a geographic
21 concentration of districts that might
22 benefit from consolidation?

23 Is there a concentration either in
24 the northwestern part or --

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1 JAMES TESTERMAN: I happen to have
2 one of PSEA's experts on school finance with
3 me. So I'm going to ask Eric if he would
4 like to jump in here. But my impression is,
5 we found a lot more in the western part of
6 the state especially where steel towns were
7 thriving during the last merger, but those
8 towns are not as viable as they used to be.

9 Eric?

10 ERIC ELLIOTT: I would have to
11 agree.

12 REPRESENTATIVE SAYLOR: Could you
13 please step forward and state your name for
14 the record.

15 ERIC ELLIOTT: Sure. My name is
16 Eric Elliot, Assistant Director of Research
17 at PSEA. I just second what Mr. Testerman
18 said. Our experience is it has been in the
19 smaller, wealthier industrial towns, the
20 mining communities around the state. The
21 west and in the northeast, would probably be
22 the more, the best candidates with some sort
23 of the merger with the now wealthier
24 Pittsburgh or Allentown type districts.

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1 REPRESENTATIVE MURT: Thank you.

2 REPRESENTATIVE SAYLOR:

3 Representative Godshall?

4 REPRESENTATIVE GODSHALL: I was part
5 of that study, the Budget and Finance Study.
6 Going back to what we did with the previous
7 merger, when we took, I think, about 2,000
8 down to five. We just -- you know, we just
9 plain did it. But the arguments that I hear
10 are exactly the same, and I was part of the
11 that.

12 The arguments -- when somebody goes
13 back that far, a little bit of history
14 doesn't hurt sometimes. We heard the same
15 arguments, but it was done for the benefit
16 of the pupils basically. And I think it has
17 been a success for what we tried to do.

18 It was to equalize the education,
19 somewhat equalize the education, around the
20 state which really wasn't happening. And
21 it's really not happening today. And with
22 the opportunities that are offered in some
23 of the larger school districts and so forth,
24 you don't have the same opportunities for

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1 the kids that aren't fortunate enough not to
2 be in one of those larger school districts.
3 So it has got to be looked at.

4 Are we going to do something for the
5 kids? Are we going to do it for the kids'
6 benefit or are we going to do this for
7 political benefit or whatever? It's got to
8 be looked at if it's good or if it's bad. I
9 don't think that the 100 is practical, but I
10 do think there's a tremendous amount of
11 opportunity that we should do and that we
12 must do if we're concerned at all about the
13 kids in those districts.

14 JAMES TESTERMAN: I don't think we
15 necessarily disagree with you. We may have
16 different opinions about how to get there,
17 but I think the one thing I would stress is
18 it's not necessarily that it needs to be a
19 larger school district.

20 We need to find a way to viably fund
21 the education of the kids in those places.
22 It maybe a medium size. It may be larger to
23 get that kind of geographic financial input,
24 but I would encourage folks to make sure

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1 we're looking at not just how to reduce the
2 numbers. But at the end of day, we have
3 actually enhanced the opportunity for the
4 kids.

5 REPRESENTATIVE GODSHALL: Well, I
6 would disagree with you on the financial aid
7 part of it because most of the school
8 districts that would be involved are already
9 receiving financial aid.
10 Probably two-thirds of their income for the
11 school district is financial aid coming from
12 the State. I don't know how much higher you
13 can go with that.

14 Whereas other districts such as our
15 own my district is about 15 percent, and
16 other districts are 18 percent of their
17 financial aid comes from the State. Where
18 you have others reaching 66 percent and so
19 forth. You can't keep -- you know,
20 education money to fund a district. We're
21 doing that pretty well now.

22 One of things that did help those
23 districts -- and if it hasn't, I'm not sure
24 -- improved what they have to offer as far

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1 as education is, in fact, the long term
2 problem that we started back in '91 when it
3 was the grandfather clause which said no
4 matter how many students you have and the
5 kind of students especially benefit
6 dramatically, and that has caused a dramatic
7 increase in their placement because you have
8 the same amount of money plus percentage.

9 Going all the way back in '91 in
10 some cases back, you had a reduction in
11 student size by about 50 percent. And they
12 were still drawing money from the '91
13 figure. That was changed last year by the
14 legislature fortunately at least to some
15 degree. But the formula is there. I'm not
16 sure that the formula is that far out of
17 whack, but it's a great benefit to the other
18 school districts.

19 JAMES TESTERMAN: I guess the only
20 thing I would add is in some places -- and
21 we would be happy to follow up with some
22 data -- even with the State's high
23 percentage contribution and relatively low
24 cost even at the local levels, students in

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1 many places, not all, but in many places
2 still aren't afforded the same
3 opportunities. That's what I'm trying to
4 get at.

5 REPRESENTATIVE GODSHALL: Thank you.

6 REPRESENTATIVE SAYLOR: Two
7 questions.

8 One, are you aware other than those
9 that are financial conditions that are not
10 very good school districts in the southwest,
11 I guess, it is and the northeast who maybe
12 discussing mergers at all? Are you aware of
13 any discussion that may be going on now?

14 Number two, my understanding is
15 there are some discussions in Philly about
16 breaking that school district into groups of
17 maybe 10 or 15,000 students. Do you have
18 any information on that at all?

19 JAMES TESTERMAN: I have not been
20 party to discussions in Philadelphia. We
21 don't represent Philadelphia.

22 REPRESENTATIVE SAYLOR: I
23 understand.

24 JAMES TESTERMAN: And over the

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1 years, they have talked about potential
2 mergers, but the only one that's going on is
3 in Butler right now. I don't know if you
4 have heard of any others as well.

5 ERIC ELLIOTT: No.

6 REPRESENTATIVE SAYLOR: Thank you
7 very much.

8 Our next testifier is Marsha Hurda
9 who is the Superintendent of the Spring-Ford
10 School District.

11 MARSHA HURDA: Good morning,
12 distinguished Committee Members. My name is
13 Marsha Hurda, and I'm the Superintendent of
14 the Spring-Ford Area School District which
15 is located in Western Montgomery County and
16 a portion of Northern Chester County.

17 Spring-Ford has a student population
18 of approximately 7,600 students. We are one
19 of the fastest growing districts in the
20 state and the second-largest school district
21 in Montgomery County. We have seven
22 elementary schools, a five, six, seven
23 building, an 8th grade center, a 9th grade
24 center, and a 10 through 12 center.

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1 Over the last ten years, we have
2 built or renovated eight buildings to
3 accommodate growing enrollments at various
4 levels.

5 Thank you so much for inviting me to
6 speak here today regarding the issue of
7 school district consolidation.

8 At Spring-Ford Area School District,
9 we are always seeking out new and innovative
10 ways in which we can reduce the tax burden
11 on our community. So I applaud the intent
12 behind Governor Rendell's proposal to reduce
13 the number of districts in our state.
14 Unfortunately, I do not believe forcing
15 school districts to merge with one another
16 will reduce the cost of public education.

17 I recently had the opportunity to
18 observe a video conference that Spring-Ford
19 students participated in with the governor
20 himself. While he was speaking to the
21 students about issues such as the Tuition
22 Relief Program, the governor was questioned
23 by one of students about the possibility of
24 reducing the current size of the

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1 Pennsylvania Legislature.
2 They thought this might be one way to reduce
3 state expenses.

4 The Governor himself noted that this
5 proposal would realize very little savings,
6 and the members of the public would have
7 fewer people to represent them and their
8 interests. As a result, our citizens would
9 feel more removed and more isolated from the
10 governing process.

11 The same could be said for school
12 districts like Spring-Ford. The larger the
13 school district gets, the easier it gets for
14 parents, for students, and community members
15 to feel isolated and removed from their
16 educational process. Spring-Ford is already
17 a large school district, and we continue to
18 grow.

19 In research by Jay Greene and Marcus
20 Winters, it was indicated that having fewer
21 larger districts actually results in a
22 higher percentage of student dropouts and
23 reduces graduation rates. To make sure no
24 students' needs go unmet, we at Spring-Ford

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1 have had to hire additional staff, expand
2 our buildings, increase transportation, and
3 make a number of other modifications none of
4 which have reduced expenses.

5 Consolidation certainly could hold
6 some benefits for school districts that are
7 experiencing declining enrollment, but this
8 is not the case for Spring-Ford. If the
9 number of school districts were to decrease
10 from 500 to 100, the current proposal, the
11 average school districts could have upwards
12 of 17,000 students. If we were to increase
13 our student population by 10,000 students, I
14 anticipate the expenses and challenges we
15 are facing now will only grow in scope and
16 size.

17 A 2005 Nevada Policy Research
18 Institute Study actually revealed that as
19 school sizes increase, the percentage of
20 budgets spent on teacher, books, and
21 materials declined.

22 One of the main arguments I've heard
23 for consolidation has been the idea that
24 administrative positions could be

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1 eliminated, and that a smaller staff of
2 leaders could carry out the duties of two
3 administrations.

4 While it might be true, that the
5 highest levels of administration, the
6 Superintendent, I suspect could be reduced
7 doing so would necessitate the creation of
8 more middle management-type positions to
9 handle the additional workload that comes
10 with serving a larger student population.
11 Administrative costs would simply shift,
12 rather than be eliminated.

13 I also believe that salaries and
14 benefits for professional staff would
15 increase. The single largest school
16 district expenditure is teacher salaries and
17 benefits. These would all have to be
18 standardized in the consolidation of school
19 districts. Does anyone really believe for a
20 minute that they would be standardized at
21 any level other than the higher rate of the
22 consolidating districts?

23 Spring-Ford Area School District
24 already does a good job at managing

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1 administrative costs.

2 According to an analysis done by the
3 Allentown Morning Call based on 2007 to 2008
4 enrollment figures, 60 percent of all
5 Pennsylvania School Districts have higher
6 administrative costs per student than does
7 Spring-Ford.

8 This is the result of our
9 maintaining a relatively small cabinet while
10 still serving a large and growing student
11 population. Unlike other districts our size
12 or smaller, currently Spring-Ford has only
13 one Assistant Superintendent, no Directors
14 of elementary or secondary education and no
15 curriculum specific supervisors. I believe
16 we are already administratively lean.

17 Other proponents of consolidation
18 have noted that school districts will save
19 when they are able to cooperatively purchase
20 supplies and other services. Spring-Ford
21 already does this as do many other school
22 districts.

23 We purchase health care through the
24 Chester County Intermediate Units and

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1 disability plans and term life insurance
2 through the Pennsylvania School Boards
3 Association. We purchase audio-video
4 equipment and materials through the Central
5 Susquehanna Intermediate Units, and we
6 utilize the Montgomery County Intermediate
7 Units for many special education and
8 professional development services.

9 This year, we are also looking into
10 locking in gas and electrical costs through
11 cooperatives with other districts. We
12 continue to explore various school district
13 business partnerships and seek out grants
14 that will enable us to provide various
15 programs and services with little or no
16 impact on our taxpayers.

17 The requirements of Act 1 have led
18 many school districts to seek out
19 alternative methods for generating revenue
20 or reducing expenses wherever possible.
21 While it's true districts could probably
22 make more of an effort to share the
23 resources cooperatively on a local level, I
24 believe we are beginning to see that happen

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1 more and more as districts try to cope
2 through our Intermediate Units, the
3 Superintendents, and School Board Members
4 are now participating in surveys and
5 meetings in which we share ideas,
6 collaborate, and make joint efforts to share
7 costs. Act 1 is leading all of us to change
8 the way in which we do business.

9 If there are any cost savings to be
10 gained through consolidations, one area that
11 would cancel out those savings is
12 transportation. With a larger district,
13 there would most likely be a need to
14 purchase or lease more buses, utilize more
15 fuel, and transport students over longer
16 distances.

17 Currently, our average bus run can
18 last up to 40 minutes. I would hate to
19 think of even more educational time being
20 lost as students would have to be bused over
21 longer distances in a larger school
22 district.

23 Another challenge of consolidation
24 would be reconciling the differences between

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1 districts in terms of their tax bases and
2 tax structure.

3 While merging with Spring-Ford might
4 be a positive for surrounding districts that
5 lack our commercial properties, our
6 taxpayers would likely see a negative effect
7 as these dollars would be spread out over a
8 larger area.

9 Similarly, I am sure that the
10 taxpayers in districts surrounding us would
11 have some hesitation over adopting the debt
12 service Spring-Ford has incurred as a result
13 of our numerous building projects.

14 Consolidation would also mean losing
15 the local control that we need to address
16 our varying student needs. As a growing
17 district, we have been carefully planning
18 for years to address an ultimate growth at
19 both the elementary and the secondary
20 levels. Not all of our neighboring
21 districts share these challenges. And I'm
22 concerned that our interests would not be
23 fairly represented if we were to
24 consolidate.

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1 In addition to accommodating our
2 growing enrollment, Spring-Ford is also
3 focused on maintaining a smaller class size
4 and providing a rigorous curriculum with a
5 myriad of additional learning opportunities
6 for all students. I believe it would be
7 extremely difficult to reconcile the
8 different educational opportunities of each
9 district.

10 The same could be said in the realm
11 of academics. As a district that has
12 exceedingly met or adequately exceeded
13 yearly progress and to be joined with a
14 district that did not share a similar
15 success in this area, resources once used
16 for this program or other initiatives would
17 be have to be reallocated.

18 In addition to the financial and
19 academic concerns involved with
20 consolidation, I believe that there is
21 something else that will suffer, a sense of
22 community that comes with having smaller
23 school districts.

24 While Spring-Ford is one of the

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1 state's larger school districts, we still
2 feel small because of the efforts that are
3 made each and every day to connect parents
4 and children to their schools. I don't
5 believe that this type of effort were to
6 cease if we were to merge with another
7 school district, but I certainly believe
8 that it becomes more difficult and more
9 expensive to implement the larger the system
10 get.

11 Student might miss out on an
12 opportunity to participate in sports, the
13 arts, and other extra curricular activities
14 in a larger system because there will be
15 more competition to join these groups.
16 Parents will become farther and farther
17 removed from the decision makers who will
18 shape education in their district making it
19 harder for them to feel connected and to
20 feel like they have a say in the educational
21 process.

22 Finally, I would like to point out
23 that Governor Rendell's proposal to
24 consolidate contradicts the costing-out

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1 study conducted by the State Board of
2 Education. That study found that we are not
3 spending too much, but that 95 percent of
4 Pennsylvania school districts are spending
5 less than what the study found to be
6 adequate.

7 The study said that Spring-Ford
8 should be spending \$11,029 per student in
9 the year of the study in that year we spend
10 \$9,846 per student. In comparison looking
11 at a Dade County and a Virginia, Fairfax
12 County, they spent \$13,340 per student.

13 The study also found that our public
14 school are being underfunded by
15 approximately \$4.6 billion a year.

16 To me that is the heart of the
17 issue. For years, educators like me have
18 watched as requirements and mandates from
19 the state government have increased in
20 forced districts to spend more to achieve
21 various goals and comply with the laws.
22 Yet, the state funding of has not kept pace.

23 In Spring-Ford, just 17 percent of
24 our revenue comes from the state forcing us

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1 to rely on local taxpayers to fund the 81
2 percent of our budget. I think this is
3 where the state needs to focus it's efforts
4 on relieving districts burdens from mandates
5 that don't benefit students and are giving
6 districts tools to budget costs.

7 While I hardly support the idea of
8 reducing the property tax burden for
9 residents, I don't believe consolidation
10 will achieve this goal. I do not believe
11 that such a movement would be in the best
12 interest of our students, our taxpayers or
13 our community. Cost savings are unlikely.
14 Student achievement can suffer. And the
15 pride, sense of community, that is currently
16 present in the Spring-Ford school district
17 could be lost.

18 I appreciate having the opportunity
19 of sharing my opinion with the Members of
20 this Committee.

21 REPRESENTATIVE SAYLOR: Thank you.
22 My first comment is you had a home run going
23 as you mentioned that costing analysis.
24 Personally, I believe a lot of people on the

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1 General Assembly don't agree with the study.
2 When I notice Spring-Ford -- and I'm from
3 York County School District -- I think that
4 a lot of schools that are spending around
5 \$9,000 are doing an outstanding job. Yes,
6 there are school districts I think out there
7 spending \$13,000, but when you look at their
8 testing compared to the ones spending 9,000,
9 it just isn't justifiable. The benefits
10 overall when you look at it.

11 The costing-out study was flawed in
12 a number of ways. And while I think -- I'm
13 sure you guys would like to have the \$11,000
14 from the Board that study suggests, I would
15 suggest that you're doing a great job based
16 upon everything I have heard about
17 Spring-Ford and a lot of other school
18 districts in our states and other things.

19 The other thing that we have to keep
20 in mind when it comes to this study is, it
21 comes down to really also the fact that it's
22 your economy. If you're living in
23 Philadelphia, you're very close to suburbs
24 of Philadelphia, their reports and, of

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1 course, Spring-Ford is fairly close and is a
2 growing area. The economy is changing
3 there, and I realize that. It is changing,
4 but I would suggest to you that it is more
5 important that we measure it not by the
6 dollars we spend, but the quality of what in
7 testing is coming out of the current PSSA
8 tests.

9 And I appreciate it as a Member of
10 Chairman of the Policy Task Force, as a
11 Member of the General Assembly, I appreciate
12 the job that you have done in Spring-Ford.
13 I know you are a fast growing school
14 district, but I would prefer to measure it.
15 Representative Godshall mentioned that fact
16 that 17 to 18 percent is just unbelievable.
17 And you're very accurate in mentioning your
18 funding from the state is not adequate.

19 MARSHA HURDA: If I may respond. I
20 think we do a wonderful job with the
21 resources that we have.

22 I think there's a perception out
23 there though that districts are spending
24 more. We're doing wonderful things with

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1 what we have.

2 However, our costs continue to rise;
3 our salaries, our benefits, our debt
4 services on all of the buildings that we
5 needed to build, our special ed costs as
6 well as parents are moving in to take
7 advantage of those services have certainly
8 influenced us.

9 And the economy, though we do have
10 commercial in our area has certainly taken a
11 hit as a result of that. So I concur we do
12 a wonderful job in Spring-Ford, but we can
13 always use more support.

14 REPRESENTATIVE SAYLOR: Actually,
15 one of the things that I take notice to and
16 Representative Godshall mentioned earlier
17 was the percentage of your funding from the
18 state. And he mentioned also the key date
19 was 1991 when somebody decided they were
20 going to change the state funding program
21 without telling any of the members of the
22 legislature before they passed the budget
23 bills.

24 We in York County are suffering, and

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1 I think a lot growing Suburban counties
2 around Bucks, Chester, Montgomery are really
3 hurting as well as York, and Lancaster,
4 Chester and such as well as a number of
5 others across the State of Pennsylvania, out
6 in western Pennsylvania, growing counties,
7 some in the northeast. So I think hopefully
8 the legislature will get back at some point
9 and do right by reversing the policies of
10 the 1991 budget. But thank you for coming
11 today.

12 Representative Quigley?

13 REPRESENTATIVE QUIGLEY: Thank you
14 for taking the time coming out here today.

15 Obviously, this doesn't relate to
16 Spring-Ford, this consolidation idea for the
17 reasons you outlined is probably not
18 appropriate or a good idea. But do you
19 think that there are districts in this
20 state, again, identified by that earlier
21 study that would benefit from again
22 conceptually from that consolidation idea?

23 MARSHA HURDA: Yeah. I think there
24 probably are some districts that would

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1 benefit. Mine just doesn't. And I think I
2 was one of those districts that wasn't on
3 the list because we are over 5,000, probably
4 just to make it clear that the larger the
5 district the more difficult it is to
6 maintain that small size.

7 But there is an economy to scale.
8 There is no question about it. We simply
9 have seen, as we doubled our school in the
10 last 15 years, that there are growing pains.
11 The same growing pains that we see felt by
12 those districts were felt by those smaller
13 districts that may be appropriate to merge.
14 No question about it.

15 REPRESENTATIVE QUIGLEY: I know you
16 talked about the sharing resources within
17 purchasing and things of that nature. Was
18 Spring-Ford also part of the Western
19 Technical Study Program?

20 MARSHA HURDA: Yes.

21 REPRESENTATIVE QUIGLEY: Maybe if
22 you could just elaborate the cooperation
23 between the school districts on that.

24 MARSHA HURDA: That's a really great

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1 point.
2 We have a consortium, support to the Western
3 Technical Studies. Again, it's our
4 percentage as the board is based on our
5 relative wealth in each one of your
6 districts. What happened recently was a
7 great example of cooperation in which three
8 districts came together through lots, and
9 lots, and lots of discussion and agreed to
10 renovate a technical school that was in
11 great need of additional repairs and
12 equipment. It was done cooperatively.

13 In the same way, Representative
14 Quigley, we as Superintendents, as Assistant
15 Superintendents, as business managers are
16 having more collaborative discussion about
17 how we can do things better at a lower cost
18 than we've ever had in the past. And that
19 will benefit all of us.

20 And so the environment has changed
21 in that it's not so much this is my
22 district, and we don't look outside of our
23 district. This is our district. Let's look
24 who is next door to us. Let's see if we can

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1 join together for the good of the students.
2 And no matter what decision is made,
3 I would just hope that the reason for our
4 existence is never overlooked, and that is
5 the students. The over arching question
6 that I ask myself, and I encourage our
7 teachers and our administrators to ask is,
8 is this in the best interest of the
9 students. In some cases, I think the answer
10 will be yes. And in other cases, I think
11 the size of the district should be as ours
12 or just about as big as they can be
13 effective.

14 REPRESENTATIVE SAYLOR:
15 Representative Godshall?

16 REPRESENTATIVE GODSHALL: Just a few
17 points. I did serve in the Souderton School
18 District for 17 years and have been in
19 contact with my school every since. I do
20 want to commend you on your administrative
21 structure here in the school district and
22 wish that other school districts would take
23 a look at that. And I'm taking that back to
24 my school district because I think it's

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1 something that I want to have looked at
2 quite frankly.

3 The one thing you mentioned,
4 unfunded mandates, I hear this over and over
5 again. When you really look at the total
6 picture, when you're looking at 66 to 68
7 percent of the cost around the districts is
8 salaries and benefits, then you add on
9 another 15 to 18 percent, in some cases, a
10 little higher of debt service. Now we're up
11 in to 80-some percent. Then you add on
12 insurance, utilities, busing, and so forth.
13 None of which are mandates. Now we're up
14 well in the 90 percent range in your budget.

15 You know, there really isn't a whole
16 lot left over for mandates. And I don't
17 know what some of these unfunded mandates
18 are, but it would be infinitesimal when you
19 look at the whole project.

20 Another thing is if somebody really
21 feels strongly about mandates, isn't it
22 possible under the present laws that you can
23 change the school into a charter school and
24 totally get away from all those mandates

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1 which I'm not sure exist?

2 MARSHA HURDA: Are you asking if I
3 would do that?

4 REPRESENTATIVE GODSHALL: Yes.

5 MARSHA HURDA: No, not at all. But
6 I want to point this out to you. When we
7 look at what we actually have to work with
8 in terms of our total, having just gone
9 through this budget process as we speak, our
10 costs, our ability to have much more room is
11 very, very limited.

12 REPRESENTATIVE GODSHALL: So if we
13 take all the stuff out that are mandates,
14 and there's just not a lot of room left
15 over. And it's a small, a very small part
16 of the budget. But a lot of unfunded
17 mandates or such things as nursing and so
18 forth make a very small amount in the
19 overall picture of things.

20 MARSHA HURDA: Still something to be
21 considered.

22 REPRESENTATIVE GODSHALL: Something
23 to be considered, but also look at that
24 charter school situation and get away from

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1 all of that.

2 MARSHA HURDA: I'm happy to be the
3 Superintendent of the Spring-Ford Area
4 School District.

5 REPRESENTATIVE GODSHALL: I
6 understand.

7 Thank you.

8 REPRESENTATIVE SAYLOR:
9 Representative Harper?

10 REPRESENTATIVE HARPER: I want to
11 comment and then I have a couple of
12 questions to follow up.

13 The first comment is, in addition to
14 the cost analysis study, everybody should
15 agree with the Standard and Poors study.
16 Basically, you already read it. Many of us
17 are familiar. It basically shows that there
18 is less correlation between the amount of
19 money spent per student than there is
20 between the student and his or her parents;
21 particularly, their educational achievement.

22 So I think reducing a child to
23 education to what we are paying their
24 teacher which is two-third of your budget

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1 misses a big part of what makes a child
2 achieve. Certainly, teachers are a big part
3 of it, but parents are a big part too. So I
4 know you read the study, but I don't think
5 that we should just rely on the Legislative
6 Budget Finance study.

7 What percentage of your school
8 budget comes from school property taxes?

9 MARSHA HURDA: About 80 to 81
10 percent.

11 REPRESENTATIVE HARPER: What was
12 your collection rate for this last year?

13 MARSHA HURDA: It was 96 to 97
14 percent.

15 REPRESENTATIVE HARPER: That doesn't
16 surprise me. This is Montgomery County, and
17 we haven't had -- we have had a slow down in
18 our real estate market, but not a tremendous
19 drop.

20 MARSHA HURDA: We have actually seen
21 it now as we're preparing for next year,
22 significant drop offs.

23 REPRESENTATIVE HARPER: In real
24 property or in transfer taxes?

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1 MARSHA HURDA: In real property, in
2 commercial property.

3 REPRESENTATIVE HARPER: In general,
4 and at risk of upsetting my colleagues here,
5 one of the reasons that we've had a
6 difficulty in switching from the real
7 property taxes to anything else is that, in
8 general, you collect 96 percent of those
9 property taxes. You do and the municipal
10 governments do also. Now, here at the state
11 level, we're in big trouble. We're down
12 three billion. We don't get real property
13 tax. We don't collect them. I'm talking
14 about them and worrying about them because
15 we know they are an issue for people for
16 fixed incomes. But we don't collect real
17 property taxes. And income taxes, corporate
18 taxes, even gas taxes go down in a down
19 economy.

20 MARSHA HURDA: Sure.

21 REPRESENTATIVE HARPER: We have to
22 worry a little bit about switching from the
23 systems that are working in terms of
24 reliability to systems that may or may not

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1 work if we switch. I just want to make that
2 point. I don't know if you have any
3 disagreement with that or not.

4 MARSHA HURDA: Well, I certainly
5 wouldn't disagree with the fact that we have
6 a tax collection rate. I would also agree
7 with you in your earlier statement about
8 parents involvement. A parents influence in
9 a child's education process is huge in terms
10 of student performance.

11 But I also think that we're blessed
12 in Spring-Ford because we have seen this
13 growth, and there is a lot of commercial
14 properties that have come into our area.
15 But as an educator, I have to look and say
16 does everyone have the same that we have?
17 And they don't.

18 And we rely on property tax solely,
19 almost solely that's where the inequity
20 exists.

21 REPRESENTATIVE HARPER: Right. And
22 I will also say that even if you switched to
23 a system that is partially funded by income
24 tax -- either earned income taxes or income

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1 taxes, which are pretty unpopular also --
2 you have those inequities because you have
3 communities where not only the cost of land
4 or commercial properties are more valuable,
5 but the salaries are more valuable. So
6 we're going to have inequities.

7 And that's why the school funding
8 formula is to try eliminate those things.
9 It's not working right now. But in general,
10 poorer school districts get more money under
11 the formula which was the idea. And those
12 ones that are more fortunate -- you, me, my
13 district -- get less and that's appropriate
14 also. So this is very complicated. The
15 structure that we have, it's not as easy as
16 getting rid of the property tax. I just
17 want to make that point.

18 MARSHA HURDA: And I would just like
19 to comment that we're all struggling right
20 now. We're looking at trying to get our
21 budget approved. Even though we are a
22 relatively wealthy district, we're feeling
23 the impact of the economy.

24 Our students continue to come.

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1 We'll have more students at the start of the
2 school year that we had at the start of this
3 school year. We have to educate them. And
4 I think it always comes down to what's best
5 for students.

6 In our district, we have invested
7 almost all of our money so that the school
8 district is administratively lean and in
9 buildings to house those students. A very
10 different environment than perhaps than one
11 of our neighboring school districts.

12 REPRESENTATIVE HARPER: Well, not so
13 different from any suburban district
14 throughout the Commonwealth quite frankly.
15 I think most of the people up here have
16 voted consistently to increase growth
17 subsidy for school districts that have
18 growing populations because we recognize the
19 number or amount of the students.

20 The formula does not correctly
21 account for that. So I think most of us
22 have voted to increase subsidy for growing
23 districts like yours because we do
24 understand the capital intent. Thank you.

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1 MARSHA HURDA: We certainly
2 understand that.

3 REPRESENTATIVE SAYLOR: Thank you
4 very much.

5 MARSHA HURDA: Thank you.

6 REPRESENTATIVE SAYLOR: Our next
7 testifier is Greg White who is President of
8 Greg White Consulting.

9 GREG WHITE: Thank you, Mr. Chairmen
10 and Members of the Policy Committee for the
11 Republican Caucus. Since I don't represent
12 an organization, I'd like to take about a
13 minute to explain what I've done, for to you
14 see that I do bring a different perspective
15 than a lot of the witnesses that you have
16 heard from.

17 For 22 years, I served as Staff
18 Republican at the House of Representatives.
19 Sixteen of those years have been connected
20 with that committee during that time on
21 issues of budget and school financing
22 issues.

23 Then I became the Policy Director
24 for the Ridge Administration. For the first

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1 term on that, I worked on Project Build, the
2 department's budget for school funding
3 formulas and form initiatives for the
4 Governor of the Secretary of Education.

5 I became Special Assistant to the
6 Secretary of Work Force Development in the
7 Department of Community and Economic
8 Development where I directed job-training
9 programs and directed a number of education
10 programs operated within the department, the
11 EITC tax-credit program, the Work Force
12 Leadership Grant Program which integrated a
13 curriculum across two years of high school,
14 community college in high schools, and
15 four-year degree programs and all
16 technology-manufacturing partnerships.

17 I currently have a contract with a
18 company known as K12 to work with them on
19 education issues in Pennsylvania. They are
20 the nation's largest online education
21 provider for elementary and secondary
22 schools in the country.

23 In my testimony, I'm going to ask
24 you to look at these issues with some

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1 different kind of context, different
2 elements, different issues, and look at it
3 from a much more broader scope than I think
4 most educators will ask you to look at.

5 I'm going to begin by referencing a
6 Time Magazine from December of 2006 entitled
7 How To Bring Our Schools Out of the 20th
8 Century.

9 They start by saying that Rip Van
10 Winkle awakens in the 21st Century after a
11 100-year sleep utterly bewildered by the
12 technology and rapid-paced society
13 surrounding him. Yet when they took him
14 into the school room, he knew exactly where
15 he was. This is a school. We used to have
16 these back in 1906 only the blackboards are
17 now green.

18 Do our public schools look like
19 this? Learning is student centric,
20 individualized, and self-paced, adapted to
21 handle the different learning needs of
22 students. The curriculum is based on some
23 of the latest research in child development.
24 Instruction and learning support is

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1 available 24/7. The teacher can track each
2 child's progress on a daily basis. And the
3 parent or parents serve as the learning
4 coach.

5 This kind of curriculum is available
6 for over 20,000 students in cyber charter
7 schools and are currently over one million
8 students in this country are currently
9 taking educational programs in an online
10 format.

11 Traditional public schools can not
12 provide customized service for students and
13 parents because they are within a
14 four-walled classroom and a school building
15 environment.

16 The Chairman of the US Chamber of
17 Commerce has issued a unique report card of
18 the public schools called Leaders and
19 Laggards focusing on performance measures
20 vital to the operation and improvement of
21 complex organizations. Instead of focusing
22 on the traditional things that we always
23 focus on in education with inputs, spending,
24 regulations, this report card emphasizes

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1 accountability, rigor, innovation, and
2 achievement or what business people would
3 call return on investment.

4 It's comparable to a consumer report
5 for education concluding we need to
6 fundamentally rethink how we provided
7 education in this country. That will
8 require nothing less than restructuring the
9 bureaucratic apparatus of American
10 education.

11 The same Time Magazine report which
12 I referenced earlier said that considering
13 the pace of change in our lives, public
14 schools tend to feel like throwbacks. The
15 2007 report of the new commission on the
16 skills of the American work force, through
17 choices or tough times, stated that the
18 governance, organization and management
19 scheme of the American Educational system
20 reflect the early 20th century model that I
21 just described in the Rip Van Winkle
22 analogy.

23 According to this report, this
24 system tolerates an enormous amount of waste

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1 and that this inherently inefficient system
2 has gotten progressively more inefficient
3 over time. In short, the report concludes
4 that the system is the problem.

5 This panel of education, labor, and
6 business leaders arguing to the role of
7 School Boards should also change. Instead
8 of owning and operating schools, they should
9 be operated by independent contractors.
10 Many of them limited-liability corporations
11 owned and operated by teachers.

12 The cost and delivery of educating
13 students to meet academic standards were
14 recently studied in the costing-out study.
15 A legislative Budget and Finance Commission
16 report studied school consolidation. Their
17 report noted savings of only \$81 million
18 when estimating the greatest hypothetical
19 savings for the optimum pairing of 34 school
20 districts.

21 Both of these studies examined the
22 issues within the current cost structure and
23 delivery system for public education. These
24 studies did not venture outside the box to

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1 look at alternative delivery mechanisms.

2 The study did not investigate
3 successful innovation outside of the system.
4 The approach used in the costing-out study
5 and I have known -- I've been a consultant
6 for 25 years and have with them in the past
7 tried to make an effort to change special ed
8 funding allowed 20 years ago. The cost-out
9 study adopted the existing cost plus
10 financing that exists in both secondary and
11 higher education.

12 Meaning, current programs and
13 structures are considered fixed costs. And
14 any new programs and redirected efforts
15 require additional funding. This continues
16 to drive up costs beyond the ability of the
17 public to afford them.

18 The Pennsylvania partnerships for
19 children recently noted that between 1984
20 and 2006, the consumer price index increased
21 by 106 percent. The median family income in
22 the state increased by 147 percent. The
23 cost of college climbed 439 percent.

24 During the same time period, total

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1 expenditures for school districts rose by
2 357 percent.

3 Cyber charter schools are a
4 relatively new phenomenon in public
5 education. On average, students receive 72
6 percent of the school district's per pupil
7 expenditure. With 28 percent savings to the
8 districts when the nation average is 22
9 percent. Districts receiving reimbursement
10 of 30 or 41.65 percent of their expenditures
11 with some districts receiving as high as
12 two-thirds or three-quarters saving and
13 addition reimbursement of their per pupil
14 costs. This does not include the savings in
15 facility cost and transportation.

16 The costing-out study recommended
17 increasing education expenditures by \$4.6
18 billion. An additional \$240 million is
19 needed for the special ed costs under the
20 study provisions Incorporated into House
21 Bill 704.

22 My question becomes, where will the
23 resources come for this expenditure in good
24 times, let alone during a recession?

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1 We have recently witnessed the
2 merger of two small school districts, Monaca
3 and Center with 6510 and 1,853 students
4 respectively but at a cost of \$2.7 million
5 in state and federal funds.

6 The administration and legislature
7 also provided financial assistance with the
8 transfer of Duquesne's secondary students to
9 two neighboring districts.

10 A recent PSBA white paper on
11 consolidation stated that additional state
12 funding would be needed for front-end cost
13 of leveling up salaries and benefits,
14 technical, and other financial assistance.

15 Mr. Testerman gave similar kind of
16 testimony to the funding of mergers. My
17 question is, how many district mergers can
18 the state afford with these costs?

19 The Legislative Budget and Finance
20 study also noted costs and other issues
21 inherent in mergers; i.e., maintaining the
22 existing structure. A redesign,
23 restructuring of the current system avoids
24 the contentiousness of the issues cited

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1 above as well as transportation, no child
2 left behind and AYP issues that the
3 Superintendent of Spring-Ford just
4 mentioned.

5 I would encourage you to look
6 outside the existing delivery system. This
7 is ultimately about the delivery of
8 educational services not maintaining
9 buildings, institutions, and organizational
10 structures.

11 How might this work? In their book,
12 "Disrupting Class-How Disrupting Innovation
13 Will Change the Way the World Learns," two
14 authors, Clayton Christensen, Michael Horn
15 and some other educational leaders argue
16 that public schools should be changed in the
17 same way successful innovation delivered new
18 and better products and services to American
19 consumers.

20 Innovation transforms a market whose
21 services are complicated and expensive into
22 one where simplicity, convenience,
23 accessibility, and affordability
24 characterize the industry. Examples include

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1 the replacement of the tabletop radio,
2 transistors and how iPods and a whole
3 plethora of other devices which you can put
4 music on to the evolution from mainframe
5 computers to laptops and portable devices,
6 and that you can access the internet from
7 your telephone now.

8 The authors noted that the existing
9 system cannot customize instruction to
10 address the different learning needs of
11 students unless there is a redesign of the
12 system accompanied by massive increases in
13 spending. The system is cramming the new
14 technologies into the existing system
15 instead of allowing the technology to take
16 root in a new model which grows and improves
17 and then changes the public schools.

18 The changes don't occur within the
19 current schools because the structure of the
20 organization determines the architecture of
21 its services.

22 The detail is very extensive on how
23 innovation has faulted current structure
24 when the structure is not conducive to the

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1 innovation. The current structures in
2 schools cannot accomplish it because it
3 needs to be fundamentally reconfigured, and
4 disruptive innovation does not occur when it
5 makes life more difficult for the incumbent
6 leaders.

7 Do we accomplish this by demolishing
8 the schools and starting over? No. As
9 noted above, it is a transformative change.

10 Cyber charter schools and charter
11 schools are an important aspect of this
12 change. Online education can deliver
13 quality education at a lower cost than the
14 traditional modes used in school districts.
15 Cost estimates for online courses range from
16 \$200 to \$600 per course. The high-end cost
17 is comparable to current public school
18 expenditures with the low-end substantially
19 less.

20 As in the private sector, the
21 quality of the courses will rise, and the
22 costs will decrease dramatically. The cost
23 per student, per course could drop to
24 one-third of current costs.

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1 The two authors that predicted that
2 in 2012, online learning will accelerate
3 exponentially. And that by 2019, 50 percent
4 of all high school courses will be delivered
5 online.

6 These cost savings can be used for
7 current courses as well as providing
8 low-cost programming that can expand
9 educational opportunities.

10 For example, the provision of
11 advanced AP and other courses in resource
12 constrained small, rural, and urban
13 districts; credit recovers for students
14 repeating courses for graduation; students
15 needing special tutoring; home-schooled
16 children; pre-k programming, and charter
17 schools.

18 Cyber charter schools are spending
19 over 80 percent of their funds on
20 instruction because they do not need to
21 support large facilities. They have lean
22 staffing arrangements without Assistant
23 Administrators and Supervisors. I would
24 like to congratulate the Superintendent at

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1 Spring-Ford for their very lean staffing
2 arrangement.

3 The average for instructional
4 spending for Pennsylvania school districts
5 is 59 percent.

6 According to PDE's task force on
7 school cost reduction, our school districts
8 spend 45 percent more than the national
9 average for administration with these
10 expenses rising at almost twice the rate of
11 inflation.

12 Online learning is a superior method
13 of assessing student performance. And for
14 many students, it is a superior method for
15 learning. Assessment and individualized
16 assistance can be interactively and
17 interdependently woven into the
18 content-delivery stage rather than tacked on
19 as a test at the end.

20 A recent report of the National
21 Governor's Association, That National
22 Conference of State Legislatures, the Chief
23 State School Officers, and NASBE
24 accelerating the agenda actions to improve

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1 America's high schools supported charter
2 schools and virtual education.

3 The section on the redesign of high
4 school states the factory model that led to
5 one size fits all high schools is an
6 outdated notion. Instead, states should
7 develop a portfolio of different high
8 schools.

9 School districts are currently
10 developing online programs. However, the
11 primary motivation is to compete with cyber
12 charter schools. The district programs are
13 much more limited in the scope than a cyber
14 charter school in most cases only offering a
15 core curriculum. The programs operate as an
16 add-on component and are not an integral
17 part of their instructional program or a
18 substantial redesign of the delivery of
19 their services.

20 The US Chamber of Commerce -- the
21 report that I referenced earlier -- also
22 noted that forward looking states are
23 fostering innovation through aggressive
24 promotion of comprehensive charter school

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1 legislation and enabling virtual schooling
2 establishing what they call the
3 infrastructure of the 21st century
4 educational reinvention.

5 The report ranked Pennsylvania 44th
6 out of 50 states in flexibility in
7 management and policy a D. Pennsylvania
8 clearly has some work to do to meet this
9 standard.

10 When I was directing the Work Force
11 Leadership Grant Program, which I referenced
12 earlier, is a two plus two plus two
13 curriculum across grades 11 through 16 in
14 advanced manufacturing, IT, and Bio Sciences
15 for the coordinator of one of the grant
16 programs said that we had taken them out of
17 their comfort zones by requiring them to
18 look differently at their programs, their
19 curriculum, and how they operated. It
20 worked.

21 Building an integrated curriculum
22 across three levels of education, the
23 student had a semester of advanced credit
24 when they enrolled in higher education. The

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1 students had to meet proficiency standards
2 on PSSA, and the recipients were able to
3 leverage National Science Foundation and
4 Federal WIRED grants from the Department of
5 Labor and Industry to expand their programs.
6 I think it's time that we take public
7 education and school districts out of their
8 comfort zone. However, charter and cyber
9 charter schools are an excellent start. I
10 believe we have much further to go.

11 I would like to add one more thing
12 one that's not in my testimony. I believe,
13 Mr. Chairman, while we continue to play with
14 the numbers and what it costs, whether or
15 not you accept the costing-out study as a
16 valid mechanism for determining what should
17 be spent for public education, there's clear
18 debate on it.

19 And when you look at the numbers,
20 the Governor has asked for 417 and next year
21 another 318. This is actually below the
22 numbers that were requested by the Governor
23 when he projected the cost of implementing
24 the costing-out study at 417 million from

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1 this year. But it will be 478 million next
2 year, 478 million the year after that, and
3 478 million the year after that.

4 So even if policy members adapt to
5 the costing-out study, we have \$160 million
6 shortfall from meeting the adequately levels
7 year after year after year.

8 In addition, at the end of that \$478
9 million state pumps up the pension spike.
10 With the projected employer contribution
11 rate to go up to over 7 percent to maybe 5.7
12 percent. That's a billion dollar bill or
13 more.

14 So I think we are forced to ask
15 ourselves can we maintain the system the way
16 it is and pay for the way that education
17 would like us to do it? I think this
18 requires an examination of the issue that's
19 beyond what we have traditionally looked at.

20 Are there any questions that the
21 members may have?

22 REPRESENTATIVE SAYLOR:

23 Representative Tallman?

24 REPRESENTATIVE TALLMAN: Just real

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1 quick. In your written testimony, there's a
2 line or two in one paragraph addressing
3 school consolidations. In your research,
4 would you state that you are in favor of
5 school consolidation because of your
6 research or not in favor of school
7 consolidation?

8 GREG WHITE: I would concur with a
9 lot of comments that have been made here
10 today about upfront costs. I tend to think
11 of it in a kind of different way. I can
12 remember meeting a Superintendent from a
13 rural school district who said that he was
14 very concerned that this school just
15 couldn't exist anymore. And he asked where
16 would we merge this district. And I
17 actually said that I don't think you should
18 merge with my single school district. The
19 district should be completely broken up and
20 merged with two, three, or four surrounding
21 districts.

22 In rural areas, merging is a huge
23 issue for that. And in that particular
24 issue, if it would have been merged with the

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1 area school districts, the kids would have
2 been on buses for well more than an hour.

3 There, the requirement for the
4 Juniata County school district for a
5 relatively short period of time probably no
6 longer than they spend on the bus currently.

7 The department did the same thing
8 when they transferred students from the
9 Duquesne School District to the neighboring
10 school districts. I think it was more and
11 less so I think you have to look at it in a
12 entirely different context.

13 I'm not sure that you should just
14 basically merge, that these mergers should
15 happen because some schools have capacity,
16 certain buildings and facilities they are no
17 longer utilizing, but if you try to merge
18 them with another school district that may
19 occur. So I think it's going to be a
20 variable of things that you have to look at
21 on an issue-by-issue basis.

22 There's a point. Here's another
23 example that occurred when I was with the
24 department. The discussion earlier today

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1 was about western Pennsylvania school
2 districts being difficult. One of those
3 school districts approached us about
4 incentives to merge with surrounding
5 districts. They asked us to absorb the
6 school district's entire debt at the state
7 level. It was \$42 million. This was for a
8 very small school district. It had done a
9 number of facility renovations and
10 construction over a period of years.

11 There's no way the state can afford
12 to do that except in a very small handful of
13 cases where absolutely there are no other
14 options.

15 So it's somewhat of a different
16 issue that you have to look at on an
17 individualized basis, but you have to look
18 at those particular costs. And if we have
19 to provide incentives every time, we're
20 going to do this. That's already on the top
21 of the regular support that we have provided
22 to the school districts for special
23 education, the busing, subsidy formula, all
24 those other kinds of issues. That's why the

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1 whole issue requires looking at it from an
2 entirely different perspective because the
3 money just isn't there.

4 REPRESENTATIVE SAYLOR:
5 Representative Quigley?

6 REPRESENTATIVE QUIGLEY: Thank you
7 again.

8 The one area where, I guess, you
9 talked about this Christensen and Horn
10 predicting that by 2019, 50 percent of all
11 home courses will be delivered online. Do
12 you agree with that prediction?

13 GREG WHITE: Probably not. Because
14 of my experience of 35 years in working with
15 education, I think there will be a whole lot
16 of resistance. The point that I continue to
17 make is that I don't think we have a choice.
18 We have to start looking at these kind of
19 things as it happened in prior situations.

20 The economics of this is something
21 called an escrow. And once that then goes,
22 it goes like this (indicating) and then
23 levels off at some point.

24 But will that happen in public

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1 education?

2 I'm not sure that it will. Can it occur and
3 does it need to occur? I think the answer
4 is yes.

5 REPRESENTATIVE QUIGLEY: So you do
6 predict it as an increase as time goes on?

7 GREG WHITE: As long as we don't put
8 road blocks on it, yes.

9 REPRESENTATIVE SAYLOR: The question
10 I have is one that I don't know if you can
11 answer, but it's one that we see constantly
12 being challenged by a number of supporters
13 for home schools, charter schools, and cyber
14 school as well as other schools.

15 The concern I have with cyber
16 schools probably most of all is when we talk
17 about the amount of time. We see a lot of
18 times children who are ending up -- children
19 I'm going to say for a lack of a better word
20 -- children performing some heinous acts
21 that we take notice to. Many times, the
22 reports indicate that these children have
23 spent so much time online on computers and
24 not interacting with other children and

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1 individuals.

2 The concern I have, I guess, is it
3 scares me a little bit. We already see kids
4 spending too much time on computers and too
5 much time on TVs and so forth. And I
6 realize that cyber charter schools are a
7 little bit different than games and
8 everything else that goes on with things
9 today, but I am concerned when I hear
10 business leaders when I travel around during
11 the Ridge years and with Representative Jess
12 Staires and others, the biggest problem that
13 they find in our educational system is when
14 students are coming out of college and going
15 to work for them -- I just toured Proctor
16 and Gamble this week out in Wyoming County
17 -- but the interconnection of personal
18 skills being able to communicate among
19 workers, students getting out of college not
20 being able to interact well with others
21 whether they are supervising or just regular
22 workers in the facility.

23 I'm concerned where that takes us.
24 And can you tell this group as we talk,

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1 hopefully, not 2019. I'm not sure I support
2 the 2019. Where do we go and how we change
3 that? Because I think that's a concern that
4 a lot of the parents and society has about
5 the amount of time students are spending on
6 computers today, that they aren't getting
7 the interpersonal skills needed and business
8 leaders seem very concerned about it as
9 well.

10 GREG WHITE: Let me attack this a
11 couple of different ways. First, in online
12 education particularly with cyber charter
13 schools, there's a lot more interaction with
14 teachers than most people believe that
15 students are required to log in at different
16 times. They walk through their lessons with
17 them on an explained basis, and parents are
18 also very actively involved. We have lost
19 students in cyber charter schools because of
20 the recession. Mom or dad had to go back to
21 work and couldn't spend the time that they
22 wanted to with the child, so that the
23 education monitoring doesn't necessarily
24 work for them anymore.

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1 The same things were said about
2 students' home education programs. I wrote
3 Pennsylvania's home education program and
4 the same criticism were levels of isolation.
5 They would be off doing things and not
6 learning. I think that for the past 15
7 years or so, I've proven that to be wrong.

8 Home educators get students to do
9 all kinds of exercises. Cyber charter
10 schools do the same things for their
11 students. The kids are not that isolated.
12 The kids often are interacting with
13 themselves. Although, it is done online a
14 lot, but there's also a kinds of activities
15 for these kids.

16 The people who run these schools
17 understand that you need to do something,
18 some kind of activity as well.

19 I don't think the students are all
20 that isolated, and they might do things
21 outside of school that they purchase to
22 interact with people.

23 In some ways, culture in schools is
24 not necessarily an advantageous thing.

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1 Frankly speaking that's why parents don't
2 have their kids in schools because of peer
3 culture.

4 REPRESENTATIVE SAYLOR: I know all
5 of us are trying to learn how to Twitter,
6 Face Book and everything else. There's a
7 lot of challenges as politicians as well.
8 Maybe some day, teachers will be doing
9 something like that to communicate with
10 their students in a way that would be
11 different as we move forward in the century.
12 Thank you.

13 Are there any other questions from
14 the Board?

15 - - -

16 (Whereupon, there was no response.)

17 - - -

18 REPRESENTATIVE SAYLOR: At this
19 point, I would like to turn it over to
20 Representative Quigley for closing comments.

21 REPRESENTATIVE QUIGLEY: I want to
22 thank you, Chairman, for bringing the
23 committee down here, your committee staff,
24 and my colleagues for coming out today.

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1 I want to thank our presenters John
2 Armato, Dr. Reed Lindsey, Dr. Marsha Hurda,
3 James Testerman, and Mr. Greg White for
4 sharing your insights on this topic.

5 As I said, I think this was brought
6 out there at the beginning of the year with
7 the Governor's Budget Address. I personally
8 believe it was a little bit of a diversion
9 of what was going on with our budget
10 situation, but I think that it's important
11 to get together and talk to people that are
12 on the front line and ground level to share
13 their thoughts with us. So we do take this
14 up in the near future. So, again, thank you
15 everyone. Again, thank you Montgomery
16 Community College for your hospitality.

17 REPRESENTATIVE SAYLOR: Just in
18 closing, again, I, as Policy Chairman really
19 appreciate the fact that you were willing to
20 come forward.

21 Sometimes people don't want to come
22 forward and give their opinions.

23 Ms. Hurda, I'm very impressed with
24 your school district today with what you

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1 told me. Especially there as Representative
2 Godshall mentioned about your management.
3 I've been talking far too many times, even
4 back home in Red Lion about -- I think our
5 management has gotten far too top heavy in
6 our school districts. And I sometimes think
7 we have lost track of reality.

8 I want to compliment you today
9 because I think that from what you're
10 telling this committee, honestly, with
11 maintaining a small staff, I think that
12 promotes a better working-team relationship
13 and a reality about what you mentioned
14 earlier that this is about our future.

15 I think sometimes we get too top
16 heavy and forgot what our ultimate goal is.
17 So thank you, and I appreciate everybody's
18 time today. Thank you.

19 - - -

20 (Whereupon, the hearing
21 concluded at 12:06 p.m.)

22 - - -

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C E R T I F I C A T E
- - -

I, Jan Edwards, Court Reporter and
Notary Public, do hereby certify that the
proceedings and evidence are contained fully
and accurately in the stenographic notes
taken by me on Monday, May 18, 2009, and
that the foregoing testimony was taken in
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JAN EDWARDS
Notary Public
My Notary Expires
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