

Good Afternoon,

My name is Bill Hall and I am the Superintendent of the Millcreek Township School District. It was about four years ago that I stood in front of a packed house at Grandview Elementary School to share devastating news to our community. The Millcreek Township School District faced an \$8.8 million dollar deficit for the upcoming school year. Our options to balance the 2014-15 budget were drastic and painful, and even more sobering was the knowledge that our fund balance would be depleted at the end of the current school year. In fact, it was apparent that we would be in the hole over \$400,000 to start the following year. After being appointed as Superintendent in July of 2013, I knew that we were facing an unprecedented financial crisis, much like the one currently facing the Erie School District.

In the months and years that followed that difficult public meeting, The Millcreek Township School District raised taxes, closed two elementary schools, refinanced our debt, and through attrition, absorbed numerous teaching positions. We have also eliminated over fifty critical support staff positions. But more importantly, the District had to cut programs and teaching staff that directly affected our students, including Librarians, Reading Specialists, and Instructional Support Advisors.

As I sit in front of you today, I can report that our District's financial position is strengthening. But the threat of absorbing a large number of displaced Erie School District high school students has all of us wondering how we would ever make that work. The questions that I am asked most often about this possibility includes the following:

- How many students can we take without adding more programs and staff?
- How can we begin to do a cost analysis when we don't know how many students we will get?
- If we take students from Erie, how can they pay us tuition when they can't pay their bills?
- Who is responsible for transportation?
- How will we be able to do this when we are just now getting back on our own feet financially?

My common response to these questions has been – and is still – “I don't know.” Our budget faces the same increased expenses as all districts face: Increasing salaries, PSERS costs, medical coverage, and contracted services. The increasing and unpredictable costs of charter and cyber school costs continue to drain money from our budget. More about the Cyber School costs later.

So, where do we begin to calculate the cost of adding Erie students to our high schools? We began by looking at historical enrollment data from the 2009-10 school year. In that year, there were a total of 2488 students enrolled in our high schools, and this year our enrollment is at 2247. That difference is 241, and to keep things simple; if we could handle 241 additional students then, we could probably do that now. So, how many teachers would we need? Again, simple math; in 2009-10, we had 180, while today, we have 157. That difference is 23. We estimate the cost of a new teacher to be about \$75,000, which means that we would add – at a minimum - \$1,725,000 to our budget for an influx of only 241 students from Erie. That might not seem impossible, however, according to PDE, our functional capacity is 2717. That means we could be expected to accept up to 470 additional students, which doubles our budget number for staffing to \$3,450,000. This year, our Act 1 index limit was \$1.5 million, which means that we would need to begin cutting our budget by \$2 million dollars just to cover staffing needs. These quick calculations for staff do not include related costs associated with absorbing additional special education and ELL students, technology costs, supplies, and most importantly – physical classroom space. McDowell High school does not have physical space to absorb much more than the 241 students I mentioned earlier.

Please bear in mind, that the costs I am referring to here are only for the additional staff needed to handle more students from Erie. We still need to cover rising salaries, PSERS, insurance and other fixed costs that we estimate to be approximately \$3 million per year. Again, trying to keep it simple: \$3 million, plus \$1.7 for staff to cover 241 more kids, minus a tax increase to the maximum allowed (\$1.5 million), and we're having to cut over \$3 million a year for the foreseeable future IF Erie closes its high schools. We've been told that they will have to pay tuition for these 241 kids, but will we get the money if they can't pay their own bills?

Again, I'm trying to keep my message simple: If Millcreek can only "reasonably" accept 241 students, or even the 470 according to PDE's functional capacity, where do the other 2900 kids from Erie go? If Millcreek, the largest and closest district to Erie will struggle financially (again) with this most disastrous scenario, what will happen to the rest of the school districts in Erie County? Common sense tells us that it will only be a matter of time before we all go bankrupt. Then what? Where will the kids go then? To me, it's simple: Erie School District cannot implode and they cannot close their high schools. I'm not even sure that changing existing laws can make it work. There is not one of my fellow superintendents who would not do what we could to help Erie make it work. It's too big of an issue, an issue that's multi-faceted, convoluted, and certainly unprecedented within the Commonwealth.

But, if you leave here today with anything, please listen to us regarding fair funding for our increasing cyber school costs. I am only speaking of cyber schools and not the brick and mortar charter schools. For those in the room who don't know, Millcreek SD pays over \$9000 for every regular education student who arbitrarily leaves our district for another private cyber charter school. For every special education student who leaves, the cost is over \$19,000 per student. Even though we run our own cyber program, we still must pay these excessive per student costs. If you would like to save the Erie School District – and provide significant budgetary relief to every district in the Commonwealth – "DE privatize the private cyber schools." These private and underperforming schools are draining money from all District's across the state. Do you know what it takes to run a cyber school program? It takes 4 things: A laptop, an online curriculum, a teacher of record, and a part time secretary. How much does that cost? It is certainly much less that what we all are currently paying to private cyber schools for their underachieving product.

If you really want to save the Erie School District, and not have to listen to other Districts who are asking for more money, try one of these remedies:

1. Mandate that students who want an online cyber service option must enroll in their District's online program. This way, the home district can continue to monitor their progress (or lack of, as is generally the case...) and keep them connected to their school;
2. Mandate that students who want an online option must enroll in a state-sponsored and operated program that would be regionally based. This could possibly be operated by a regional Intermediate Unit with a focus on a more realistic cost of providing this service.

In either option, advocates for school choice and cyber charter schools would continue to have that as an option – a much more affordable option – for all district students. De-privatizing the private cyber charter schools would mean considerable savings for many districts in Erie County and across the state. More importantly, this may also provide a common sense and long term solution for a financially struggling Erie School District.