

Testimony to the  
Senate Education Committee

Erie, Pennsylvania

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Richard Scaletta, Superintendent  
General McLane School District

Good afternoon and thank you for this opportunity to address this committee.

My name is Rick Scaletta and I am the superintendent of the General McLane School District located in south Erie county. I'd like to start today by giving the background of our district as I think that is necessary to understand what would happen if Erie closed its high schools.

Our district includes about 2200 students in grades K-12 and serves a 117 square mile area. We are comprised of 3 townships and 2 boroughs located within two of those townships. In 2016-2017, we have a budget of \$ 32 million.

We are a district that has been responsibly managed and financially disciplined. I would like to take all the credit for that but it is mostly due to one of my predecessors who was superintendent for 23 years. She was a former nun and often reminded us that she had taken a vow of poverty, so asking her for money was a little scary; but, she established many practices that have held us in good stead.

When the federal stimulus money dried up at the end of 2010-2011, like other districts, we were hit hard. We started with a budget that was 2 million dollars out of balance. Fortunately, the leader of our teachers' union offered to discuss options and that led to an agreement for employees to pick up a greater cost of health insurance. The next year, we worked together to change health insurance carriers. Due to those changes we made, we saved \$778,000.

Subsequent to the insurance savings, we made some personnel changes. When our full time special education director retired, we shifted her duties to an associate principal; when our full time curriculum director retired, we shifted his duties to another associate principal. An elementary principal picked up federal programs duties and our athletic trainer also became our athletic director. Essentially, seven people are now doing the work that 10 people used to do.

Another key factor to our fiscal state has been the decreasing of teaching positions through attrition. As our enrollment has declined, we have decreased teaching staff.

Many people would consider General McLane to be what the Erie Times keeps referring to as "the more affluent county schools." But if you look at the demographics I've provided on Table 1, you'll see that our percentage in poverty and median income, while definitely better than Erie, are not some of the strongest numbers when compared with our neighbors. I would not consider us affluent.

Since I became superintendent in 2010, we have raised taxes to our index each year except for 2016-2017 when we raised them to half our index. As you can see on Tables 2-4 of my support materials, every penny of those local taxes raised has gone to pay for pension increases and charter school costs. I know some legislators in Harrisburg like to take credit for "no broad based tax increases," but I would contend that complacency in this area, has simply pushed the responsibility for providing revenue onto local school boards.

With all the money from increased taxes going to pension and charter schools, we came to rely on our annual BEF increases from the state to cover our other cost increases in the area of personnel, utilities and health care (after the initial savings we have slowly trended up.) Our increases from the state usually ran between \$250,000 and \$350,000 per year. With the new Fair Funding formula, our BEF increase for this year was \$148,000 and for next year will only be \$73,000. Moving forward, we have significant concerns with how we will meet rising costs. For the first time since 1995, we have to add staff next year. Due to the significant increase of children's emotional needs, we need to add an emotional support program at our elementary school and need an additional elementary teacher due to an uptick in enrollment. Additionally, with the increased demands of special education, it is becoming more and more difficult to avoid special education litigation with only a part time special education director.

We have always done multi-year projections with our budgeting process. Our current three year projection assumes a 1% increase in revenue and a 2.5 to 3.1% increase in expenses. If I extend our projections, we will have exhausted our fund balance by 2026-2027 and will be on the brink of insolvency as Erie is now. The obvious question is, "How does a well-manged, fiscally disciplined district become insolvent in ten years? The answer is simple math: Large expenses (pension and charter schools) are out of our control and our revenue is capped by Act 1 of 2006 and by the ability of our people to pay. That brings us to the Erie situation.

If Erie closed its high school, current school code requires us to take as many students as would want to come but there is no way of knowing for sure how many that would be. So, I chose the number 200 because in 2001-2002, we had almost 200 more students in our high school than we do presently. So I went back to that year to see what staffing levels were like. We had 10 more teachers at the high school than we do now (and incidentally, 10 more at the middle school). So I did cost projections for an additional 10 teachers and the other supports we would need to accommodate 200 additional students and arrived at a cost of 1.66 million additional dollars needed annually to pay for these additional 200 Erie students, We've been told by Erie that they will not be able to pay us the tuition for their students so if my taxpayers have to absorb that additional 1.66 million per year, our insolvency would occur closer to 2022. These projections are made with many assumptions so perhaps we would last longer or not quite as long. More Erie students would of course hasten our insolvency.

School code currently requires children through age 17 to be educated. Yet, school code also allows school districts to close high schools. So, if Erie really sent their 3200 students into the county, we would all eventually have to close our high schools at which point, I believe the state would be fully responsible to educate the high school students of Erie County. So at this point, Erie's problem is really the state's problem according to school code.

I want you to know that I am a person who always looks for opportunity. When the idea of taking on Erie students into our high school was first raised, I thought it presented some great opportunities. But as I got into the financing of it, it became clear that any positives would like be muffled or cancelled by the funding issues that would plague us. In short time, we wouldn't be able to provide any more opportunities for **all** our students than Erie is presently providing.

I know that there is a feeling that public education in Pennsylvania is receiving a great deal of money and that more money won't necessarily bring better results. I'd like you to consider that General McLane in 2010, was identified by the Joint State Government Commission as a "low spending, high achieving school district." Even with that designation, we face potential insolvency that would be made certain by a large influx of Erie students.

I believe that in many cases, school districts should be able to predict and prevent financial deficits. My frustration is that the future looks very bleak on the current trajectory of state funding and local taxation and much of that is beyond our control. Essentially, school districts have been placed in the undesirable position of not being able to control two of our largest expenses, pension and charter schools, while having a cap placed on our ability to raise revenue (Act 1 of 2006).

I know I've brought you problems today and when people bring me problems, I like it when they have potential solutions as well. So, I'd like to address two.

First, Pension costs. I know this is a huge problem and will take a number of measures to make the fund solvent. I would start by having meaningful conversations with people who have worked at PSERS for a while, dealing with retirees. I bet they could identify some policies that could change to save the system money. I also think that those of us hired before the 2.5 multiplier came into being would be OK if our retirement were to be calculated at 2.0 for all the years prior to the 2.5 multiplier. I have read that that change would probably survive a court challenge. It is something that should be explored for potential savings.

The other area that MUST change is cyber charter schools. All of the schools in our district get scores in the 80s and 90s on the School Performance Profile. We have around 40 students a year who "attend" cyber charter schools with SPP scores in the 40s. I know the charter school movement is based on "choice." But I ask, what about choice for my taxpayers? Tax-payers of General McLane are already providing schools which perform well and in which they are proud. Why don't they have a choice? Why should they be forced to pay for students to attend these underperforming schools when they have provided better schools? (See attached excerpt from Lancer Letter #207)

Here's an irony: There is one group that could save Erie schools. It is the parents of Erie students who send their children to charter schools. If they returned them all to Erie Schools, Erie would have enough money to continue.

The state has to understand that by allowing charter schools, it has created an additional 137 school districts bringing us to 637 districts. I laugh whenever I hear talk of consolidating school districts to save money. Allowing the creation of all these charter schools has essentially added school districts. Erie had a brick and mortar charter school where the principal of 200 student made more money than some of the superintendents in the county who were responsible for thousands of students. Does this make sense? The siphoning off of funding for public schools for charter schools is a major contributor to the insolvency issues facing districts across the state. Something must be done about this cyber charter debacle.

In closing, I would welcome any of you to visit our district. I believe you will find an exceptionally lean administration and teachers working very hard for their students. I would welcome you to take a close look at our finances. I think you would discover that despite the fiscal discipline and management we routinely provide, there is trouble on the horizon which will be hastened by an influx of students.

**Table 1 : Comparative district financial data**

Source: 2010 Census

	Household Income	Household Income	Unemployed	Percentage	Percentage
District	Mean	Median	Percentage	Without	in
				Health Ins.	Poverty
Erie City	\$44,484	\$33,007	6.6	11.1	27.4
Fairview	\$101,913	\$76,602	5.9	1.9	4.5
Fort LeBoeuf	\$68,207	\$54,426	2.6	8.3	5.9
General McLane	\$63,400	\$52,188	5.4	9.7	15.3
Harbor Creek	\$72,154	\$62,236	9.8	5.8	7.9
Iroquois	\$59,309	\$52,317	10.2	8.6	10.4
Millcreek	\$78,192	\$55,547	6.4	6.3	10.8

**Table 2: Annual increases in pension payments for General McLane School District**

School Year Budget	Amount of Increase for District Pension Contribution
2012-2013	\$286,755
2013-2014	\$333,906
2014-2015	\$381,660
2015-2016	\$349,700
2016-2017	\$336,200
<b>Total</b>	<b>\$1,688,221</b>

**Table 3: Annual Payments to Charter Schools (mostly cyber)**

School Year Budget	Budgeted Amount for Charter Schools
2012-2013	\$272,000
2013-2014	\$268,900
2014-2015	\$307,900
2015-2016	\$409,900
2016-2017	\$373,100
<b>Total Increase since 12-13</b>	<b>\$101,100</b>

**Table 4: Total increase in annual tax revenue**

<b>School Year Budget</b>	<b>Additional Tax Dollars through Millage Increase</b>
<b>2012-2013</b>	<b>\$286,900</b>
<b>2013-2014</b>	<b>\$444,156</b>
<b>2014-2015</b>	<b>\$322,158</b>
<b>2015-2016</b>	<b>\$340,560</b>
<b>2016-2017</b>	<b>\$175,435</b>
<b>Total</b>	<b>\$1,569,209</b>
Total increase of pension and cyber over the 5 year period	<b>\$1,789,321</b>

The final two pages following this appendix is a Lancer Letter. Each week in the local paper, on a local online publication and on our website, I communicate with our community about different issues in education facing our district.

The Lancer Letter #207 was published in fall of 2014 and reflected what had happened in the previous school year with charter schools and our district. Annually, we only have a handful of students attend brick and mortar cyber schools so most of our charter attendance is attributable to cyber charters.

Taxpayers of General McLane and of all school districts in Pennsylvania: You should be angry – maybe even incensed. You are being forced to pay for inferior education for those who “choose” it while also paying for a quality education system. I’m speaking, of course, about one of my “hot buttons,” cyber charter schools.

This week I want to make my point with some very specific information which I think will show the insanity of this whole system and why you should be upset.

During last school year, 2013-2014, 53 students from the General McLane School District attended a charter school. When a student (or student’s parent) decides to attend a charter school, we get no say in the matter. We usually find out simply by receiving a request for school records from the charter school the student is planning to attend.

To make my point, I will use the School Performance Profile system. I’m not fond of this system even though GM rose to the top of it. I think it essentially takes a very complex system involving human beings and reduces it to one simple number. That is never good. Nonetheless, since it is what is used by the state to determine quality, I will use it.

As you may know from the newspaper, GM came out as the top district in Erie County in 13-14 according to the school Performance Profile system. Our schools scored as follows:

School	SPP score
Edinboro Elementary	94.7
McKean Elementary	94.7
James W. Parker Middle School	83.2
General McLane High School	90.6

Charter Schools performance rating is based on the whole K-12 system so they only get one number, not a number per building as we do. You can look at this chart and relate the level of school performance to each grade level. For example, an elementary student in Agora Cyber school is getting an education rated at 42.4 when he or she could be at our school rated at 94.7.

Charter School	El Students	Middle School Students	High School Students	SPP Score	Cost to GM Taxpayers
Agora Cyber	2	2	2	42.4	\$44,985
PA Cyber	7	5	15	55.5	\$206,748
Commonwealth Connections Cyber	1	2	2	52.2	\$33,792
PA Virtual Cyber	0	1	1	63.4	\$24,672

<b>Charter School</b>	<b>El Students</b>	<b>Middle School Students</b>	<b>High School Students</b>	<b>SPP Score</b>	<b>Cost to GM Taxpayers</b>
PA Leadership Charter	1	0	1	59.3	\$16,728
Montessori	3	1	0	78.5	\$29,677
Perseus House	0	1	4	40.9	\$62,424
Erie Rise Academy	2	0	0	61.5	\$16,828

In 2013-2014, you the taxpayers of General McLane paid \$268,900 for students to attend these schools. Some will argue that because the payment is withheld from our state subsidy that local tax dollars are not being used. Semantics. We budget every year estimating what will be withheld so that has to be made up with local taxes. This year we will likely lose half a million to charter schools.

The proponents of the charter system insist that it is about choice: parents should have a choice as to what school their child attends. What about GM taxpayers? Shouldn't you have a choice? Shouldn't you have a say as to whether you want to support low performing school systems while you've already provided one of excellence? How much more money will we waste at the altar of choice?

The proponents of choice have many arguments which I will not take time to completely explicate this week. One of their arguments, though, is, "Why should a child be forced to attend an underperforming public school." They don't think about the taxpayers being forced to pay for students to attend underperforming charter schools. Where is the choice for you?



