

AUSTIN AREA SCHOOL DISTRICT
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OPENING REMARKS

I'm sure you have heard many of the issues over and over.

I really don't want to waste your time by saying it one more time.

There are unique problems in many places, so I would like to take this time to explain our situation and assure you that we have not sat back and thrown up our hands and complained; we have tried to solve the problem ourselves.

So with that being said;

AUSTIN AREA SCHOOL DISTRICT
SPEECH ON BASIC EDUCATION FUNDING

Thank you for the opportunity to speak to this commission today. My name is Jerry Sasala, Acting Superintendent of Pennsylvania's smallest public school district, the Austin Area District, covering 228 square miles of mountainous terrain.

We are located in Potter County in what is possibly the most remote and mountainous area of our State. Incidentally, Potter County has 78% of families living at 300% of the poverty level. That is the level where children are at high risk of school failure. We have one building housing 216 students, Pre-Kindergarten through 12th Grade, with a total budget of just over 4 million dollars. We are the closest thing to a one room school house that I have seen in Pennsylvania.

With your permission, I want to address five issues today that we believe must be taken into account when constructing a formula for Educational Funding. These issues include the remoteness of the area, the ability to fund education locally, the unique problems we encounter, the programs we have initiated to overcome these problems and the results we have achieved.

Before I begin, I want to impress two thoughts upon you. One, we experience frugal use of the limited resources we have available. As an example, our men's faculty room and work area is a 9' by 11' room

containing one chair and a two person couch. The women's room is the same size but has a table instead of a reading area. That is scarcely more than two sheets of plywood laid on the floor. We are not complaining, however. We are more concerned with our second belief, that being, we cannot consolidate effectively without serious injury to our students' futures.

The first of the issues mentioned concerns the remoteness of our area. I want to draw your attention to the map I have provided. The map is of Potter County where there are five school districts. The area outlined in red is the Austin District, named for E.O. Austin, the first resident of the area and site of the Bayless Paper Mill and Goodyear Lumber Mill that was once the largest lumber mill in the world, producing over a million board feet of lumber a day.

It is also the site of the Flood of 1911 that was caused by the failure of a dam, built by cutting costs, which eventually led to a great loss of life and wealth to the area.

As you look at the map, the area in white is taxable land. The blue is reduced taxes, and the green is State-owned land. Potter County has 268,176 acres of State-owned land. 112,728 or 42% is located in the Austin Area. As you can see, only 10% of our district has taxable land. The rest is State land from which we receive \$1.20 per acre. A mil in

our District raises \$30,000. We are taxed at 46 mills, the highest allowable by law.

I was recently questioned if I had made a mistake when presenting this information. Did I mean to say \$300,000 instead of \$30,000? I was asked. This was by a commissioner from a neighboring county where a mil raises \$600,000 of tax revenue. The \$30,000 amount is accurate, however; the point being that, although millions of dollars of revenue are generated by the lumber and gas industries, these monies are distributed throughout the State, with very little coming back to our area. I believe that 55% of our funding comes from the State, but 90% of the land is State owned. I recently read an article about one of the Basic Education Funding meetings where a school reported receiving over 74% of funding from the State. Although 19% more would benefit us immensely, I realize that one size may not fit all. When constructing a new formula, however, our inability to fund our school with local taxes must be considered.

Coupled with this is the reality that our Special Education Budget is \$515,000 this year, 1/8 of our budget. Along with pension costs, health care and new mandates such as Act 339 that are affecting all schools, an impossible burden is put on our ability to educate our

children. Since I began three years ago, our Special Education Budget has increased dramatically, with an increase of over \$100,000 just this year. The loss of revenue from the State owned land is over one-half million dollars per year.

The third issue, being unique problems that rural schools encounter, is connected to the first problem of remoteness. Transportation through mountainous areas in winter presents one of these. Picture elementary students walking down a secluded lane in the dark of winter to arrive at a bus stop, hoping the bus is on time, then riding for an hour before arriving at school. Consolidation with a neighboring district would add 45 minutes to even the closest school. We feel that an hour and 45 minutes one way is too long for any child to be on a bus. Although I live on a farm that is only three miles from the school, my children were picked up at 6:40 AM and rode the bus route loop for over an hour before arriving at school.

Besides transportation, which is rather obvious, another unique problem with rural schools is that there are sometimes very few businesses to rely on for help and a lack of social services to rely on. Consequently, we have developed a make-do, no-frills, only-the-essentials-needed attitude towards everything we do. As the saying

goes, "we have done so much with so little for so long we believe this is normal operating procedure".

In spite of these shortcomings, we have partnered with local industries such as William Gas, Emporium Hardwoods and local Pressed Metals Industries to fund a state of the Art S.T.E.M. Lab in our school. Our area is experiencing a serious short fall of skilled labor to replace the retiring Baby Boomers in our industries. We have met with industry leaders, government officials and other educators to find a way to develop these skills while still maintaining our educational curriculum.

This year we have initiated Project Based Learning that is reaping many unexpected benefits. We also assembled a team from our School and Intermediate Unit and traveled to West Point Military Academy's Engineering Department to seek their help in developing a successful S.T.E.M Program.

Our small school won the local S.T.E.M. competition last year and traveled to Harrisburg where we received an Honorable Mention at the State Level. We also developed a robotics team in partnership with Williams Gas to create a solution to a hazardous spill scenario, using robots to contain the toxic materials.

This year we were one of 88 schools out of 3000 that were recognized as a Reward School for our School Performance Profile

Scores. We were also one of 96 schools selected by the PA Department of Education, Division of Federal Programs, to be recognized at the Title I Improving Schools' Performance Conference as a Title I Distinguished School for the 2014-15 school year. These results were possible because we have a dedicated staff and received grant monies that enable us to change the way we teach based on how students learn. The main change came from trainings we underwent through the Keystones to Opportunity Grant that 52 schools in Pennsylvania were awarded. I will not elaborate about what we changed in the interest of time but will welcome any questions you may have.

We realize that grant monies are temporary, and no one can develop a budget on what you may get. In this case, the quality of education does depend on the money invested.

What concerns us in Austin when constructing a formula based on the number of students is this: It costs us the same to run a bus with 40 students aboard as it does with 72. It costs the same for a teacher with 15 students in a class as it does with 22. It costs the same to heat a building with 200 as it does with 500 students. And so on.

I mentioned this because some people offer a solution by suggesting that we keep the elementary students in Austin but

transport older students to another school district. The basic cost would remain the same, but the cost of transportation would double.

Our problems then boil down to this: distance to travel, time to travel, geographic features (mountains and snow), and the inability to fund adequately because of State owned property. We have also experienced the seventh highest decrease in Aid Ratio Funding in the State over the past 10 years.

In spite of this, we feel we are getting excellent results as economically and efficiently as possible.

We will experience a \$391,000 deficit next year and will be in the red for the first time in our history. We are not the only rural district that is going to be in a deficit. Being the smallest, we are just the first.

Some of the things we have done to cut costs include cooperating with local schools for sports, including football, soccer, golf and marching band. We have eliminated Home Economics and replaced Industrial Arts with a S.T.E.M. program. We have one teacher per grade and no non-essential staff. In addition, I am working, after being retired, to save our school over \$70,000 in salary, pension and health care costs. Our teachers did not have a raise the last two years and may be one of lowest salaries in the State. We have already cut all costs we can without seriously affecting the quality of education.

If I could direct your attention to the second handout I have provided, you will find the graph of our revenue and spending over the last four years. As you can see, the red line is cost that was above our revenue, resulting in depletion of our fund balance. Although we have managed to get our revenue above our spending in 2014, we cannot sustain that next year due to the reasons mentioned earlier. I believe that this graph also shows how lean and efficient we have been with the funds entrusted to us.

Our cost per pupil, if based on the tuition cost allowed by the State, is \$16,871 for High School students and \$11,893 for Elementary students. This is an average cost of \$14,382 per student. If the total budget of \$4,350,929 is divided by the number of students this year, the cost per student is \$20,143. Our elementary population is increasing, which would lower that cost to \$17,451 per student if nothing changed except the student population over the next five years. (-Explain why? – one student costs over \$90,000)

Here is the reality of what it will take to keep us solvent. As mentioned, our district is comprised of 90% Tax Exempt State land with 55% funding from the State. Because of this, our tax base has been gutted. If we were funded 35% more by the State to equal 90% of the

property owned, we would increase our revenue by \$7,183 per student.

If we were funded 19% more to be equal to the District receiving 74.3% State funding, each student would receive \$3,899 more making the cost per pupil \$18,281, using the lowest calculation, and \$24,422 using the higher figures.

To sum up all of this, we need the lesser amount of 19% more of our total budget to be paid by the State to remain solvent and financially secure.

Again, 19% of our total budget equates to \$3,899 more per student, regardless of what figures are used for calculating.

In closing, I would like to leave you with a few thoughts.

It has been said that “kids who are loved at home, come to school to learn; kids who are not, come to school to be loved.”

Based on Maslow’s Hierarchy of needs theory, we have initiated extraordinary measures to ensure our children have their basic needs met, so we even have the opportunity to education them. These needs, going up in ascending order of “food, water, rest” “safety and security”, “belonging, love, a sense of community” and “accomplishment” must all be met before the optimum learning level is reached where we can finally teach higher order thinking skills. We

feel that our success is because we know our kids and their families. In our case being small is the key to our success.

We have developed a motto within our staff that was based on the hedgehog concept from the book From Good to Great.

The questions is not “How small is too small?”, the question is “How big is too big to provide the essential needs of our children?”.

And lastly, we know that our school is our community, not just the center of it. This feeling of identity and belonging that is such an integral part of Maslow’s Hierarchy and all research that addresses how to engage students and help them make authentic connections to the real world, is not only worth keeping, but essential to our nation as a whole.

As we see it, then there are four major problems and four possible solutions:

Problem 1. Districts have different costs based on the cost of providing services in the region.

Solution: a formula should be based on enrollment plus weighted supplements which include

- Sparsity
- Poverty
- Aide ratio based on a district's ability to pay
- Distance and travel difficulties

Problem 2. Mandated costs exceed districts revenue capabilities.

Solution: Once the State demands that districts meet certain standards, the cost must be funded by the State if the district is incapable of raising revenue.

Problem 3. Household wealth and local tax challenges limit the quality of education in some district.

Solution: A district's foundation share would be based on its ability to pay and capped at a rate equal to its millage received in actual dollars. In our case, that equates to \$30,000; 46 mils or \$1,380,000.

The rest must be supplied by our State since the majority of property is State owned land.

Problem 4. Disparity between districts' wealth permit some to have lavish accommodations while other are not able to meet basic needs.

Solution: Districts that can afford better facilities for their children should have that option, but not from the basic cost per student formula. That should be funded by the ability to fund those initiatives locally. We are not looking for equality with richer areas; we are looking for equity.

Please help us to continue doing what is right in education. We are not asking for anything extra; we just want to meet our financial obligations. What is the alternative for our students we wonder? Incarceration, Welfare or, equally distressing, dropping out because of feelings of abandonment or isolation from the community?

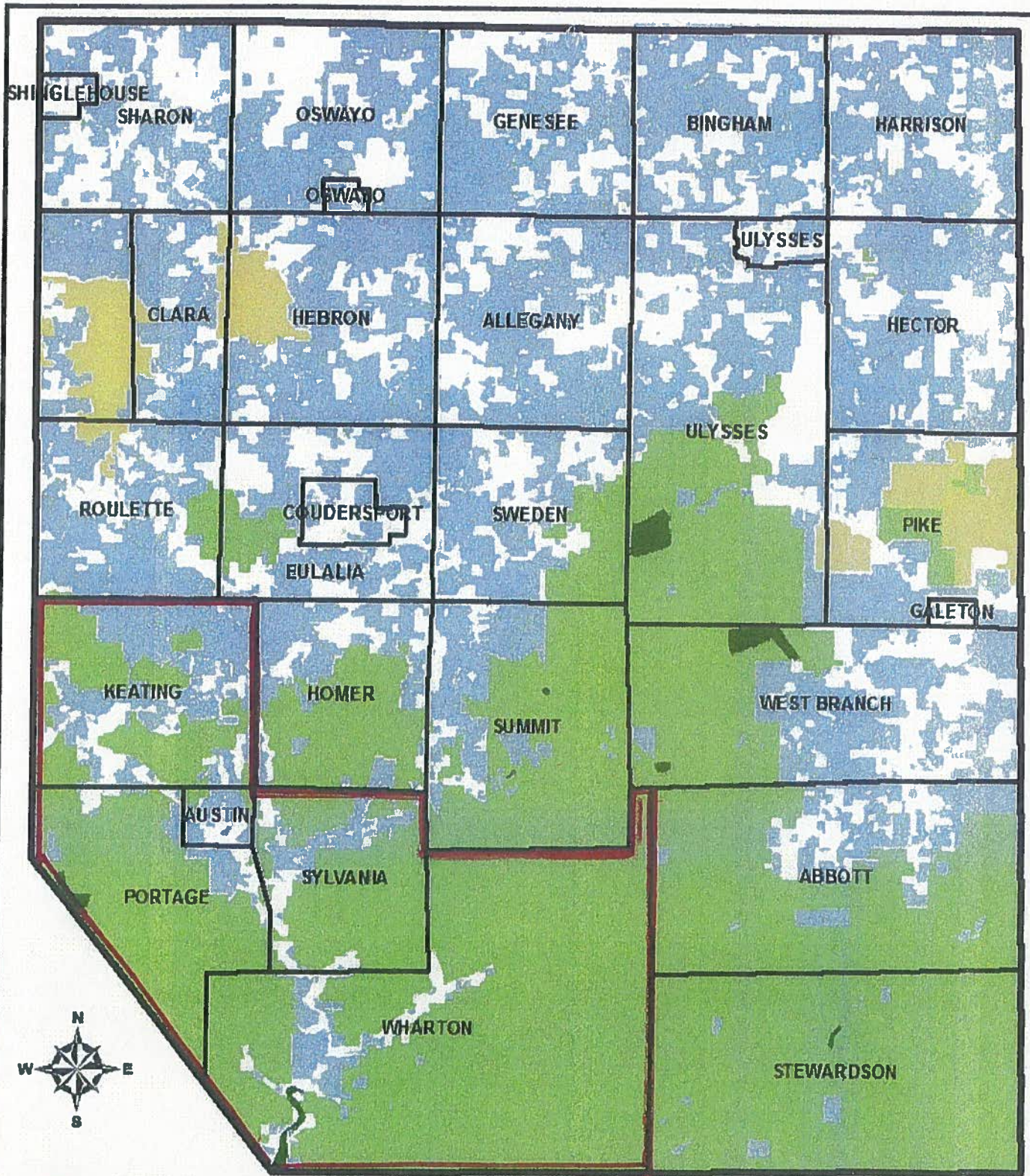
Members of the Committee, please come to Austin and see our school and area for yourself. Dr. Pamela Lenz, Circuit Rider of the Basic Education Funding Committee, from Erie visited recently. She said she really needed to come and see the area for herself to truly understand what we are saying. She left becoming an advocate for our school. Like many visitors, she reported experiencing the warmth, friendliness and hardworking attitude that permeated our home away from home.

I'm sorry that my words will not be adequate to paint the picture. I trust, however, that we can come up with a formula that will make Pennsylvania a model of cooperation and compromise to make our State second to none.

The invitation to visit is sincere and heartfelt,

THANK YOU SO MUCH FOR YOUR TIME

ARE THERE ANY QUESTIONS YOU HAVE?

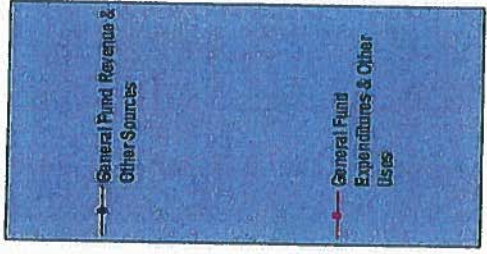
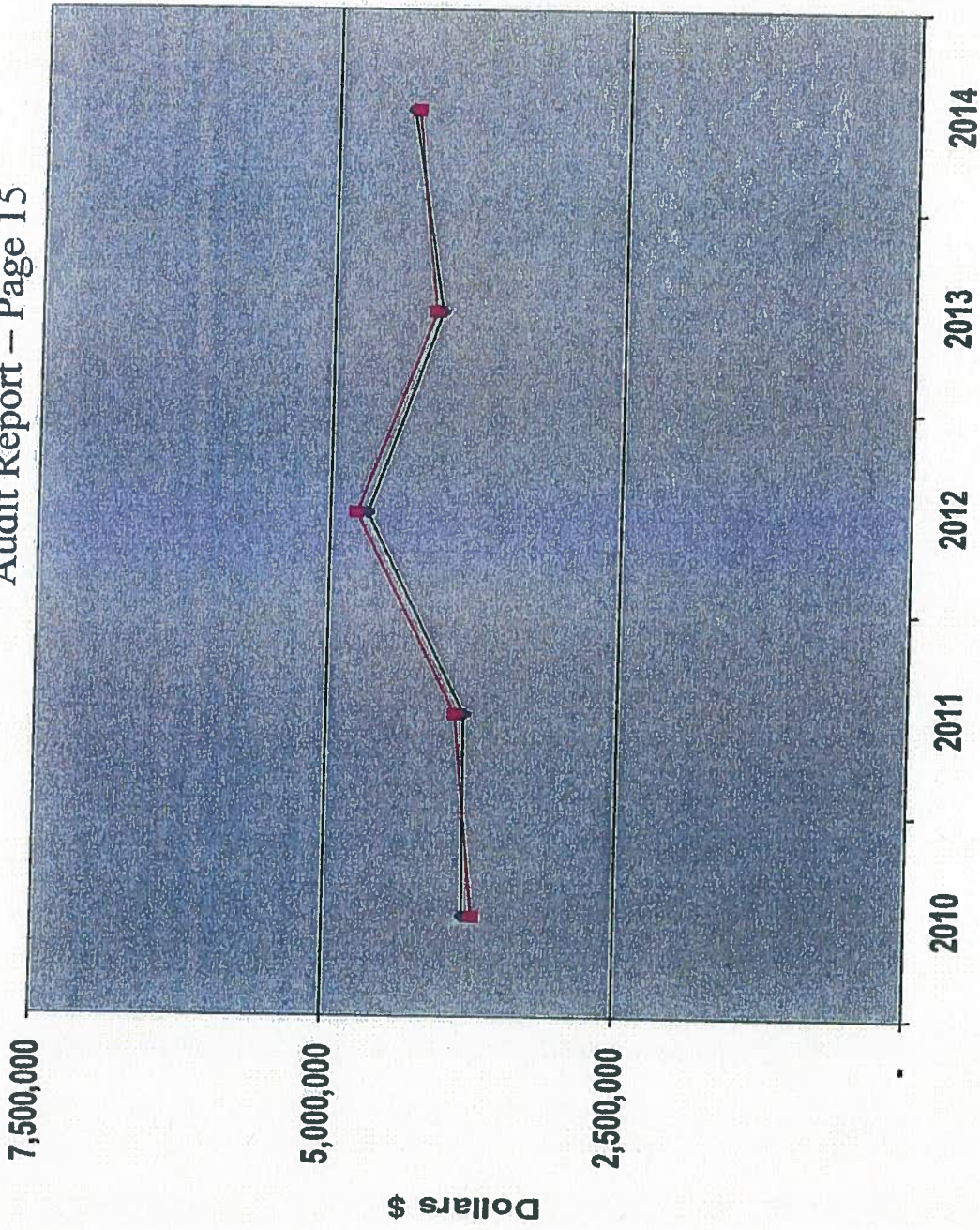


- State Parks
- State Forest
- State Game Lands
- Clean & Green Properties
- Municipal Boundaries

Potter County Total Acres: 691,985 acres			
State Land		Clean & Green Land	
State Parks	2,571 acres	Agricultural Use	32,232 acres
State Game Lands	19,059 acres	Agricultural Reserve	27,974 acres
State Forest	269,495 acres	Forest Reserve	226,873 acres
Total State Land	291,127 acres	Total Clean & Green Land	287,079 acres

Austin Area School District

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General Fund Revenues and Expenditures