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An Open Letter to the Residents of the Antietam School District

Dear Residents,

The Board of Directors would first and foremost like to extend appreciation to the residents, staff, and student body of the district for the manner in which everyone conducted themselves throughout the recent merger discussions with Exeter Township. Despite some rather unpleasant comments about our district, we are proud of the way the Antietam community represented itself. Further, we assure you that the students of this community will continue to receive a high quality education long into the future without the merger.

Approximately two years ago, we opened discussions with Exeter Township School District officials to explore a merger possibility for the future of both communities and the students we serve. Contrary to many pieces of misinformation presented during this process, our motivation for the merger discussion was simply to provide more opportunities for the students of both Districts. It became difficult to counter or refute emotionally charged claims levied by misinformed merger opponents. These opponents redirected the conversation with diversions that thwarted progress and diluted the basic concept of a merger until it no longer remotely resembled our original premise of a unified school community with the financial and educational opportunities originally discussed by both boards.

We understand that current tax increases and the prospect of more to come, due to underfunded state pension plans and benefit increases, tainted the merger proceedings. Frustration and anger at the current funding system and the poor economy were misplaced and directed towards the positive work that was being done to provide long-term opportunities for both districts.

The purpose of this correspondence is to clear up any misunderstandings and correct information that has been stated about our district and our purpose.

Debt service and building: Several years ago the Pennsylvania Department of Education projected that by school year 2015-16, our district would have an enrollment of over 1500 students. For those of you closely involved in the district, you are probably aware that we currently serve only 1100 students. However, with that prediction, our district looked for a way to continue to serve all of our students through flexible grade level structuring rather than building new facilities. The current three (3) buildings in our district can and will serve whatever number of students that enroll in our schools by

simply shifting grade levels as needed. Simply stated, we have adequate facilities while maintaining fiscal conservativeness.

So how would merger have benefited Exeter?

- Flexibility: No one can truly predict what will happen with enrollment at either district. Antietam is land-locked so there isn't much potential growth here, but Exeter could see a dramatic increase when the economy improves. Having available space that could easily be renovated into additional classroom space is far more cost effective than building or expanding, particularly when expansion is virtually impossible as it appears is the case in the Exeter Township High School. A merger could have provided a variety of opportunities to meet any need for an increased enrollment that could arise in the future.
- On-line Learning: At some point all districts are going to grow and enhance their online learning options for students. To accomplish this in a manner that will accommodate 'true' education, districts will need to develop a blended or hybrid model that allows for face-to-face opportunities for online learning school children. We are seeing that happen now with non-public cyber school programs buying up space to accommodate this need. As these programs grow in popularity, public schools may wish to consider opening up buildings/classrooms that function as face-to-face cyber schools creating separate schools within a district to solely meet this demand. The merged district would have had sufficient space to expand to meet this need at a very minimal cost.
- Potential income: Both our districts spend huge amounts of money for alternative school placements. In a merged district, one of the facilities could have become a district-run alternative school that sells spaces to other districts in need of placements.
More potential income: One of the facilities in a merged district could have been considered for a pre-k school. State money in the form of grants is available and the need to develop schools like this is there now and appear to be gaining more favorability every year.
- Debt Service clarification: It was stated that Exeter would absorb the bond payments due from Antietam in a merger and that is true. However, the Antietam SD already covers annual bond payments each year as does Exeter with the general operational budget. Tax revenue is already dedicated to annual bond payments and that revenue would have come with Antietam in a merger. So how would this have helped Exeter? The bond ratio (the ratio of bond indebtedness to the total budget) in Antietam is better than it is in Exeter. In fact, Exeter is at the top end of what the State considers to be acceptable. While the merger wouldn't have significantly lowered that ratio, the fact is that it would have lowered the ratio; and in a scenario where the merged district needed to sell a bond for renovation, it would have added greater flexibility for that to occur.

Antietam needs merger in order to avoid financial distress: Not true.

- Antietam is as financially stable as most districts in the State and in a much better financial position than some other districts in Berks County. The truth is that all districts in our State are in danger of financial distress if the State legislators do not reinstitute proper funding. Like Exeter, our district has prepared for the large increases for the retirement system by committing reserve funds; however, neither district anticipated flat funding from the State, and unless there is

significant change in the near future, all districts in our State will face financial distress. Our current projections, assuming minimal increases from the State in basic education funding, allow this district to remain financially stable for at least the next five (5) years even with no significant increase in State funding. Further, relative to total budget outlays, Antietam's designated fund balance is better than Exeter's.

- In fact, as measured by two criteria, the Antietam SD is in better financial shape than Exeter SD.
 - Bond ratio: Antietam SD has a lower (better) bond ratio than Exeter SD.
 - PSERS Reserves: Antietam SD has a greater percentage of our budget set aside for the upcoming PSERS retirement crisis than Exeter SD.

A merger will raise taxes for Exeter Township residents and significantly lower taxes for Antietam residents.

- The 'mock' budget completed by our business managers showed an approximate increase in costs for the 2016-17 SY of about \$260,000 more than if the two districts remain separate. There are two very important points here: First, the business managers were told to be conservative in their work. Philosophically, it was the opinion of both administrations that conservatively estimating revenues and expenditures was an appropriate approach. For example, if you look closely at the proposed budget, you will note that it has an extra \$300k allocated for unemployment compensation. Given that the merger would have accomplished over the course of two years, one would expect that identifying specific positions early in the plan would provide more than ample time for proposed displaced workers to find other employment. Similarly, one would assume that over the course of the next two years, there will be retirements on both sides, and while not replacing some of them during the interim may have caused a small problem, it is one that could have been dealt with. Note: if the combined boards of a merged district would have decided to increase property tax for Exeter residents to cover the possible \$260k shortfall, the increase for 50% or less of the residents in Exeter would have been \$16 or less to cover the increase.
- The second relevant point is that this \$260k shortfall is a budget projection for two years from now regarding what will amount to a \$92-93 million dollar budget: a shortage of less than 0.3%. Anyone involved in school district budgeting knows very well that sitting here in May, 2014, we still only have projections for what will be our budgets three short months from now. In other words, this shortfall is essentially a break-even budget in light of the variations and uncertainty associated with state funding.
- Comment: "Antietam residents will get a 'significant' tax reduction". The factual part of this argument is that Antietam residents would have seen a decrease in their taxes as the merger was proposed. The reality is that 50% of the Antietam residents would have seen a decrease in property tax of less than \$285 annually.

A comment on property taxes in our district:

- Every time the local newspaper prints an article about our district related to budget and finance, the statement is made that we have the "highest tax rate in the county". The fact is that while we do have the highest millage rate in the county, we also have the second from the lowest assessment rate in the county. The median assessment for residential property in Antietam is only \$74,800.

Many districts in Berks County generate over \$1 million dollars per mill of tax; our district only generates under \$250,000 per mill. No one enjoys property taxes but unfortunately with the State contributing far less to both our districts than the reported 50% level, both districts need to implement property tax in order to maintain programs and will continue to need to do so until the State legislature begins to fund districts appropriately.

- The board members at Antietam work very hard each year to maintain quality programs despite a lack of funding. Over the years, this district has made the hard decision reducing staff to less than 100 professional employees where in contrast the Exeter Township SD employs over 600 professional employees with a student population of just about four times that of Antietam.

Exeter Businesses:

- Antietam is a bedroom community, without many commercial businesses. As a result, Antietam residents do significant shopping in Exeter. If Antietam SD had the same percentage of commercial real estate tax revenue that Exeter does, our millage would be approximately 2 mills lower. Said differently, we contribute significantly to the Exeter SD revenue with our shopping.

A comment about per pupil spending:

- In one of the meetings of the two boards, a person with a background in economics provided the attendees with her analysis of per pupil spending comparing Antietam with Exeter. The figures she presented were not those that the Pennsylvania Department of Education uses for comparative data. The actual numbers are an average of \$13,794 in Antietam and \$16,471 in Exeter.

A comment about our population:

- It was stated on more than one occasion that bringing the Antietam students into the Exeter schools would damage the rating of Exeter schools. The truth is that our students are continuing to make academic progress at all levels. Our elementary schools are rated very closely to schools in Exeter which is further evidence of our programs demonstrating growth. It is important to recognize the volatility of our scores due to the significantly lower number of students and how a very small number of students experiencing difficulty in any grade level (6 to 8 students) provides a statistical variation with far more impact than that same 6 to 8 students in a class of 400+ students. The only factual way to analyze school district performance is evaluating growth within the program. Generalized scores for any group of students are statistically irrelevant without the evaluation of progress.
- During this process we were surprised at times when people spoke unkindly about our students. These children ALL deserve the best we adults can provide them, and no one had the right to express any opinion about the children that degraded them. They are the recipients of the outcome of these discussions and should have been irrelevant to any decisions or discussion. The Antietam School District has placed and continues to place graduates in every post secondary institution in the country including Ivy League Schools and US Military Academies. We have produced and continue to produce outstanding graduates who become physicians, lawyers, business owners, and so forth and so on.

- The past sixteen (16) years in Antietam have seen a tremendous shift in our population becoming culturally diverse, and we are very proud that this transition has not only been easily accomplished but also has added considerably to the student body. The current population of students in Antietam is a representative macrocosm of the world in which we live in today, and we believe that this has been and continues to be a very good thing for our students and the community. We are extremely proud of our teachers, administrators, and support personnel who work diligently every day to encourage life-long learning and find unique strength in every student we serve. Our personnel continue to find ways to challenge our students, who continue to amaze us by their ability to rise above and go beyond the challenges.

What's in store for our district?

The positive community support during the merger process provided a renewed sense of pride and momentum. Our administration and faculty, along with the Board of Directors, saw this juncture as the impetus to propel our district into the highest echelon of public educational opportunities. Our small size means we can implement programs and ideals that educate students for a fast paced, changing world. Emerging technology, a strong performing arts sector, heightened partnership with Berks Career and Technical Center (BCTC), increased core learning in Math, English, Science, and Social Studies, all can and will be continued to be taught effectively and efficiently. Rest assured, the Antietam School District will continue to provide a strong educational experience to our students, embracing the true definition of a public education.

In closing, we want to emphasize that we are very proud of our community. We must not lose sight of the fact that this is a wonderful community for our families and neighbors to live. As we move forward, Antietam and Exeter residents and students will continue to work, play, shop and otherwise function as one community despite the failure of the merger, and the Antietam SD will continue to serve our community/youth with great diligence, excellence, efficiency and pride.

The Board of Directors for the Antietam School District