Budget 2017-2018

The following items are Major contributors to the 2017-2018 budget shortage:

PSERS Retirement/Pension Increases - In 2001 Governor Ridge and the Legislature approved teacher pension increases by 25% and legislator and judge increases by 50% without making appropriate increases to the retirement fund for a decade. In 2000 the retirement fund was 123% funded while as of June 30, 2016 it is only 57% funded. Between 2009 and 2015 the district and state combined pension payments have increased 336%. This is due to employer contribution rates rising from 4.76% to 21.4% in that time. For the 2017-18 year, employer contribution rates have been set at 32.57% and are predicted to stay at historically high levels for the foreseeable future. That means for every dollar the district spends on salaries, an additional 32.57% needs to be budgeted for pension costs. While the state contributes a little more than half to pension contributions, local school districts are responsible for the rest. In the 2014-15 fiscal year (which is the latest year for which data are available) school districts spent over $2.3 billion on mandatory pension contributions.

Decreasing state percentage and contribution to Basic Education Formula (BEF) – Traditionally the state and local district have shared the cost of basic education. Since it has long been recognized that a mill brings in differing amounts in each district those poorer districts traditionally received more state money than the wealthier districts. In the late 90s the state passed legislation that allowed them to deviate from that formula. Shortly after that time the state contribution of 53% for UASD began to decline and as of 2014-15 stands at 44% - a decrease of 9% over two decades. Initially districts raised property taxes to compensate for these shortages until the state passed Act 1 in 2006. This law limits tax increases to the cost of inflation. Consequently the state percentage decrease has amounted roughly 2% each of the last several years (see BEF decrease chart). This 20 % decrease in state percentage of BEF amounts to over **$2million per year.** That decreased percentage falls to the local taxpayer in the form of property tax.

Charter and Cyber-charter Costs – In 1997 the state legislature passed a law permitting "brick and mortar" charter schools to receive state funding via local taxpayer dollars. These new schools had to receive a charter from a sponsoring district. Upper Adams has not chartered any of the two charters (Vida and Montessori) but still have to pay for UASD students who attend because they are located within ten miles of our district boundary. In 2001 as part of the PSERS pension bill the state legislature added cyber-charter schools to the list of eligible schools who could receive local taxpayer dollars. Cyber-charter schools receive their charter from the state. Students access their curriculum via computers from home and can enroll in any cyber charter in the state. UASD pays roughly $10,400 for each of the nearly 100 students who attend these charter schools. If the student has an IEP (i.e. Special Education) that amount jumps to roughly $22,000 per student. Each year those "free, public charter schools" cost UASD taxpayers nearly $1million.

All of the above cost drivers have been initiated and mandated by the state legislature. UASD has to fund these mandates.