

Our State-Related Budget Drivers

A Brief History of State Actions

1874 – Education Added to Commonwealth Constitution - Article X – Section 1 The **General Assembly** shall provide for the maintenance and support of a **thorough and efficient system of public schools ...**

Section 2 No money raised for the support of the public schools of the Commonwealth shall be appropriated to or used for the support of any sectarian school.

A Brief History of State Actions

In **1874** – Property Tax may have made sense back in the 1800s when . . .

- Size of the **FARM**
- Size of the **FACTORY**
- Size of the **FORESTLAND**

....was an indication of WEALTH !!!!

But today it is an unfair tax !!!!

But it is the tax that the State has given UASD !!

A Brief History of State Actions

1874 – 1991 - State uses a funding formula that pays for half or more of the education costs. Poorer districts receive more state funding while wealthier districts receive less. (equalized mill concept)

1960s through early 1970s - the statewide average was 55 or 56% to accommodate the Baby Boomers

A Brief History of State Actions

1991 - State abandons the funding formula causing the 20% shortfall has to be funded by the local property taxpayer

Current Cost to Local Taxpayer - \$2 Million per year (See Chart)

Declining State Funding at Upper Adams:

Basic Ed Funding and Costs per UASD student by School Year						State		Instructional		District		% of Cost
Rec'd :		For :		# of ADM's*	Amount Received	Funding Per ADM		Expense***		Cost Per ADM		Rec'd from State
1990 - 1991		1989 - 1990		1,673.256	2,896,802	1,731.24		5,823,127		3,480.12		50%
1991 - 1992		1990 - 1991		1,714.783	3,359,638	1,959.22		6,354,114		3,705.49		53%
1992 - 1993		1991 - 1992		1,701.616	3,361,349	1,975.39		6,796,282		3,994.02		49%
1993 - 1994		1992 - 1993		1,687.734	3,359,899	1,990.78		7,276,285		4,311.27		46%
1994 - 1995		1993 - 1994		1,723.978	3,405,598	1,975.43		7,408,802		4,297.50		46%
1995 - 1996		1994 - 1995		1,754.239	3,567,907	2,033.88		7,797,666		4,445.04		46%
1996 - 1997		1995 - 1996		1,740.000	3,566,999	2,050.00		7,792,390		4,478.39		46%
1997 - 1998		1996 - 1997		1,763.489	3,654,391	2,072.25		8,250,504		4,678.51		44%
1998 - 1999		1997 - 1998		1,810.883	3,803,530	2,100.37		8,454,036		4,668.46		45%
1999 - 2000		1998 - 1999		1,844.782	3,893,847	2,110.74		8,866,990		4,806.52		44%
2000 - 2001		1999 - 2000		1,842.991	4,005,515	2,173.38		8,920,944		4,840.47		45%
2001 - 2002		2000 - 2001		1,851.888	4,180,541	2,257.45		9,722,188		5,249.88		43%
2002 - 2003		2001 - 2002		1,815.316	4,264,152	2,348.99		10,054,344		5,538.62		42%
2003 - 2004		2002 - 2003		1,804.261	4,353,231	2,412.75		10,777,491		5,973.35		40%
2004 - 2005		2003 - 2004		1,815.388	4,492,712	2,474.79		11,157,696		6,146.18		40%
2005 - 2006		2004 - 2005		1,850.229	4,729,720	2,556.29		11,560,855		6,248.34		41%
2006 - 2007		2005 - 2006		1,868.175	5,224,793	2,796.74		12,501,219		6,691.67		42%
2007 - 2008		2006 - 2007		1,826.459	5,381,850	2,946.60		13,158,157		7,204.19		41%
2008 - 2009		2007 - 2008		1,836.191	5,765,430	3,139.89		13,792,794		7,511.63		42%
2009 - 2010		2008 - 2009		1,789.947	6,234,683	3,483.17		15,423,826		8,616.92		40%
2010 - 2011		2009 - 2010		1,765.859	6,129,605	3,471.17		15,189,133		8,601.55		40%
2011 - 2012		2010 - 2011		1,813.306	5,952,430	3,282.64		15,485,933		8,540.17		38%
2012 - 2013		2011 - 2012		1,747.194	5,951,187	3,406.14		15,251,897		8,729.37		39%
2013 - 2014		2012 - 2013		1,720.544	6,066,285	** 3,525.79		16,186,277		9,407.65		37%
2014 - 2015		2013 - 2014		1,735.398	5,539,831	** 3,192.25		17,004,574		9,798.66		33%
2015 - 2016		2014 - 2015		1,731.006	6,066,304	** 3,504.50		17,006,837		9,824.83		36%

* Source - PDE 2548 (Basic Education Subsidy) as audited by the State, report no longer available beginning 2013/2014 to present

** Source- Basic Education Funding as per PDE Website History under Financial Data Elements

***Source - PDE 2058 (Instructional Expense Computation) as audited by the State

Local Tax Revenues

- Main source of Local Revenue is Property Tax
- Years back districts traded in some property tax revenue for Earned Income Tax (1.6% of W2 earnings or wages)
- A Mill even in Adams County is NOT equal
- A Mill generates a low of \$480 per student in UASD to a high of \$860 per student 7 miles South
- EIT generates \$1,437 in UASD to a high of \$2,108 per student in that same district

Value of a Mill and EIT per Student

2014-2015 Adams County Millage Information

District Name	Value of a Mill	# of Mills	Property Tax Re	Earned Income	Enrollment	Enrollment/Value of	Enrollment/Earned Income
Bermudian Springs	\$ 1,013,626	10.3095	\$10,449,977	\$3,470,642	2,009	\$505	\$1,728
Conewago Valley	\$ 2,224,593	11.1807	\$24,872,507	\$5,717,771	3,796	\$586	\$1,506
Fairfield Area	\$ 826,050	9.6898	\$8,004,259	\$2,164,621	1,053	\$784	\$2,056
Gettysburg Area	\$ 2,575,087	10.4853	\$27,000,560	\$6,311,022	2,994	\$860	\$2,108
Littlestown Area	\$ 1,132,490	10.5347	\$11,930,442	\$2,937,736	1,942	\$583	\$1,513
Upper Adams	\$ 820,034	12.894	\$10,573,518	\$2,453,584	1,708	\$480	\$1,437

Source:

PDE Finance

PDE Finance Earned Income/AFR Local Revenue

Enrollment data - PIMS site

Note - Littlestown had local (1,655,079) and occupational tax (1,282,657); both values represented

A Brief History of State Actions

1997 - State creates Charter Schools -
UASD currently transports to Vida and Montessori
(currently 71 students)

**Current Charter Cost of \$1 Million per year
(\$7-8 Million in Adams County)**

2001 - State increases pension percentage -
50% increase to Legislators and Judges
25% increase to other state employees

Only funding increase is from employees !!

State used up fund ASSETS for 10 years (2001-2010)

State still has not solved problem

A Brief History of State Actions

2001 - State also passes cyber charter school legislation

UASD now offers a quality cyber charter option to our students at a cost of \$3,500 or so per year but has to pay \$10,000 per student if that student attends the “free” cyber charters advertised each day on TV (\$21,000 if they have even a mild disability) currently 31 students -- **at least \$310,000 annually**

A Brief History of State Actions

2006 - State passes Act 1 which limits local tax increases to inflation

Poorer districts get an adjustment

All districts can apply for Exceptions for excess expenses beyond inflation (Special Education, Pension, etc.)

Additional funding no longer comes from state money as before but only through local property tax increases

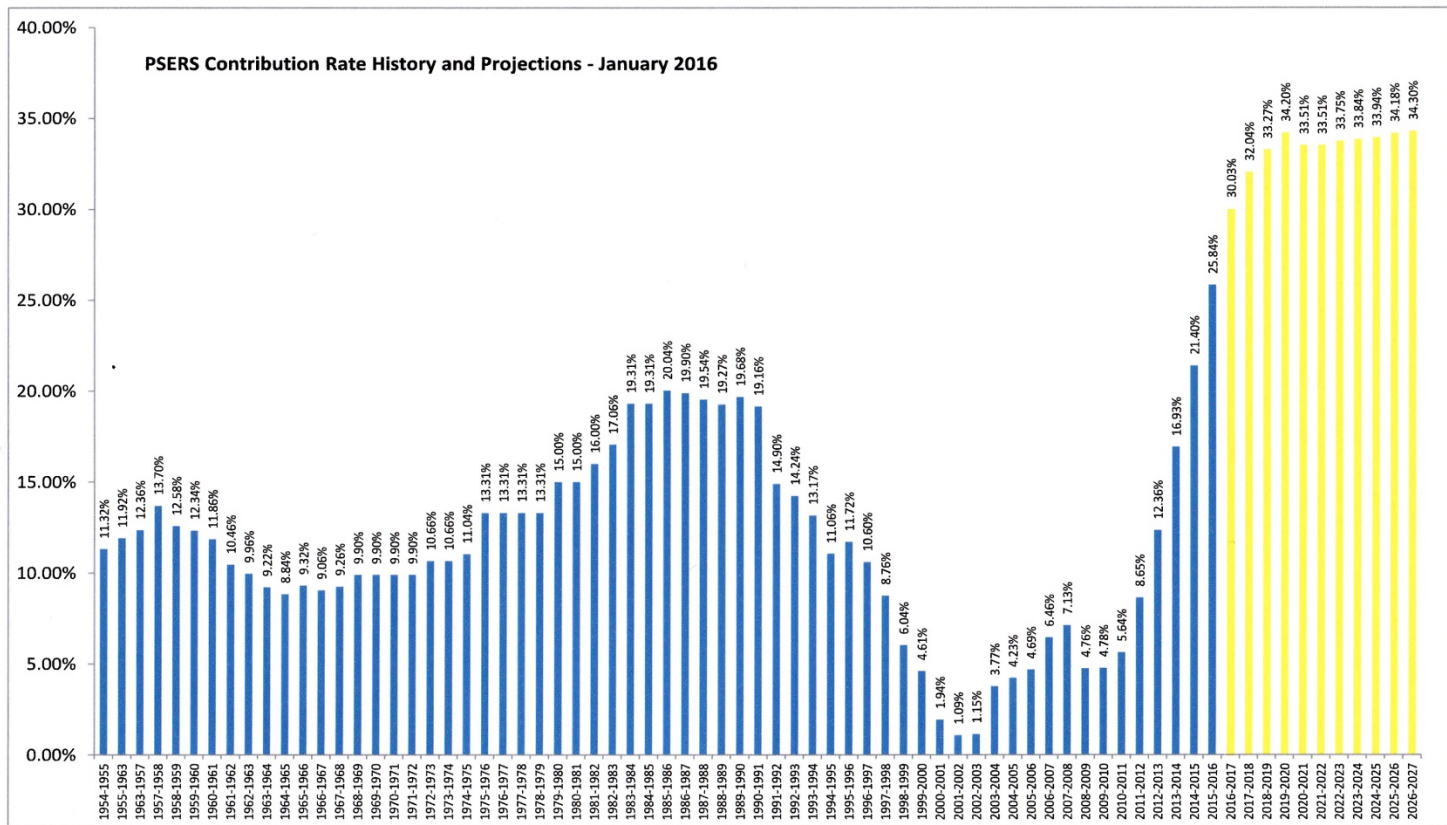
A Brief History of State Actions

2010 - State increases pension contributions after doing nothing for 10 years (see charts)
The **pension plan was fully funded at 123% in 2001 and is now funded at roughly 52%**

This year the school districts will pay just under 33% for every dollar in salary spent

Add that to FICA, health care and other payroll expenses and a salary nearly doubles

PSERS Employer Contribution History



Pennsylvania School Employee Retirement System (PSERS)- Pension Projections

Year		Salaries	PSERS % Employer Rate	PSERS \$ Expense to UASD	\$ > Demanded
10/11		\$11,035,487	5.64%	\$613,045	\$ 93,478
11/12		\$10,427,487	8.65%	\$940,220	\$327,175
12/13		\$10,784,255	12.36%	\$1,343,481	\$403,262
13/14		\$10,866,406	16.93%	\$1,840,222	\$496,740
14/15		\$11,075,781	21.4%	\$2,370,217	\$529,996
15/16		\$10,429,847	25.84%	\$2,695,072	\$324,855
16/17		\$10,812,689	30.3%	\$3,247,051	\$551,978
17/18	*	\$10,766,335	32.57%	\$3,506,595	\$259,545
18/19	**	\$11,065,302	34.18%	\$3,782,120	\$275,525
19/20	**	\$11,286,608	35.53%	\$4,010,132	\$228,012
20/21	**	\$11,512,341	35.95%	\$4,138,686	\$128,554
21/22	***	\$11,742,587	36.40%	\$4,274,302	\$135,615

* Salary increased based on contract

** Salary range estimated 2.0%

*** Last year presented by PSERS for projections of rates

PROJECTED EMPLOYER CONTRIBUTION RATES AND TOTAL EMPLOYER CONTRIBUTIONS

*

(Presumes a 7.25% rate of return)

<i>Fiscal Year Ending June</i>	<i>Total Employer Contribution Rate %</i>	<i>Projected Total Employer Contribution (thousands) \$</i>
01/02	1.09	95,000
17/18	32.57	4,380,339
18/19	34.18	4,668,189
19/20	35.53	4,933,711
20/21	35.95	5,081,955
21/22	36.40	5,244,647

The Budget Today

- The employees (teachers, etc.) get blamed for PSERS deficit - they have contributed their fair share of 7.5% since 2001 as defined by law
- PA has now fallen to **49th in the nation in percentage of education costs paid by state**
- No one knows what increase in BEF UASD will receive this year (\$90,000?)

The Budget Today

- No one knows what portion of the proposed statewide \$50 Million decrease in Transportation costs UASD will be reduced
- Proposed Transportation decrease amounts to 8-10% statewide - - UASD spends nearly \$1 Million on Transportation - - is that a \$80,000 - \$100,000 additional loss?????
- **YET we must pass a preliminary balanced budget this evening**

Let's Add it ALL Up !!!!

- State decline in percentage paid to UASD
(53% to 33% - a 20% decrease)
\$2.0 Million- all replaced by local money
- State mandate to pay charter and cyber
charters (\$10,000/student - \$21,000 if a
disability is identified by THEM)
\$1 Million - all Local Money
- State mandated pension costs
\$3 Million- \$1.5 Million in Local Money
and \$1.5 Million in State Money

Grand Total

- **\$4.5 Million in Local Property Tax**
- **\$1.5 Million in State Taxes for Pension Increases**

What Can YOU do?

- Volunteer to help tutor students - Clearances are now FREE - it is fun and highly gratifying !
- **Contact ALL of your STATE Representatives and Senators especially Rep. Tallman, Sen. Alloway, as well as the committee chairpersons - together they passed these laws and only they can FIX them !!!!**