

West Chester Area School District Approves 2016-17 Preliminary Budget

The West Chester Area School District Board of Directors voted at its January 25 meeting to adopt a preliminary budget for 2016-17 that anticipates a tax increase at the Act 1 Index of 4.1 percent. This would represent an average increase of about \$154 per household in Chester County per year.

“I am hopeful that if the state passes its budget, we will be able to hold the tax increase to just 2.4 percent,” said Superintendent Dr. Jim Scanlon. That would mean an average increase of about \$90 per household per year.

The preliminary budget includes an increase of just over 5 percent, or \$11.6 million, over the current budget. The increase in spending is due primarily to an increase in mandated expenses for the state pension program known as PSERS, salary and healthcare increases, special education increases, and charter school funding, as outlined below:

1. A pension contribution rate increase amounting to \$4.5 million
2. Salary and healthcare benefit cost increases amounting to \$3.3 million
3. Special education services and tuitions amounting to \$3.2 million
4. Charter school tuitions amounting to \$600,000

The most critical source of funding for the district’s budget, its local revenue stream (local taxes), has stabilized after suffering through several years of declining property values and assessment appeals which cost the District tens of millions of dollars in total assessed property value. By contrast, state and federal subsidies have not kept pace with a variety of mandates. Due to the uncertainty around the state budget caused by the current budget impasse, the District’s budget for 2016-17 includes no increase in state funding over the prior year.

Because of the uncertainty surrounding state funding, the district will need to rely on not only a tax increase, but will also have to draw money from its fund balance to help reduce the \$12.8 million budget gap.

“The Board has been planning for large increases in retirement and health care costs and established fund balances to help reduce the burden on our taxpayers,” said School Board President Dr. Rick Swalm. “This will be one of those years in which we will need to draw on those reserves to close the budget gap.”

To close the \$12.8 million budget gap for 2016-17, WCASD can rely on \$6.2 million drawn from reserve funds, in addition to the 2.4% Act 1 index which will generate an additional \$3.9 million, and \$2.7 million from a 1.6% increase in available Act 1 exceptions.

“The tax rate for the West Chester Area School District continues to be the lowest in Chester County, and also offers the lowest rates for those residents in the Delaware County portion of the District,” added Scanlon.

If the District increases taxes by 4.1%, residents living in Delaware County would see an average increase of \$307, or \$181 at the 2.4% increase rate. The last two years, the rate increases in Delaware County have been lower than Chester County. The change is due to a change in property value of homes. Over the last four years, residents within the District have seen taxes increases of:

- 2015-16: 1.9%
- 2014-15: 2.9%
- 2013-14: 0%
- 2012-13: 1.7%

“Our district works very hard to control tax increases and make very responsible spending choices,” said Scanlon. “Unfortunately our mandated costs continue to rise, particularly during this budget impasse in Harrisburg.

“We emphasize that this is just a preliminary budget, and we are operating with a lot of unknowns. We have every reason to believe that we will find further savings and deliver a final budget with a lower tax increase. We also really feel that the West Chester Area School District continues to offer an excellent education at a tax rate that is lower than most of the school districts in our region.”

For more information, please contact Tracey Dukert, Digital Communications Coordinator for the West Chester Area School District: tdukert@wcasd.net or 484-266-1170.

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