# WCASD SCHOOL BOARD APPROVES 2014-15 FINAL BUDGET

*Spending Reductions and Fund Balance Reserves Help Limit Amount of Tax Increase*

May 28, 2014 (West Goshen, PA) -- At its regular monthly meeting the School Board of the West Chester Area School District adopted a 2014-15 Final Budget and avoided taking the maximum allowable tax increase under Act 1 and exceptions. The budget for the next school year calls for a tax millage rate increase of 2.9%, to 19.21 mills, but relies heavily on District spending reductions and the use of fund balance. The vote to adopt the Final Budget was six in favor and two opposed with Mr. Murphy and Mrs. Snook voting against passage of the budget. Property tax millage rates in the WCASD will remain the lowest of any district in Chester County or Delaware County.

Totaling $219,213,000 - an increase of 5.2%, or $10.8 million over the current-year - the Final Budget increases are due primarily to mandated expenses over which the district has no control, including the state pension program known as PSERS, special education, debt service and charter school funding. As much as 90% of the new spending is based on the following three areas: A state-mandated pension contribution rate increase amounting to $4.7 million; salary and healthcare benefit cost increases which include the recently settled teacher contract; and costs associated with debt service and transfers to other funds. Staffing cost increases reflect state and federal mandates and include the hiring of three biology teachers and two special education teachers and a 0.8 ELL teacher for 2014-15.

Several months ago, the Board began shaping the 2014-15 budget by voting to adopt a Preliminary Budget totaling $224 million, which left the District with a $14.9 million budget gap. A millage increase of 5.5% would have been needed to balance the preliminary budget, a figure higher than the amount set under the Act 1 index and allowable exceptions. Since that vote, reductions in spending identified by District Administration will bring that gap down to $10.5 million. The $10.5 million budget gap for 2014-15, the Final Budget will use $6.5 million drawn from the reserve fund balance. An additional $3 million is generated by the amount set through the state-issued Act 1 index of 2.1%. But the Board chose not to take all of the exception relief allowed by the state, calling for an additional 0.8% of revenue from exceptions in the Proposed Final Budget, rather than the 1.4% allowed under the law. The total tax millage increase of 2.9% will generate $4 million in revenue.

According to Dr. Rick Swalm, President of the School Board, “It was necessary for this Board to balance paying for unfunded state and federal mandates, protecting our taxpayers’ interests, and providing our students with the resources they deserve to get the best possible education from our system.”

The Board was able to avoid using all of the allowable Act 1 exception revenue to balance the budget by identifying and implementing spending reduction initiatives. Among the key expense reductions are healthcare benefit savings of $1.15 million, reductions in teacher salary due to attrition totaling $420,000, and a nine-position reduction saving the District $900,000. The District has also implemented higher employee cost sharing for healthcare, savings that will continue to be realized as elements of the recently-settled contract with the Teachers Association take hold over the next several years. New caps on the amount of available tuition reimbursement for teachers is also part of the new contract.

Other reductions provided savings of $550,000 from transportation. Debt service reductions of $150,000 were realized, along with dramatically reduced utility costs that saved $530,000. A reduction in transfers to other funds in the amount of $600,000 added to cost savings, and a district-wide spending freeze has yielded savings of $500,000 for the 2014-15 Final Budget. Those reductions, along with the fund balance amount, and the 2.9% tax increase, will balance the Final Budget for 2014-15.

Dr. Jim Scanlon, Superintendent of Schools, said, “During the past five years, our School Board has worked diligently with the administration, staff, and community to establish savings in designated funds to help offset mandates such as retirement costs and healthcare increases. As a result this budget relies on spending reductions, the use of some of the district’s designated fund balance, and new revenue in order to maintain the integrity of our programs for students.”

The most critical source of funding for the District’s budget, local revenue, has stabilized after suffering through several years of declining property values and assessment appeals that 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.

**2014-15 District Tax Rates**

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. For more than a decade the WCASD average tax burden has remained in the lowest 20% among school districts in the Commonwealth of Pennsylvania with a tax burden rated as the lowest 415th out of 499 school districts.

Based on the Final Budget, the real estate tax rate for Chester County will increase by .54 mils over the previous year’s budget, to 19.21 mills, up 2.9%, and the rate for Delaware County would increase by .03 mils, to 13.65 mills, an increase of 0.20% over 2013-14. The average assessed home value in Chester County is now $190,635 and in the Delaware County portion of the District the average value is $287,525. Assessed value is approximately one-half of a home’s actual market value. At a 2.9% rate increase the average tax hike would be $103 for Chester County residents. Residents living in Delaware County would see an average increase of $9. The differences in county average assessments account for formula differences resulting in the differing tax rates.

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