

Budget Community Task Force

Frequently Asked Questions about the 2010-11 Budget

1. Why is the school district forming a budget task force?

One of the goals for the West Chester Area School District is to better inform its community about major initiatives. The superintendent, school board and administration want input from the community about the proposed budget for the 2010-11 school year. With decreasing revenue and increasing demands on public school districts to do more, we are anticipating the need to reduce our expenses by \$6 million, or approximately 3% of our budget, in order to bring it into balance with our revenues.

2. Why does the district need to cut \$6 million from the budget?

The state of Pennsylvania places a limit, known as “Act 1”; on the amount a school district can raise taxes without going to a voter referendum. It is anticipated that the Act 1 limit will be less than 3% for the 2010-11 budget. The slow economy has also had an impact on the assessed values of properties in the district, many of which having been successfully appealed, thus reducing the amount of revenue collected from existing real estate and transfer taxes. While revenues have decreased, demands for public education services have actually increased. Many students are registering from private and parochial schools to attend the public schools. Our elementary school facilities are in need of upgrades and the demands to meet the challenges of federal laws remain in effect, despite this loss of revenue. With the mandates for services and the limits on revenue, we are anticipating a shortfall of revenue to meet expenses of roughly \$6 million, or nearly 3%.

3. Why is it so difficult to reduce a school district’s budget?

Educating students is both labor intensive and highly regulated. Employee compensation and benefits account for more than 62% of the district’s operating budget. In addition, more than 12% of the budget is associated with debt service. Other fixed obligations include areas such as special education placements and services, and charter school and other alternative school tuitions.

4. How did the recent teachers’ contract have an impact on the budget gap?

Even without the new teacher’s contract, we would be facing a 2.3 million shortfall. The salary increase for the new teachers’ contract accounts for about \$1.3 million of this year’s budget increase. The increase in healthcare costs accounts for about \$1.3 million. Teachers are our most precious educational resource. Our business is one of educating children and we do that with people. We are a human resource intensive business. A manufacturing business can replace people with a less expensive machine to produce a product. The single most important factor for student achievement is the quality of teacher in a classroom and the relationship that teacher builds with students.

5. How did the decision to build a third high school have an impact on the budget gap?

Operating three high schools is more expensive than operating two. However that decision was made more than nine years ago by the school board and administration and was made in the best interest of students. A third high school allowed more students to get involved with activities and created a smaller learning environment. There is a positive correlation to student achievement and a student being connected to a school environment.

6. If so much of the District budget is inflexible, what impact can being on a committee have to affect the needed spending reductions?

While the rates and costs for many services can't be altered, how, how often, and when costs are incurred often can be reviewed and potentially changed. In addition, the community is being charged with reviewing revenue aspects of the budget in order to help close the gap.

7. What process will the district follow?

The district conducted a community meeting on September 23rd, at Stetson Middle School to outline the past budgets and projected future budgets. We are seeking volunteers to participate on committees consisting of the following six committees:

- Energy and Facilities
- Student Transportation
- Educational Programs and Services for Secondary Schools
- Educational Programs and Services for Elementary Schools
- Technology
- Extracurricular Activities

The goal of each committee is to examine ways to reduce expense while protecting and maintaining the integrity of classroom instruction. Committees can also look at alternate ways to increase revenue. These committees will meet multiple times, every other week, before making recommendations to the superintendent and school board in early December. This information will help the administration and school board develop the budget when that process begins in January, 2010.

8. When will the committees meet?

Meetings will be held at East High School, located at 450 Ellis Lane, from 6PM – 8PM on the following dates: *October 7th*, *October 21st*, *November 4th*, and *November 18th*. Then, on December 2nd, the final committee reports are to be submitted.

9. What exactly is the Act 1 limit on revenue?

In 2005, the state of Pennsylvania began to set limits for tax increases through legislation known as "Act 1." These limits are based on a combination of State Average Weekly Wages (SAWW) and the Employment Cost Index (ECI). The state does allow some exceptions to the index, but the district does not anticipate any significant index exceptions to apply to the 2010-11 budget.

10. What is the goal of the committees?

The goal of the committees is to develop a feasibility report on ways to operate in a more cost effective manner. Each recommendation will need a cost analysis to determine a financial savings and an impact analysis if a service or program service or program is reduced.

11. How will the board and administration use the committee's report?

The administration and school board wants to hear from our community. If we are not going to a referendum to ask for increases beyond the Act 1 Index, we will have some very difficult decisions to make with regard to the budget. The decisions made will affect students, taxpayers with and without children in our district, and the entire West Chester Area Community. Developing a budget is very complicated. The school board will have to make tough decisions when the final budget is adopted in May, 2010. Board members need to know the limits on tax increases as well as the expectations for services from our community before going into that process.