

West Chester Area School District School Board Approves 2015-16 Final Budget

The West Chester Area School District's School Board avoided taking the maximum allowable tax increase under Act 1 and exceptions in favor of adopting a 2015-16 Final Budget that calls for a tax millage rate increase of 1.9%, to 19.5779 mills, and relies heavily on the use of fund balance and minimizing District spending increases. Property tax millage rates in the District remain the lowest of any district in Chester County or Delaware County.

Totaling \$225,723,000 - an increase of 2.97% or \$6.5 million over the current year - the Final Budget increases are due primarily to mandated expenses over which the district has no control, which includes the state pension program (PSERS), special education, and charter school funding. More than 90% of the new spending is based on the following: a state-mandated pension contribution rate increase amounting to \$3.9 million, tuitions and contracted services for special education students in the amount of \$1.0 million, and increased tuition costs for charter schools in the amount of \$1.0 million. While positions were added to the budget as a result of increased mandates in the areas of human resources and assessment, they were offset by staff reductions in other areas.

The Board began shaping the 2015-16 budget several months ago. At their February meeting, the Board voted to adopt a Preliminary Budget totaling \$226.2 million, which left the District with an \$8.9 million budget gap. A millage increase of 3.0% would have been needed to balance the Preliminary Budget, a figure reflecting the Act 1 index and taking \$1.7 million in allowable exceptions.

To close the \$8.9 million budget gap for 2015-16, the Board voted at their meeting in April to adopt a Proposed Final Budget, which reflected changes in expenses and revenues, reduced the gap by \$900,000, and called for using \$5.2 million from the reserve fund balance – an amount that was nearly \$800,000 higher than the \$4.4 million outlined in the Preliminary Budget. An additional \$3 million was generated by the amount set through the state-issued Act 1 index of 1.9%.

The Final Budget remains largely unchanged from what the School Board approved at their April meeting. The Board chose not to take any exception relief, which would have added 1.1% more to the tax increase from exceptions in the Final Budget allowed under the law. 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. For example, the District participates in a bidding consortium for transportation fuel and has instituted energy conservation and market driven purchasing programs for utilities. The District and employees have also worked together to make changes to healthcare programs, which lowered the cost increases in those areas of the budget. Lastly, as part of its debt service management program, the District refinanced \$57.6 million in bonds this year to save \$7.4 million. By maintaining its Aaa bond rating, the District is able to minimize interest rates on its debt.

Local revenue, which is the most critical source of funding for the District's budget, has stabilized after suffering through several years of declining property values and assessment appeals – costing the District millions of dollars in total assessed property value. By contrast, state and federal subsidies have not kept pace with a variety of mandates.

With the new budget gap at \$8.2 million, the District will rely on \$5.2 million from the reserve fund balance. "It's important for the Board to weigh the needs of all constituents and balance the demands placed upon the budget from unfunded state and federal mandates while protecting our taxpayers' interests and providing our students with the resources they deserve to get the best possible education from our school district," said WCASD School Board President Dr. Rick Swalm.

2015-16 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 residents in the Delaware County portion of the District. For more than a decade, the District's average tax burden has remained in the lowest 20% - 415 out of 499 - among school districts in Pennsylvania.

Based on the Proposed Final Budget, the real estate tax rate for Chester County will increase by .3679 mills over the previous year's budget, to 19.5779 mills, up 1.9%, and the rate for Delaware County would increase by .2559 mills, to 13.9059 mills, an increase of 1.9% over 2014-15. The average assessed home value in Chester County is now \$190,635, and the average assessed home value in the Delaware County portion of the District is \$287,525. Assessed value is approximately one-half of a home's actual market value. At a 1.9% rate increase, the average tax hike would be \$70 for Chester County residents and \$74 for Delaware County residents. The differences in county average assessments account for formula differences resulting in the differing tax rates.

"I believe the Board has passed a budget that funds the instructional programs as well as the additional mandates due to pension, special education and charter school costs," said Dr. Jim Scanlon, superintendent of the West Chester Area School District.

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