

## School Board Approves Preliminary Budget

The West Chester Area School District's School Board voted and approved 6-2 the 2015-16 preliminary budget at its special board meeting on February 17. The budget totals \$226.2 million, which represents an increase of 3.2% - or \$6.993 million - over the current-year budget. The spending increase is due mainly to mandated expenses for the state pension program known as PSERS, special education funding, and charter school tuitions. The increase in spending leaves the District with an \$8.9 million budget gap for the upcoming school year.

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 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. Despite the stabilization of local revenue sources, the District will draw \$4.4 million from its fund balance to help reduce the \$8.9 million budget gap for 2015-16. The remaining fund balance still remains within the Board's target of 5%-8% of budgeted expenses. In addition to the fund balance, to close the gap, the District can rely on the 1.9% Act 1 index tax increase, which will generate an additional \$2.9 million. The Board will also apply for available exceptions to increase taxes 1.1% above the Act 1 index, which can result in an additional \$1.7 million. "It doesn't mean we will use the exceptions," School Board President Dr. Rick Swalm said. "The board is working very diligently with all parties to minimize any possible tax increase, however, without knowing what the state budget will bring until later this spring, it is only prudent to remain flexible so as to not jeopardize future budgets."

### 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 those residents in the Delaware County portion of the District. For more than the past decade the WCASD average tax burden has remained in the lowest 13% among school districts in Pennsylvania.

Based on the preliminary budget figures, the real estate tax rate for Chester County would have to increase by .58 mills, to 19.7877 mills, an increase of 3%, and the rate for Delaware County would have to increase by .43 mills, to 14.0846 mills, an increase of 3.2%, over 2014-15. The average assessed home value in Chester County is \$190,635. In the Delaware County portion of the District, the average home value is \$287,525. At a 3% rate increase, the average tax hike would be an increase of \$110 for Chester County residents and \$125 for Delaware County residents. The differences in county average assessments account for formula differences resulting in the differing tax rates.

### Expenditure Increases

Pension rates continue to occupy an increasingly large portion of the District's total budget. Ten years ago pension costs represented 2.2% of the operating budget – today, pension costs represent 10.2%. This reflects a 451% increase in the pension contribution rate over the same period of time. Likewise in the 2015-16 year, the pension contribution rate of 25.8% will be an increase of 21% over the prior year and will grow the District's costs by another \$3.9 million.

Other expenses typically not under the District's control are charter school tuition costs - increasing \$800,000 in the 2015-16 school year – which have added to the annual budget. Mandated special education costs continue to increase in 2015-16 as well. The District is adding 1.7 teachers to meet the increasing needs of special education students. Costs for contracted services for special education are increasing by \$679,000.

Where possible, the District has pursued cost saving measures in other areas. 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 worked together to make changes in healthcare programs which lowered the cost increases in those areas of the budget. Lastly, as part of its debt service management program, this year the District refinanced \$57.6 million in bonds to save \$7.4 million. By maintaining its Aaa bond rating, the District is able to minimize interest rates on its debt. Through creativity and collaboration, the District has been able to make budget cuts without impacting the integrity of core instructional programs, even as the economy suffered through the recession which began in 2008.

"We will be working hard over the next few months to prepare a final budget that is the most efficient and supports our programs and initiatives for our students," said Dr. Jim Scanlon, Superintendent of the West Chester Area School District.

The board will continue to work on the budget until a final budget is passed at the May 26 School Board meeting. The Board has asked the administration to work on the preliminary budget and make every attempt to keep the tax increase to no greater than 1.9%.

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