

West Chester Area School District 2013-14 Preliminary Budget Message

The West Chester Area School Board adopted a preliminary budget for 2013-14 on April 22, 2013, that will include no tax increase for District property owners. As a result of sound fiscal planning, taxpayers in Chester County will have the same rate as in the current budget year. Those in the Delaware County portion of the District will see a modest millage reduction. A mill is 1/1000th of each dollar of assessed home value.

School Board President Vince Murphy said, "I am confident that having no tax increase in next year's budget is the right approach for property owners in the still recovering economy. I am also confident that it is the right approach for our school district. No programs will have to be cut in order to balance the budget as we continue to provide a quality education to our students."

The 2013-14 budget will total \$209,282,000 and represents an increase of 3.7% over the current-year budget. More than one-half of the \$7.49 million increase in spending is driven by state-mandated payments into the employee retirement system, known as PSERS. Additional mandated spending for special education programs also drove new expenditures. Because such increases were anticipated, the most recent District budgets included prudent financial steps in order to prepare. In part, reserve funding that has been set aside will be used to soften the 2013-14 budget impact.

A slightly improved economic environment has also contributed to a stronger District budget profile. Over the last three years, property assessment appeals lowered the District's tax base by an average of \$87 million per year, while new property development and real estate sales were at an all-time low, thus generating minimal tax income. The recovering real estate market in the current year has helped generate increased interim and transfer taxes, and a boost in earned income tax receipts from a stronger employment market has also brought added revenue into the District. On the other hand, government mandates such as special education and the retirement fund payments, as well as payments to other institutions such as charter schools – forecast to be more than \$1.5 million in 2013-14 - continue to provide challenges to balancing the District budget.

Over the past three years, budget forecast models developed by the District's Department of Business and Finance predicted sharp spikes in mandated spending. The Board adopted a plan to place money in certain funds to be used in reducing the effect such forced expenditures would have on the budget. The preliminary budget calls for some of the funds held in reserve to be applied for 2013-14. Through belt-tightening and greater efficiency the District was able to create the funding necessary to keep in the reserve balances. Spending cuts were adopted from proposals including staffing reductions recommended by the two Community Budget Task Force campaigns in 2009 and 2011. The elimination of 70 district positions and other cost cutting initiatives contributed to \$15 million in savings during that time frame.

Dr. Jim Scanlon, WCASD Superintendent, said, "With the cooperation of our community we have been extremely successful in managing the severe budget challenges our board faced in recent years. We have planned very carefully to reduce costs and designate funds to offset the need for a tax increase for 2013-14. With mandated expenses such as PSERS, however, we may not be able to sustain our outstanding programs without considering a tax increase in future years."

2013-14 District Tax Rates

The real estate tax rate for Chester County residents of the WCASD will remain steady at 18.67 mills, while Delaware County taxpayers will experience a slight decrease to 13.62 mills, down from 13.78 mills in 2012-13. With an average residential assessment of \$189,850 the average Chester County real estate tax bill will be \$3,544 for 2013-14. In Delaware County, the average resident tax bill will be \$3,882 based on an average assessment of \$285,000. Chester County taxpayers account for 95% of the District's residential property tax revenue, made up from more than 29,000 residential parcels. Delaware County accounts for the other 5% of residential parcels, totaling 1,600 homes.

Sean Carpenter, Chair of the Board's Property and Finance Committee, said, "Our district has been a model for responsible spending and conservative budgeting for the past three years. Because of the effort taken by our entire district - the Board, staff, teachers, students, and community members - we are able to balance our budget without increasing taxes and at the same time maintain our excellent programs."

Adoption of the Final 2013-14 Budget is scheduled to take place on May 28, 2013.