

**WEST CHESTER AREA SCHOOL DISTRICT
TESTIMONY BEFORE THE
PENNSYLVANIA HOUSE OF REPRESENTATIVES
REPUBLICAN PARTY COMMITTEE
April 12, 2010**

Dr. James R. Scanlon

Hello, my name is Jim Scanlon, Superintendent of the West Chester Area School District. As Dr. Moore stated, the impact of the PSERS contribution rates on the West Chester budget is significant, increasing expenses from its current cost of \$4.3 million to \$28.4 million in the year 2012-13; a seven fold increase in three years. If our school board would take the allowed exception to the Act 1 index, it would mean that each taxpayer would be paying about \$350 to support this expense. As a taxpayer in the West Chester Area School District, I am concerned about that. As an educator responsible for the achievement of nearly 12,000 children, I am more concerned about the impact on our program offerings to students.

The West Chester Area School Board will not be able to impose double-digit tax increases to cover the cost of the retirement contributions. That means we will be forced to make reductions in other areas, something we are already doing as a result of a lengthy recession. As we prepared our 2010-11 budget, we involved our community in a comprehensive review of our budget to identify ways to be more efficient with operations and find ways to reduce our budget by nearly \$6 million or approximately 3%. We did this without having a significant impact on the classroom. However, the reductions we are making will have an impact on instruction in future years if we continue in this manner. Among the reductions are 19 staff positions, SAT courses, 9th grade technical school offerings, professional development reductions, energy cost reductions, facilities repair reductions, and more than thirty other findings taken from our Community Budget Task Force.

We are expecting a similar budget for the 2011-12 school year and are already preparing to look at ways to reduce that budget. If our school board imposed a tax to cover the increase for PSERS in 2012-13, our community would be faced with a 9% tax increase and we would need to cut \$9.2 million from the budget over the next two years. That means in three years (from 2010-11 to 2012-13) we will have cut \$15 million from our programs and the West Chester Area School District will not be able to sustain many of its outstanding programs.

We are a labor profession. We teach children with people and not with machines. Our greatest strength for helping children succeed are the staff in our classrooms and schools. Any great company will put its money into its most precious resource. Because 62% of our budget makes up salary and benefits, our most valued resource is our staff. If we are to find savings of \$9.2 million in a labor intensive business, we are going to do it by cutting staff. Cutting \$9.2 million would be the equivalent of losing 113 people, or about 7.5% of our work force. Programs will be eliminated and class size will increase significantly. The demands of No Child Left Behind, Individuals with Disabilities Act, as well as the other state mandates will continue to be in place, and there will not be sufficient funding to address these mandates.

As I read more about the PSERS problem, some people are blaming teachers, some are blaming school boards for raising taxes. This is not a teacher or school board problem. PSERS is the retirement system for all people working in education: administrators, support staff, secretaries,

custodians, nurses and others. All of these people are contributing 7.5% of their salary to the retirement system, a much greater share than the state and local school districts. Ten years ago, I was working as superintendent in a Bucks County School District and I recall having conversations with our legislators about the PSERS crisis then. The rate was at 4.6% and it was expected to rise to 7%. Legislators decided to re-amortize the fund over ten years and lower the rate to 1.06%. Bucks County Superintendents cautioned legislators about doing this because it was not a long term fix. It meant delaying the payment for ten years. Now here we are ten years later having to pay the bill.

I don't know that I have a good answer for a solution but I can tell you that the West Chester School Board passed a resolution in February for our legislators to look at this problem. At that time there was one proposed solution in HB 2135 (SB 1185) and our board supported it as part of a solution. Since then there have been other proposals.

I will say that the solution needs to be a long-term fix, rates need to be established that are constant and don't fluctuate up and down with the economy, and the state must not borrow against the fund, but keep it for what it was intended to do.

I would be happy to be part of any future discussions and any possible solutions to this pension problem. I thank you for your time today.