

## **Basic Education Funding – Update from the Phoenixville Area School District**

Thank you for this opportunity to speak this morning.

In particular, I would like to thank Representative Vereb for hosting this meeting and Senator Dinniman for inviting me to speak.

I am Alan Fegley, Superintendent of Schools for the Phoenixville Area School District.

My message today is very simple: Basic Education Funding is not keeping up with increasing costs, especially in a growing school district.

These substantial costs include rising health care premiums, dramatic increases to the Public School Employees' Retirement System (PSERS), increasing costs of special education services, and significant costs resulting necessarily from district growth. When Basic Education Funding does not keep up with increased costs and growth, school districts are faced with an impossible choice – either ask the local taxpayers to shoulder an increased share of education costs or reduce services to the students.

First, let us look at the level of Basic Education Funding that the Phoenixville Area School District has received over the past eight (8) years.

### **Basic Education Funding**

2007-2008	\$4,025,083.00
2013-2014	\$4,208,069.00
2014-2015	\$4,208,069.00

Thus, over an eight (8) year period, the Phoenixville Area School District Basic Education Funding has increased 4.6%

During this same time period:

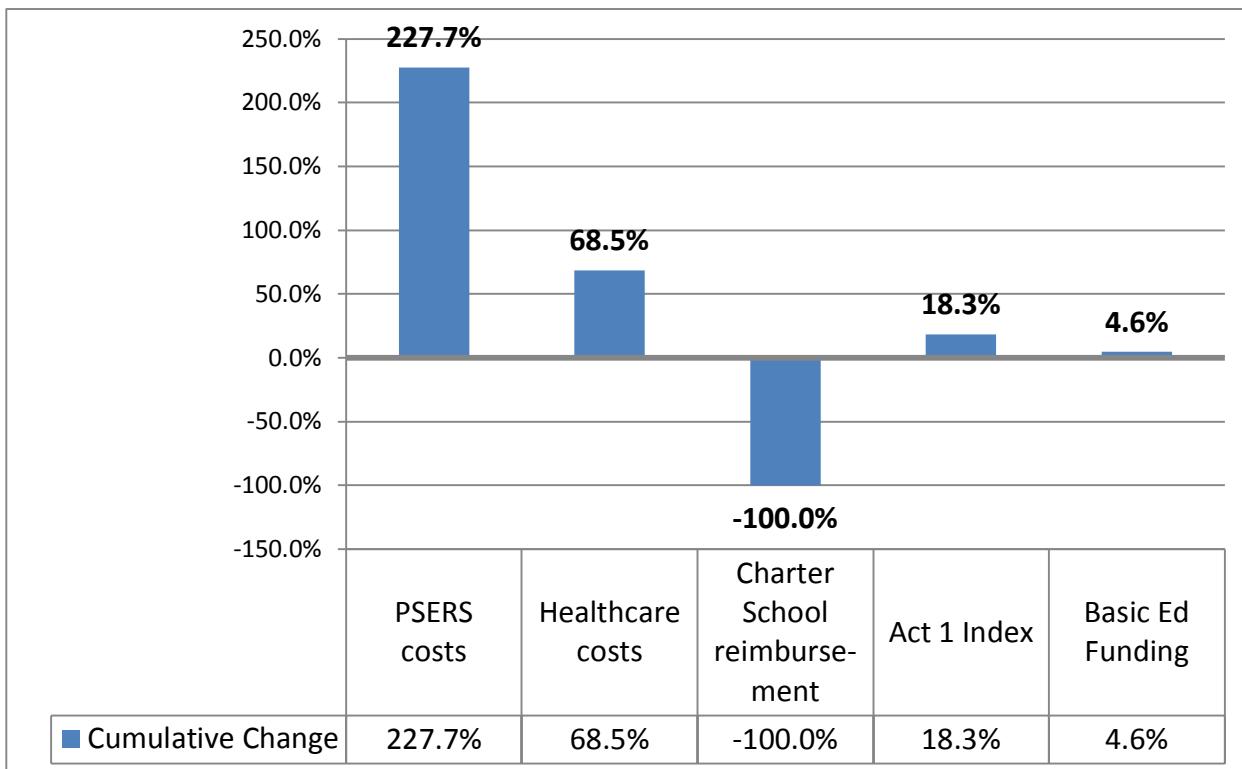
PSERS costs have increased 227.7%

Health Care costs have increased 68.5%

Charter School reimbursement went from a high of \$1,267,112 to \$0

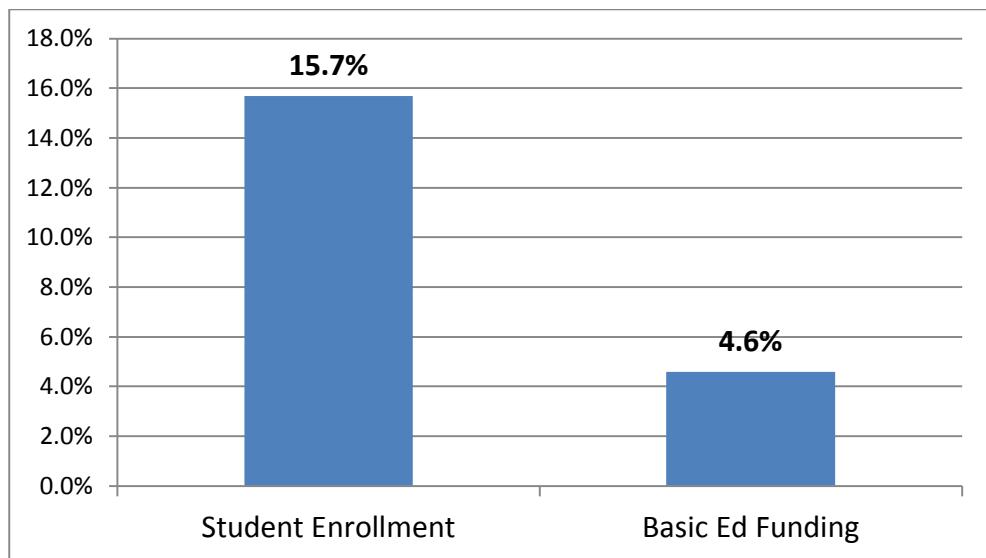
Interestingly, for the Phoenixville Area School District, Basic Education Funding increases did not even keep pace with the Act 1 Index, which increased 18.3% during the same eight (8) year period.

The graph below clearly illustrates the overwhelming challenge that the Phoenixville Area School District has faced over the past eight (8) years.

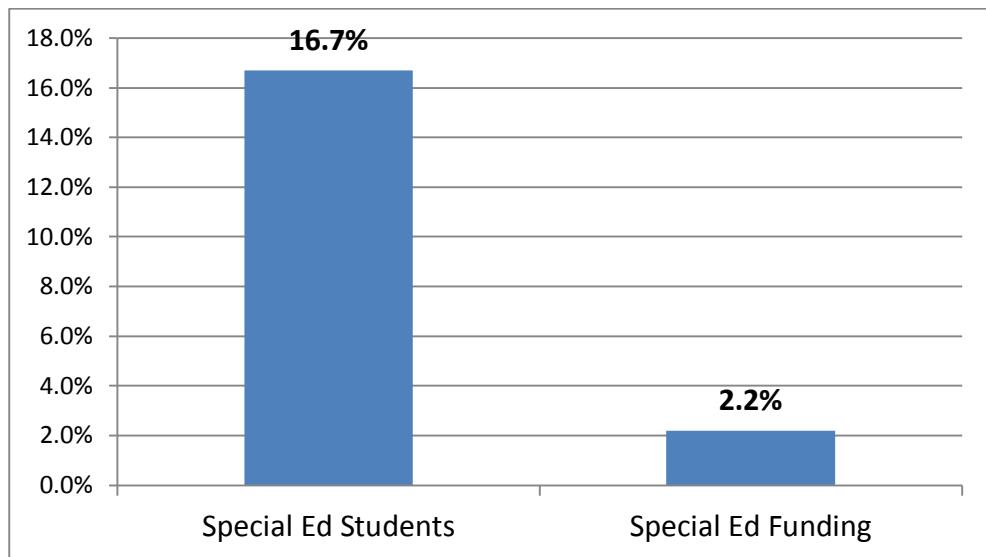


To be fair, the Commonwealth of Pennsylvania did fulfill its obligation to reimburse the District at the 50% rate for PSERS contributions. However, in spite of this, the District still faced a mandated increase of over 227%.

The challenge of these increasing costs is only exacerbated when there is significant growth in a school district. While growth is certainly a desired and welcome development, it comes at a cost. Over the last eight years, Phoenixville Area School District enrollment has increased by 506 students, or 15.7%. Unfortunately, however, there has been no corresponding increase in State Basic Education Funding during that period.

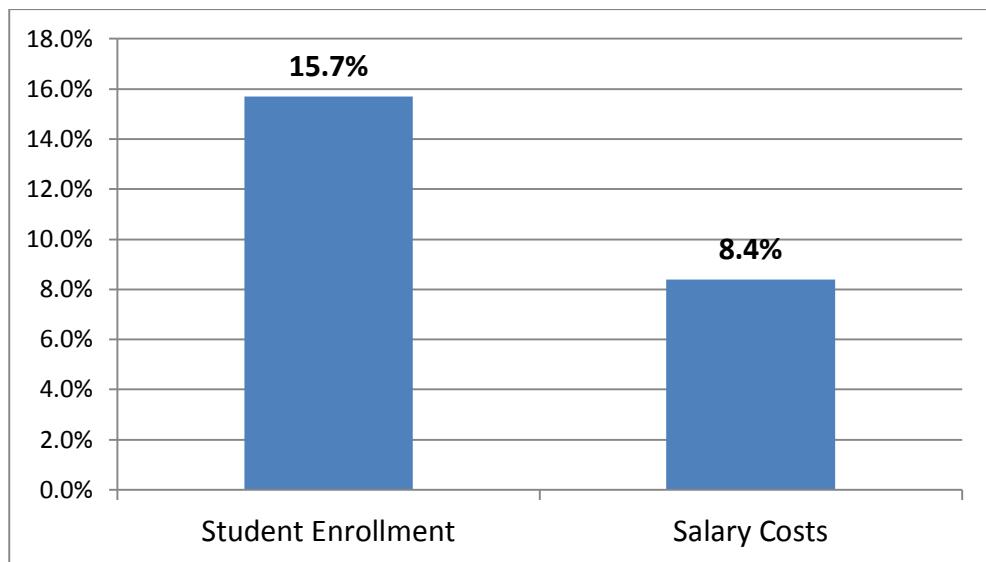


During this same period of time, the Phoenixville Area School District saw a growth in its special education population of 16.7%. This increase is in line with the growth that the District experienced between 2008 and 2014. Unfortunately, Special Education Funding from the Commonwealth only increased 2.19% during that same time period. Again, the result is an increased burden on the local taxpayers.



Finally, it is important to note that salary increases (8.4% increase from 2008-09 to 2014-15), while exceeding the increase in the Basic Education Funding increases (4.6%) over the past 8 years, have been significantly lower than the Act 1 Index (18.3%), and growth of the District

(15.7%). Clearly, the Phoenixville Area School District Board of School Directors and the Phoenixville Area School District employees are doing their part.



How can the Commonwealth assist school districts?

- Increase Basic Education Funding by the Act 1 Index
- Increase / decrease Basic Education funding by the growth / decrease percentage experience by individual school districts
- Recently there was a change in the Special Education Funding Formula, hopefully the changes address the funding issues faced by school districts
- Health Care Reform
  - Coordination of Benefits
  - Require working spouses be covered by their employee insurance plan

It is this last bullet that I wish to address.

The Phoenixville Area School District's health insurance advisor has informed the District that it could save 20-30% in health insurance costs if it required Coordination of Benefits. – This means that when both spouses work, each spouse must first uses his or her employer-provided benefits as primary coverage. The other spouse's benefit package is considered secondary coverage and coordinates to ensure that the ~~of~~ maximum health benefit is received.

Further, the District has been advised that if all working spouses of employees who are eligible for health benefits were required to take benefits offered by their employers, the District would save 30% to 40% in health insurance costs.

As a District, we have tried to achieve both of the above scenarios through the collective bargaining process. We have not been successful, however, as the PSEA made an all out press against both coordination of benefits and required spousal coverage.

Given that the Commonwealth of Pennsylvania would potentially also see 20% to 40% savings in its health costs, if either of the above options were negotiated with its employee groups, my request is that Commonwealth take the lead and at the same time require that ALL public employees have either a coordination of benefits or spousal requirement.

Thank you for this opportunity.

Respectfully submitted,

Alan D. Fegley, Ed.D.  
Superintendent  
Phoenixville Area School District