

TESTIMONY BEFORE HOUSE COMMITTEE ON LOCAL GOVERNMENT
HOUSE BILL 904
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Growing enrollments are not just a matter of bricks and mortar. Rapid growth in enrollments means that you cannot just simply add a desk or two to each classroom. Additional teaching and administrative staff, instructional supplies and transportation costs must also be considered.

A developer has recently proposed a new development in Forks Township with a minimum of 3,000 units and a potential maximum of over 11,000 units. The District's experience has been that each new home brings on average 1.6 children. That means that this new development alone would add between 4,500 and 16,500 students to the Easton Area School District. Without even considering the cost of additional school facilities, such an increase would result in additional costs of between \$42.5M and \$153.4M.

Additional homes do contribute to the tax base. Unfortunately, the tax revenue generated from residential property does not come close to covering the additional costs. On average, it costs about \$12,000 a year to educate one child in the Easton Area School District. A new home with a sales price of \$350,000, which is consistent with the current sales price of homes in Forks Township, will only generate about \$6,400 in tax revenue. The additional tax revenue from each new home is not sufficient to cover the cost of educating even one new student from that household.

The only avenue available to school districts to cover the additional costs brought about by rapid residential development is to raise local property taxes, further adding to the burden of local taxpayers. However, the provisions of Act 1, which limits the tax levying authority of school districts to an index, may preclude districts from covering the costs brought about by rapid residential development. The index is based upon factors that move with general cost increases in the state. It does not cover the impact of the extraordinary costs from residential development.

The problem is further exacerbated by the fact that in recent years the level of state funding for schools has declined. Six years ago, over 30% of the Easton Area School District's costs were covered by state funding. Today, that figure is less than 26%. Local taxpayers already bear over 72% of the District's costs. There just simply is not the capacity for local taxpayers to pay the additional costs associated with the growth in residential development we have been experiencing. In the absence of additional funding to cover these costs, school districts are faced with the prospect of cutting costs by simply doing more with less.

With almost 80% of the District's budget locked up in salaries, benefits, and other non-discretionary contractual obligations, there is little room for districts to absorb the additional costs from residential growth without reducing instructional services.