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Testimony – Growing School Districts
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Good afternoon. My name is Bill LaCoff and I have served as a school board director in the Owen J. Roberts School District in Chester County for more than 10 years. Over this past year, I have also served as the President of PSBA. I would like to thank the Senate Majority Policy Committee for giving me the opportunity to speak to the committee about the issue of growing school districts.

The Commonwealth rightfully expects public schools to provide a quality education for our children; however, it does not adequately assist school districts that experience dramatic increases in student enrollment resulting from rapid residential development. Between the 2000-01 and 2006-07 school years, student enrollment in 32 school districts grew by more than 10%.¹ Such growth presents a number of challenges to these districts, including the immediate need for additional space, personnel, supplies and special education programming, while working within the taxation boundaries set by Act 1 of the Special Session of 2006² and the construction limitations established in Act 34 of 1973.³ These restrictions have placed districts in the position of cutting valuable educational programs in order to satisfy the mandated costs and increasing expenses associated with a growing student population. A point I must make while mentioning these restrictions is that discussing them often leads people to believe that the legislature and school boards are adversarial. This is not true. Board members and legislators are partners in the development and execution of policy. Thus, I am here, not to complain about the situation, but to report to you what the effects are.

Each school district experiences different hurdles when dealing with growth. Allow me to share with you the experience of the Owen J. Roberts School District over the last 10 years. We have experienced a 21% increase in public school students and an 8% increase in non-public school students for whom we must provide busing. More development means more roads, more buses, more bus stops, more traffic and greater safety concerns. This has led to a 213% increase in transportation costs, so that we now spend \$3.5 million on student transportation. Equally burdensome, long term debt service, which is used to fund construction, has risen from \$1.2 million to \$7.2 million, a 500% increase. Currently, that represents a 3 mill increase, or nearly 13% of our taxes. Lastly, there is the increased demand on special education services, which are more costly than regular education services. As student population increases, the special education services provided raise costs more than might be expected. If a district enjoys a good reputation for its special education program, more parents are inclined to take advantage of their services. The special education population at Owen J. Roberts has grown 51% and our cost have risen 422% to more than \$8 million. This increase represents an additional 3 mills of taxes. Compare that to the increase in the Commonwealth's subsidy of special education costs statewide over the same time period, which has only risen by 65% since 1995.

¹ Based on student enrollment data provided by the Pennsylvania Department of Education in August 2007.

² 53 P.S. §6926.101 et seq.

³ 24 P.S. §7-701.1 et seq.

The combination of rapid residential development and insufficient classroom space results in overcrowded facilities and overwhelmed teachers. Poor physical surroundings can seriously hinder student learning and performance and can lead to an increased rate of absenteeism. This environment also puts a great deal of stress on teachers; schools operating over their design capacity often experience an increase in faculty absences and have difficulty retaining teachers. The effects of a deteriorating learning environment also extend beyond the school grounds. Studies have shown that the quality of education has a direct impact on the local residential property values and quality of life, thereby affecting a community's attractiveness to companies and workers.⁴ A few years ago, I was driving north out of Philadelphia and noticed a billboard for a new residential development in Bucks County. The sign listed the name of the development and the starting price of houses. It made no mention of anything like, "excellent construction; fine woodwork; close to transportation; beautiful views." In fact, about the only other thing it *did* say was "Council Rock Schools." What were they selling?

Growing school districts are unable to quickly accommodate the influx of new students, due to the fiscal and facility planning restrictions imposed by the Commonwealth. Now that Act 1 is in effect, growing districts have a *limited* ability to raise property taxes to offset the costs of facility and staff expansion. With the new index limits and referendum process, it is difficult to increase taxes for existing property taxpayers based on the *anticipated* school costs rendered by newcomers. Even if property tax increases were successfully implemented, the district would not be able to utilize the new monies until collection, which would likely occur long after overcrowding has started. Factoring together the time needed for collection, achieving project approval and finally constructing the facility, it would take several years for the schools to be relieved of the overcapacity.

In order to alleviate the distress of growing school districts, PSBA believes that the General Assembly needs to implement a two-pronged policy solution. First, districts must have a diverse set of revenue options, since relying on property taxes alone provides insufficient support to growing school districts. PSBA stresses the need for funding authorization that assist both fully-developed districts and those with land available for development. The two mechanisms that PSBA proposes are education impact fees and a supplementary realty transfer taxes. Second, the municipal and regional development planning process must better address the demands it places on the educational system.

One of most popular tools among local governments for quickly adjusting to new residential development is an impact fee. Currently, Pennsylvania law permits municipalities to assess impact fees against contractors that are necessitated by the development. Since a school system is a public service and its facilities are considered important public infrastructure, PSBA urges the General Assembly to authorize school districts to assess an education impact fee against new residential developments. When considering such legislation, the following three attributes should be included:

1. Like the authority currently granted to municipalities, school districts should have discretion in determining the fee amounts, instead of imposing fixed fees per dwelling or fee amounts that are based on the district's pupil cost. Pre-determined fees prevent school districts from forming flexible policies that accurately reflect regional costs. By studying each individual development's impact, the district can calculate a fairer fee based upon the actual or estimated

⁴ *Growth and Disparity: A Decade of U.S. Public School Construction*. Building Educational Success Together (BEST). October 2006. Pages 6-8.

educational costs that will be incurred.

2. School districts should not have to demonstrate growth in order to levy impact fees. Stipulating that a district must first display a percentage of growth over a certain period of time is counterintuitive to the purpose of assessing an education impact fee – to prepare facilities *in advance* of growth in order to prevent overcrowded schools.
3. The impact fee monies should be collected at the onset of development. The reasoning is simple: the earlier the fee is collected, the earlier the school facility improvements can commence. If school districts have to wait until after the development's construction to collect the fee, there may not be enough time to adequately improve schools to meet the new demand.

Not all student population growth is a result of new residential development. In districts that are predominantly landlocked, an increase in the sale of existing residential units, particularly through the revitalization of older, traditional neighborhoods by young families, can result in a significantly higher student enrollment. The ever present possibility of a state-mandated low class size would cause stable districts to face construction issues that are confronted by growing districts. Like the districts with available land, fully-developed districts need to have the fiscal means to adapt to rapid residential growth. PSBA believes that relief should come in the form of a district-levied supplemental realty transfer tax in addition to the one that is currently set by the Commonwealth and shared with local governments. It is important to realize that a supplemental realty tax could have economic ramifications; therefore, a district should defer the final decision to the voters by means of a referendum. This would ensure that the supplemental tax is a *community* choice and not one made by the district alone.

Beyond fixing the problem of funding, policy solutions are needed to grant school districts a greater role in the municipal planning process. Temporary development moratoriums have been offered as a way for local governments to suspend development for the purpose of reassessing the situation, reevaluating their comprehensive plans and zoning laws, and getting a head start on commencing improvements. A temporary moratorium is an important mechanism for communities in which the development threatens to overburden essential local public services and facilities. Unfortunately, some of the existing proposals exclude educational services provided by school districts. Since education is an "essential" public service, municipalities should be required to consider the development's effects on the local schools when deciding upon enacting a temporary moratorium. In fact, PSBA believes that if a school building exceeds 95% of student capacity, a temporary moratorium should be automatically triggered to enable the municipality and district to craft a comprehensive resolution to the problem.

School districts would also benefit from being privy to key information involved in the municipal plat authorization process. Approval of new development plans should be contingent upon the inclusion of an educational impact assessment. A copy of this assessment and notice of the plat approval should be submitted to the district. An impact study is the best possible reference for districts in preparing for the projected influx of new students and developing an accurate construction schedule. The assessments would also contain important information regarding traffic patterns and traffic flow that could be used to determine districts' bus routes and transportation budgets.

Another policy change that would enhance relations between school districts and municipalities concerns the current statutory definition of the municipal impact fee. It has been the practice of

municipalities to force districts to finance and implement off-site roadway improvements that the municipalities deem necessitated by school construction intended to accommodate the influx of new students from the development. Examples of these off-site projects include installing new stoplights, widening traffic lanes, and other necessary roadway changes. Such municipal stipulations are unfair considering that the district played no role in approving the new growth. Furthermore, most school districts are multi-municipality. Forcing the district to make infrastructure improvements causes taxpayers in adjacent municipalities to pay for them. By expanding the municipal impact fee's application to include expenditures for off-site road improvements, a municipality assumes responsibility for the consequences resulting from its planning decision.

There is a fairness issue to be considered, as well. Keeping in mind the multi-municipality nature of most school districts, residents of one municipality are forced to bear the cost of school construction that was required because of development in another municipality. School construction is expensive and taxpayers typically pay for it for 20 years. We are not proposing that a new residential development pay the entire bill for the impact on the school district, but I will say, anecdotally, that when Mr. Levitt built Levittown, he built the schools *and* the churches. Financially, he seemed to do OK. Pennsylvania's present model is to subsidize a poor business plan. For residential development to be successful, the neighborhood needs good schools. Developers ask current residents to subsidize the benefits to be provided to new residents, their customers, rather than include such costs in their business plan. If a new development needs a sewage treatment plant, the developer adds that to his costs. Not so with the cost impact to schools. What conclusion are we to draw about the relative values we place on sewage and students? Early in my school board career, when I realized the impact of residential construction on the taxpayers of my district, I would go to planning meetings, stand up, and ask the developer to donate 25 acres on which to locate the next school we would need. This request is preposterous only in the asking. Consider that any development likely to contribute 100 or more new students is likely to cause a new school to be built. Four developments contributing 25 students each will likely have the same effect. Ten years later, I am still waiting for the first reply, even in the negative, to my requests.

In conclusion, it is important to note that it is not the objective of growing school districts to obstruct community growth. Critics of the policies outlined above contend that they deter potential home buyers from settling in the community. That argument fails to recognize the detrimental effects that a poor quality of education will have on the local economy, including the real estate market. In fact, these policies *complement* development by ensuring the earlier delivery of quality local services that newcomers and current residents rightfully expect and deserve. To strengthen the community's development, school districts must have alternative revenue sources and a more direct partnership with municipalities. Thank you for your attention and I will answer any questions you may have.