



Summary Analysis of District Finances

Wallingford-Swarthmore School District

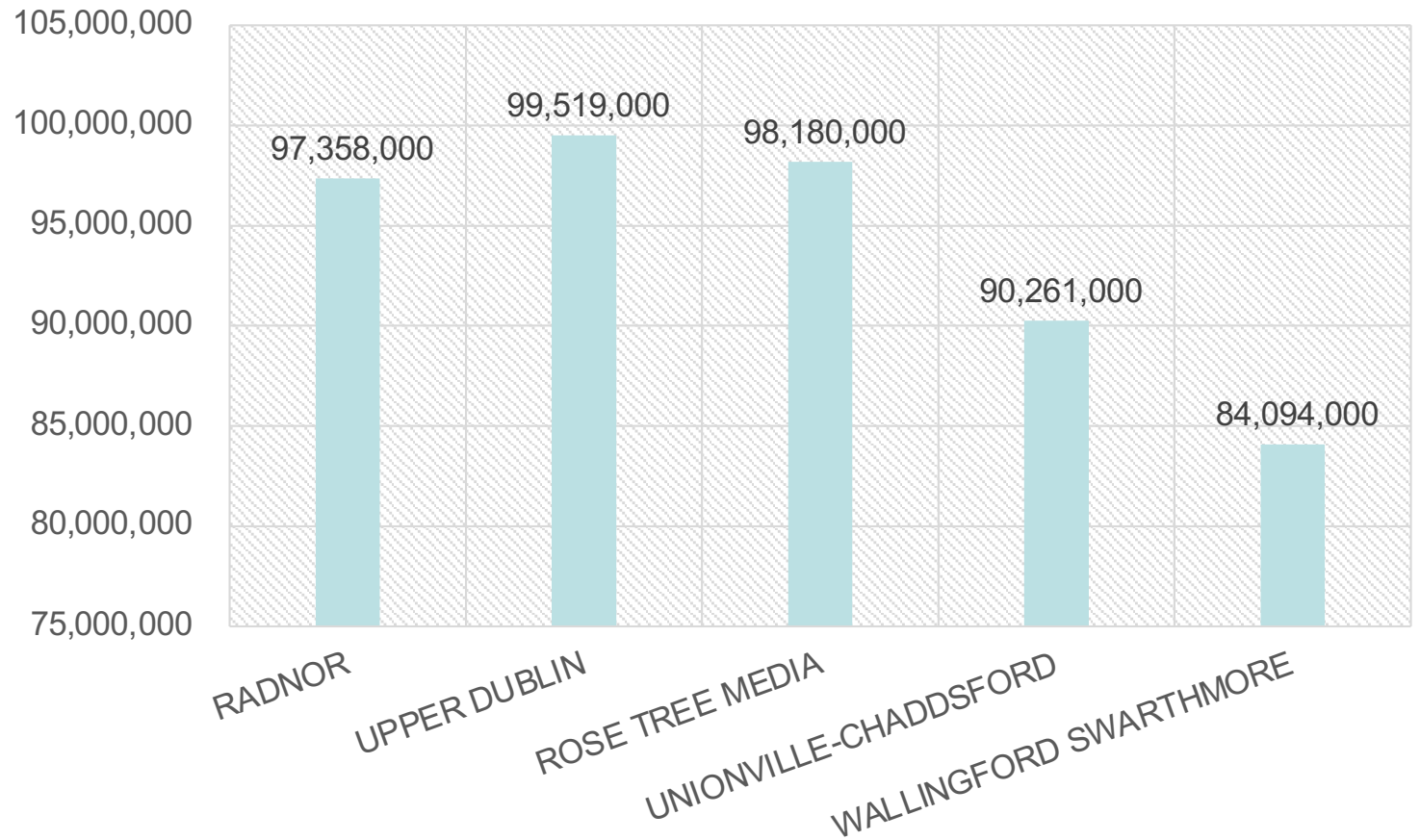
Board of Directors Executive Session | Saturday, February 12, 2022

Ethan Ake-Little, PhD, SHRM-CP | Mary Martin, CPA

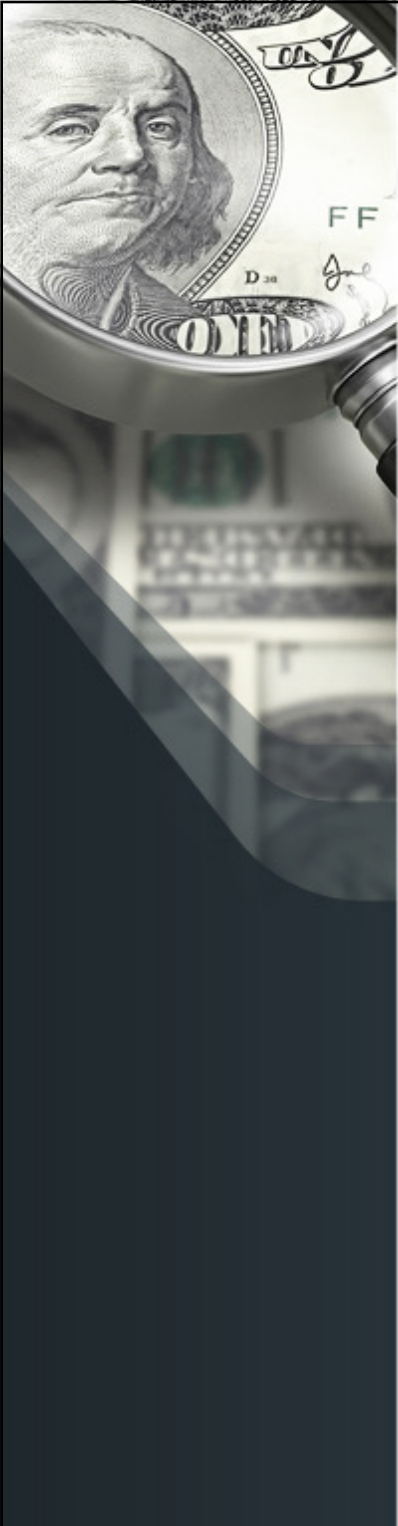


RESOURCE CONSTRAINTS

FY2019-20 ACTUAL EXPENDITURES



- In general, we are doing more with less
- Same dollars create higher percentages for WSSD
- We need to lower dollars across the board to maintain proportions



Presentation Agenda

PART I: Personnel Expenditures

PART II: Discretionary/ Programmatic Expenditures

PART III: Practices & Possibilities

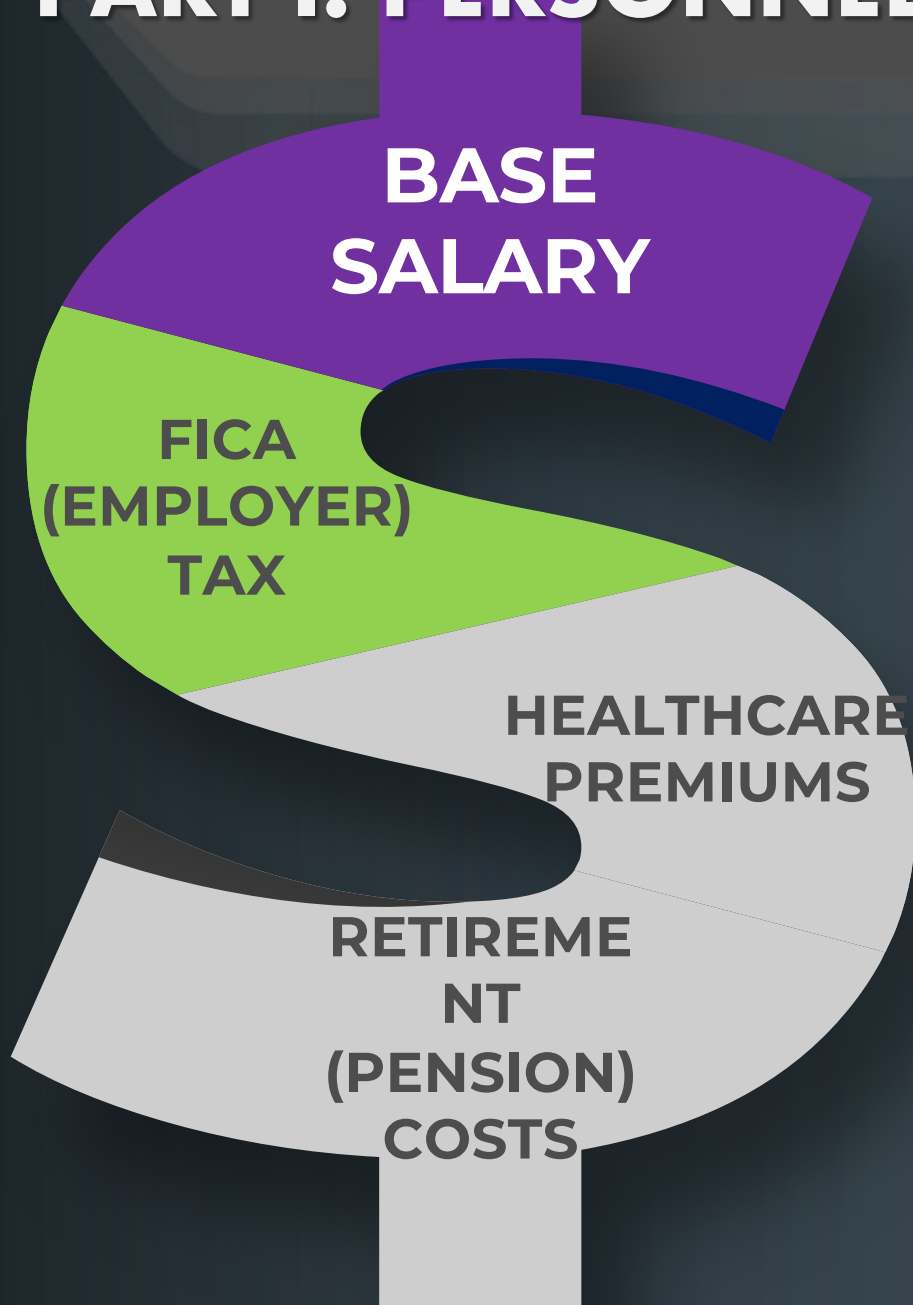


~\$63,500,000

~\$18,400,000

~\$10,100,000

PART I: PERSONNEL



Base salary for all (internal) employees is governed by one of the following:

- ✓ Contract (Senior Cabinet)
- ✓ ACT 93 (Supervisory)
- ✓ Exempt (Managers)
- ✓ WSEA Collective Bargaining Agreement (Professionals)
- ✓ WSESPA Collective Bargaining Agreement (Support)
- ✓ Teamsters Collective Bargaining Agreement (Transportation)

The agreements in **blue are variable (unilaterally negotiable)** whereas the ones in **green are fixed (bipartisan agreement)**.

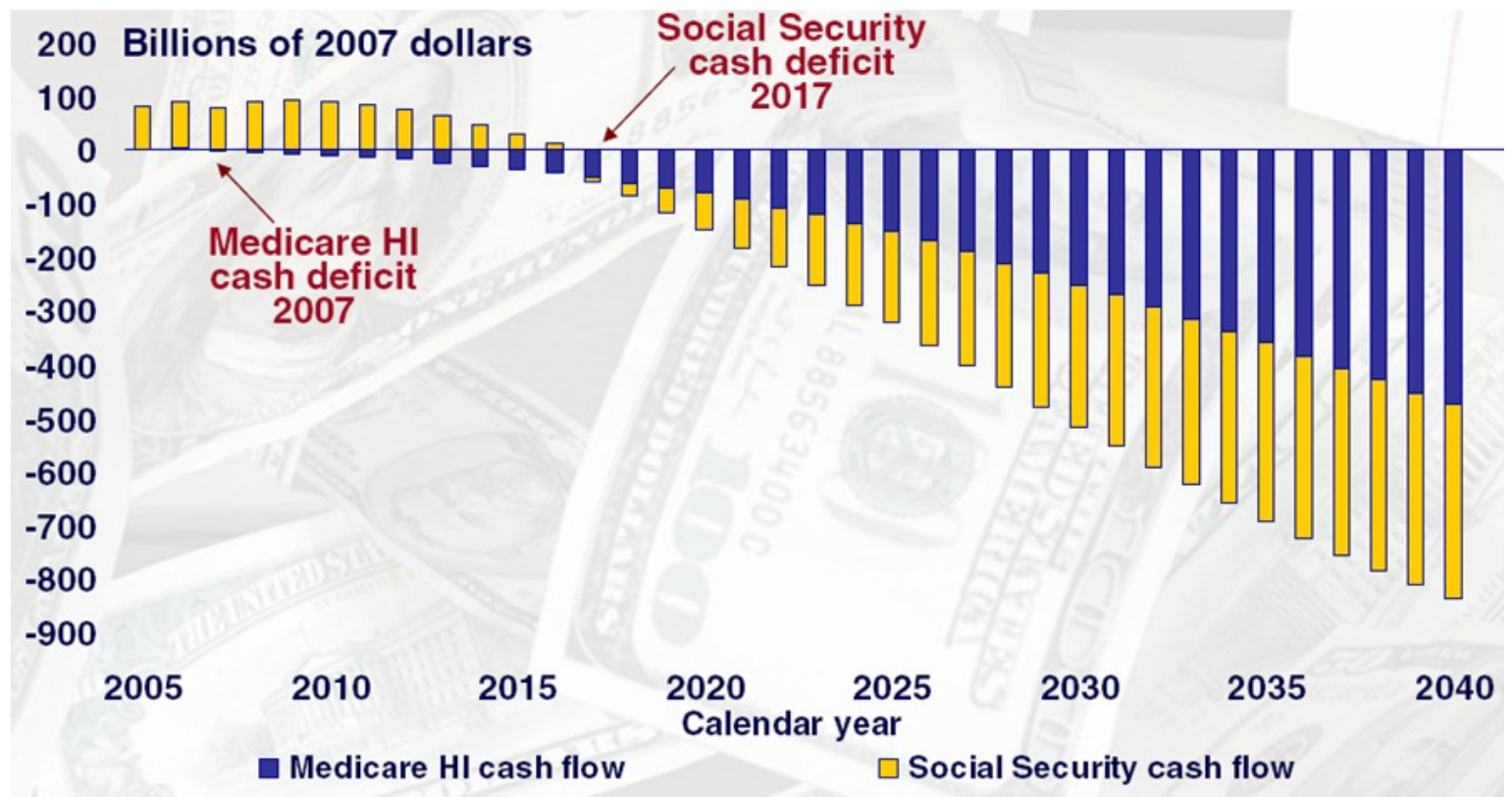
All earned income (wages) are subject to the Federal Insurance Contributions Act (FICA) Tax employer contribution rate of 7.65%.



SALARY & FICA

Salary figures are the *base* figures upon which all other percentages are calculated; as of FY2022-23, FICA and PSERS costs *alone* are a *combined* are a ~22% addition to salary. The higher the salary, the more costs we incur now and will continue to incur in the future.

FICA taxes are expected to increase over time to help make both Social Security and Medicare/ Medicaid solvent (along with potential reduction in benefits).





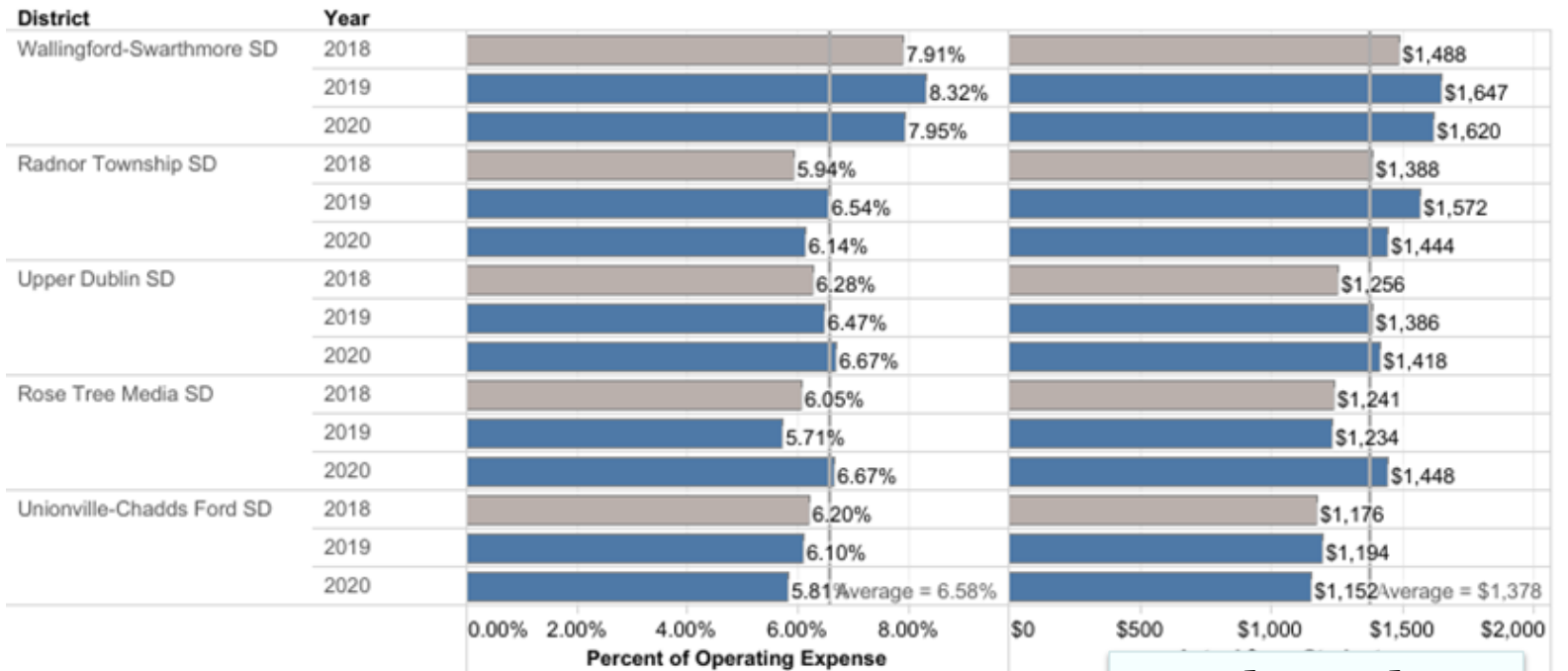
Line Item Spending Comparison

District(s): Wallingford-Swarthmore SD, Radnor Township SD, Upper Dublin SD and 2 more

Source: Pennsylvania Department of Education

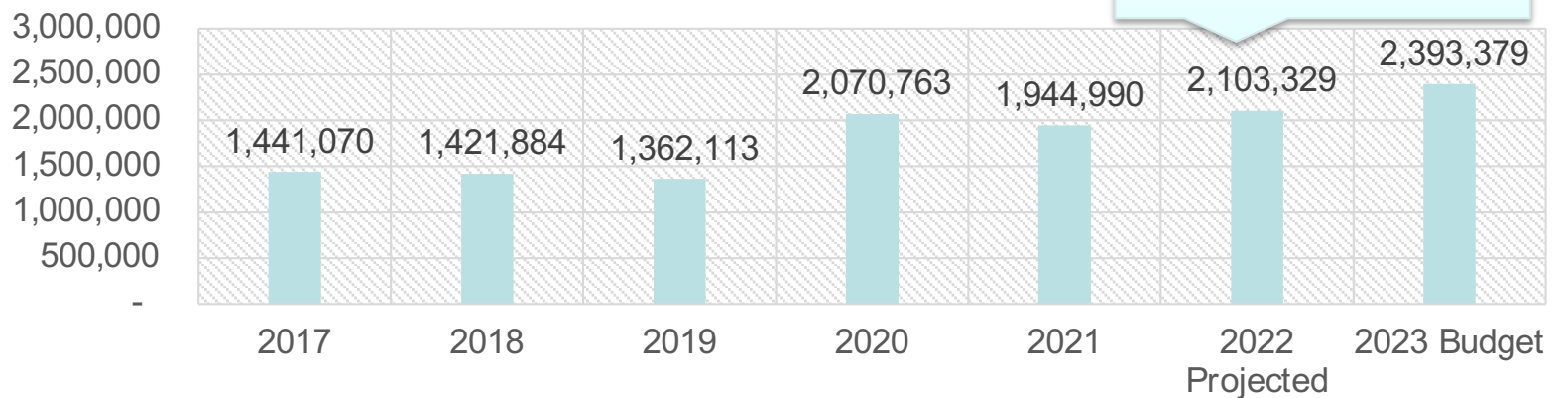
Notes: "Total Operating Expense" includes operating items from General Fund;


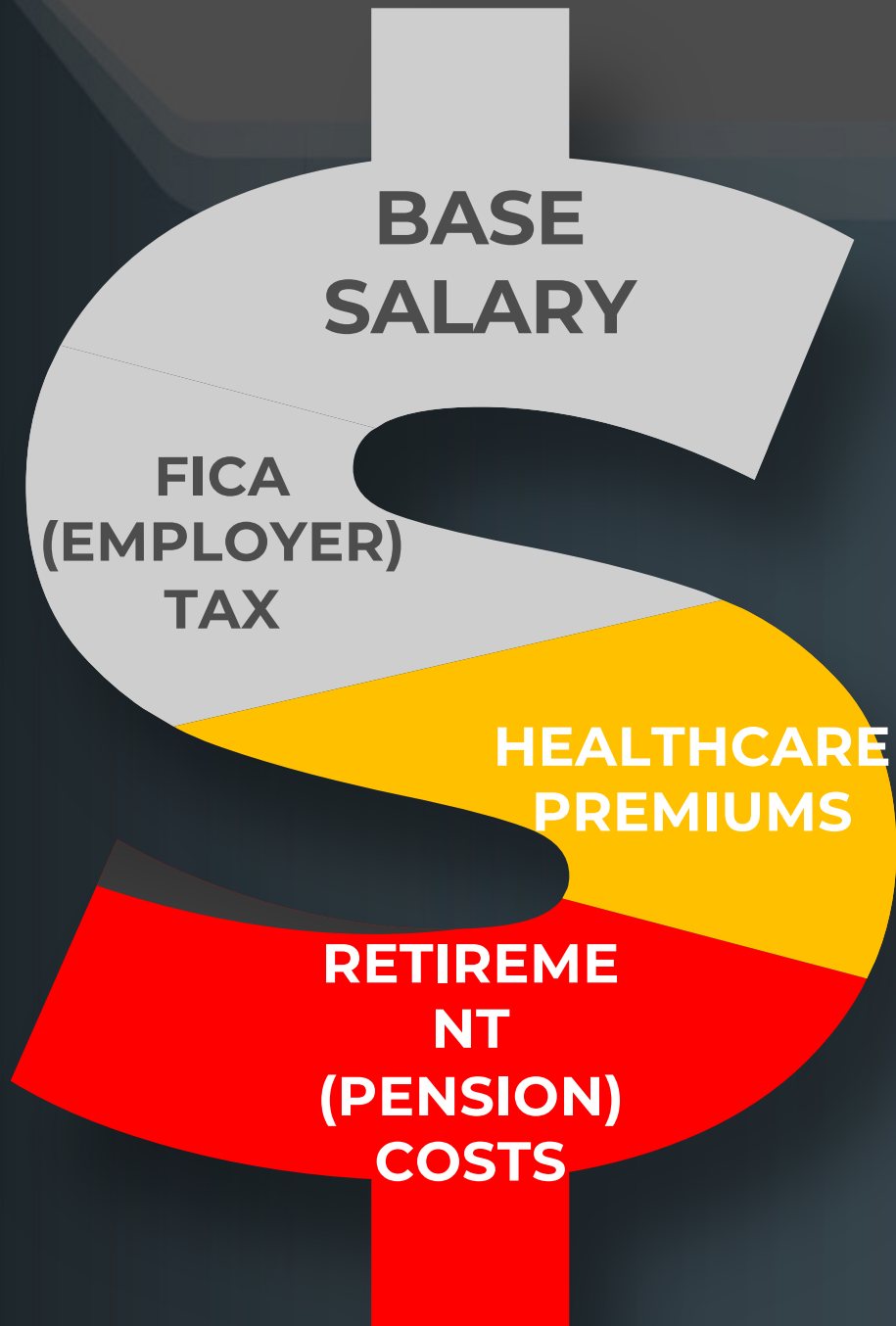
Actual \$ Per Student is calculated based on Average Daily Membership when available and regular enrollment when not available.



Employee share of costs averages to 6% (CBAs)

WSSD PRESCRIPTION BENEFIT



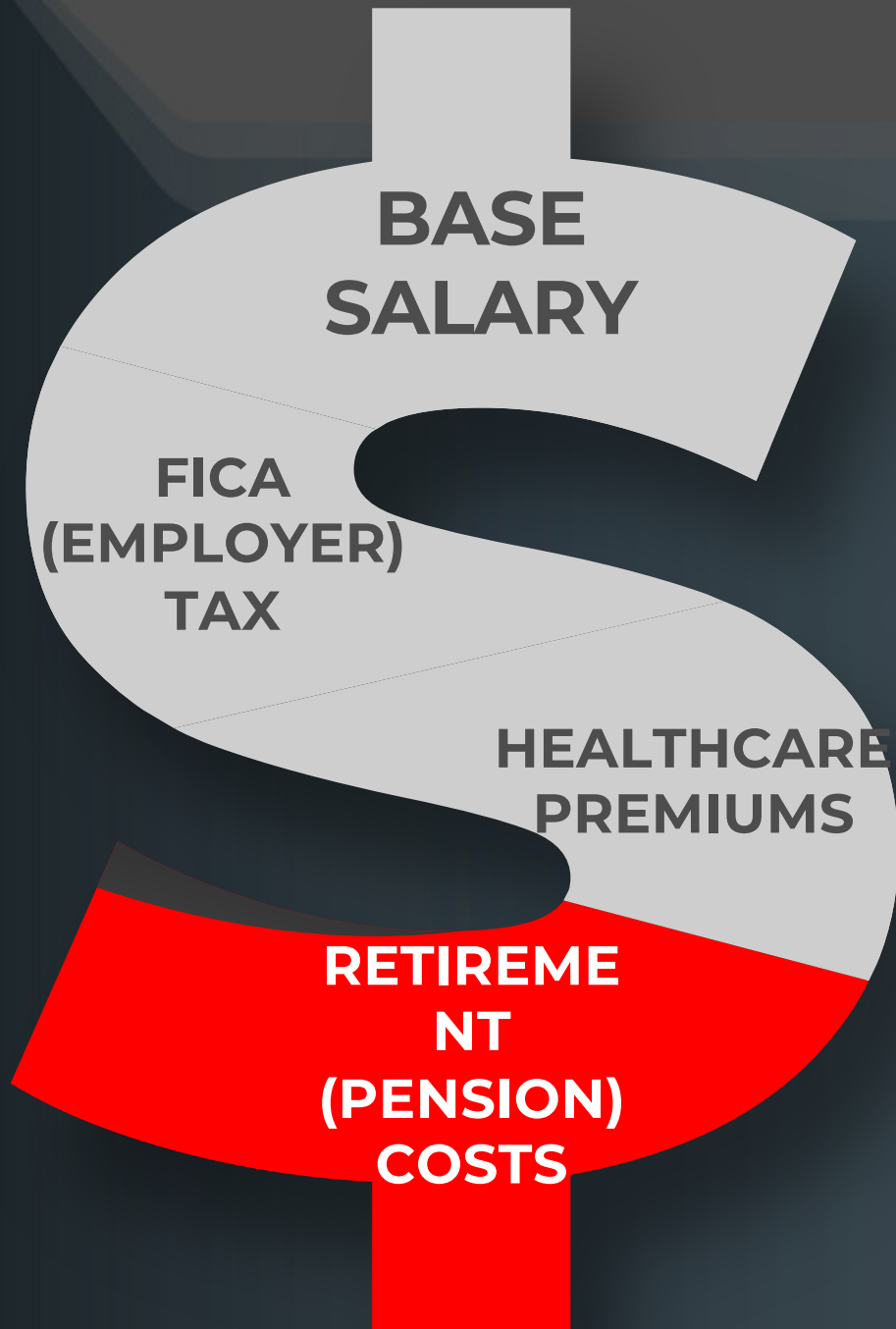


WSSD Medical Benefits in excess of peers both as a percentage of expenses and average “per student” benchmark

True – to a lesser extent – taking into account our reduced overall budget

Possible Explanations:

- Poor overall health *but* with large groups, tendency towards same average over time
- More employees = more costs (not really the case)
- Richer benefit (potentially)
- Different structure of cost sharing (potentially)



The Public School Employees Retirement Systems (PSERS) is the state mandated retirement (pension) system for all public school employees.

TWO TIERED SYSTEM

Defined Benefit Plan (Employees hired before July 1, 2019)

Hybrid Plan (Employees hired after July 1, 2019)

- ✓ Employees contribute (based on hire year and class election) anywhere from 5.25% to 10.3% of the *base salary*
- ✓ Employers must contribute a flat 34.94% of the *base salary* to PSERS.
- ✓ Schools districts receive a *rebate* of 50% since the state splits the cost with the employer (LEA).

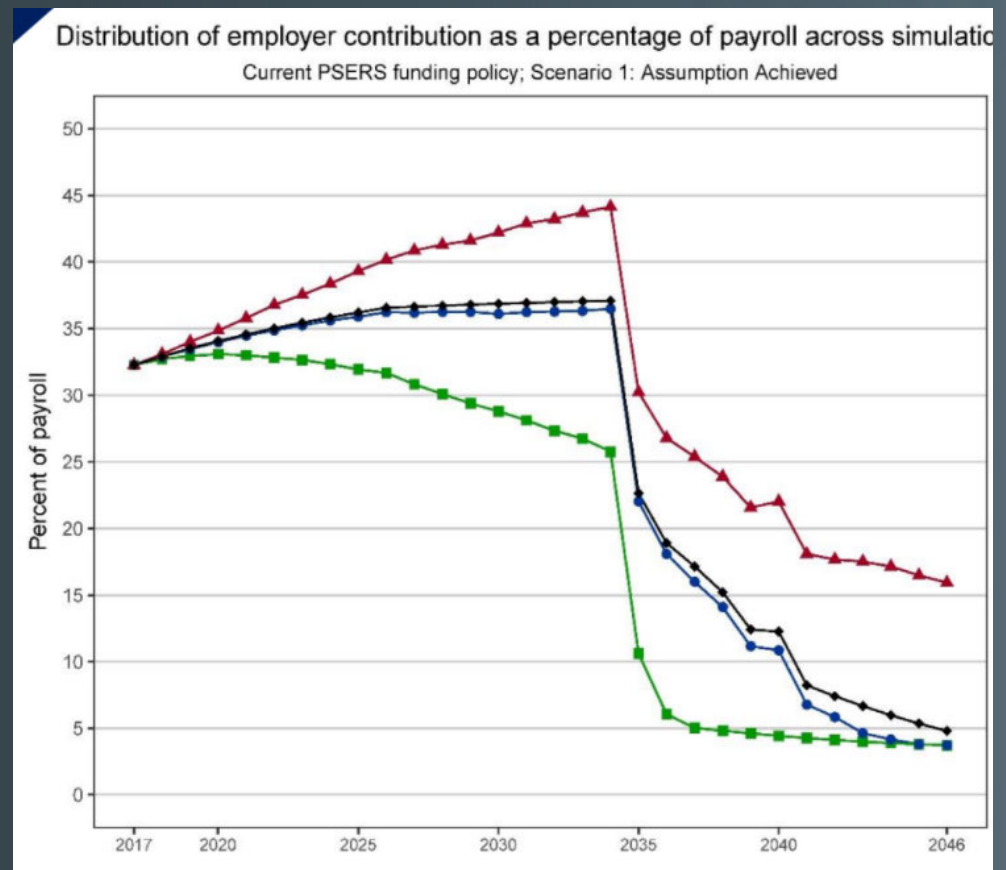
PENSION COSTS (PSERS)

PSERS costs *will* rise between FY2022-23 (35%) and FY2033-34 (44%). **WHY?**

PSERS is underfunded; to be solvent, PSERS needs to be *at least* 55% funded with a healthy fund balance of *at least* 70%. In 2009, PSERS was *barely* 56% funded and close to insolvency.

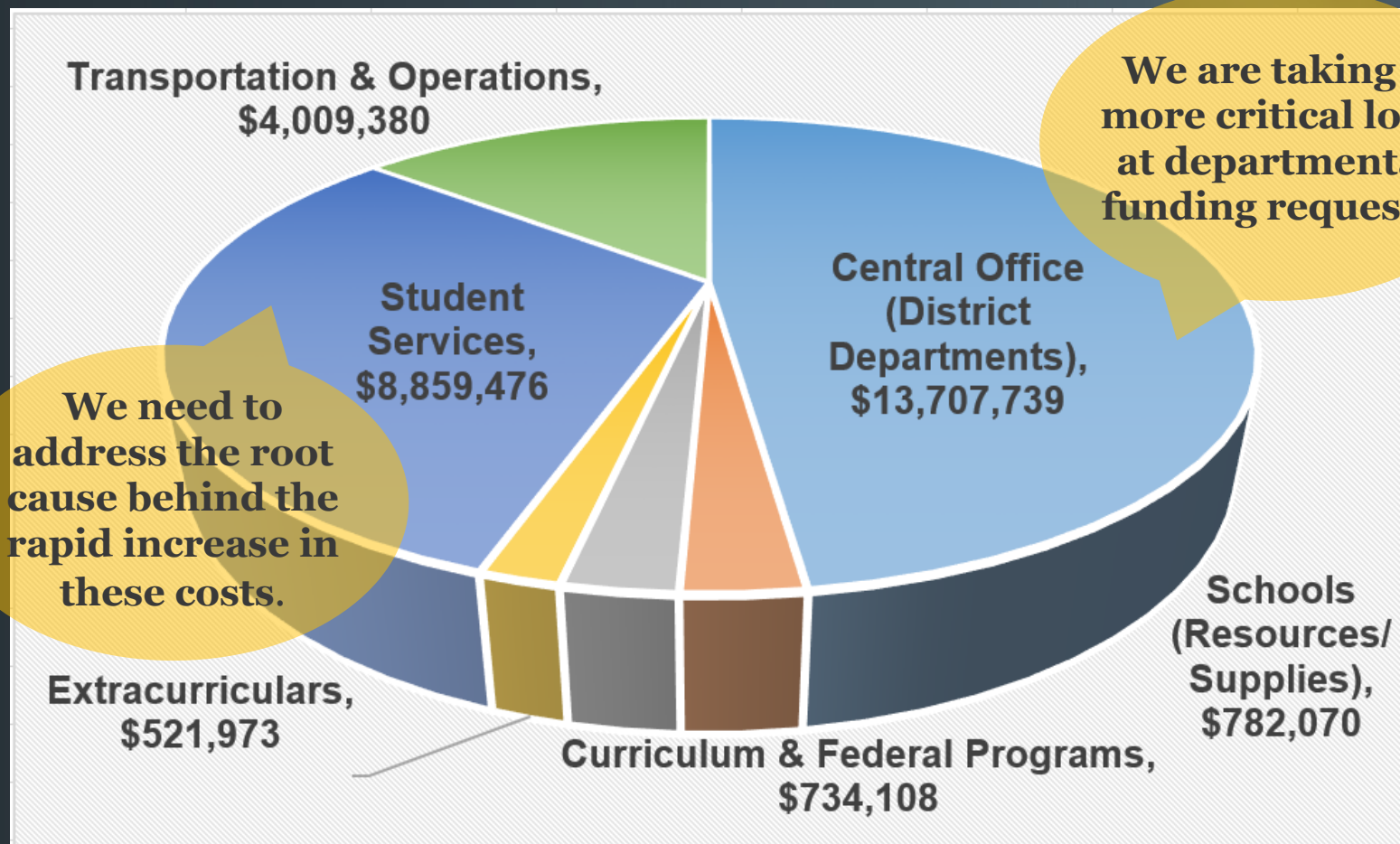
State government and investment banks provided PSERS with an immediate infusion of cash with a 25 year loan schedule (2009-2034). PSERS *should* be at least 70% funded and employer contribution rates will *dramatically decrease* (by FY2039-40 <15%).

Keep in mind that, as the LEA, we are obligated for 50% of PSERS costs.



PART II: OPERATIONS & PROGRAMMING

What comprises the **OPERATIONS & PROGRAMMING** portion of our budget (~30%)?



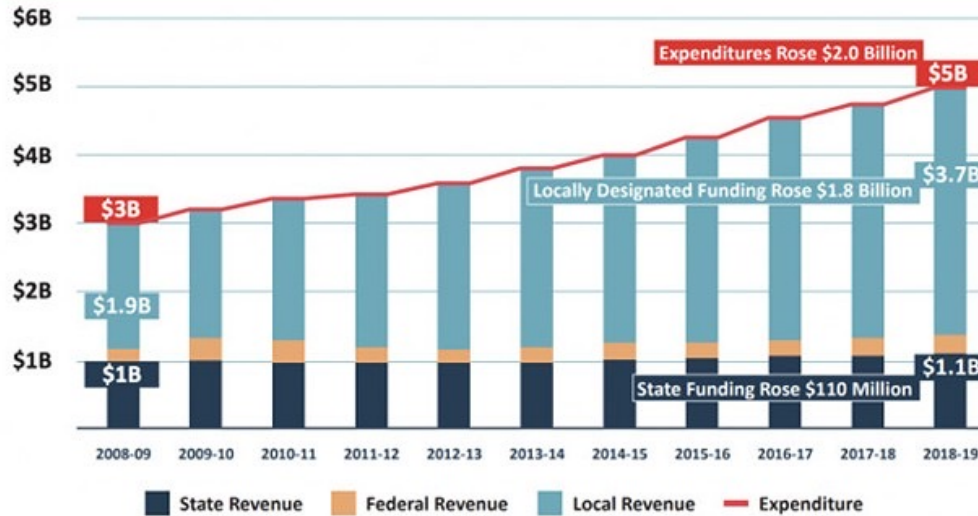
We are taking a more critical look at departmental funding requests.

We need to address the root cause behind the rapid increase in these costs.



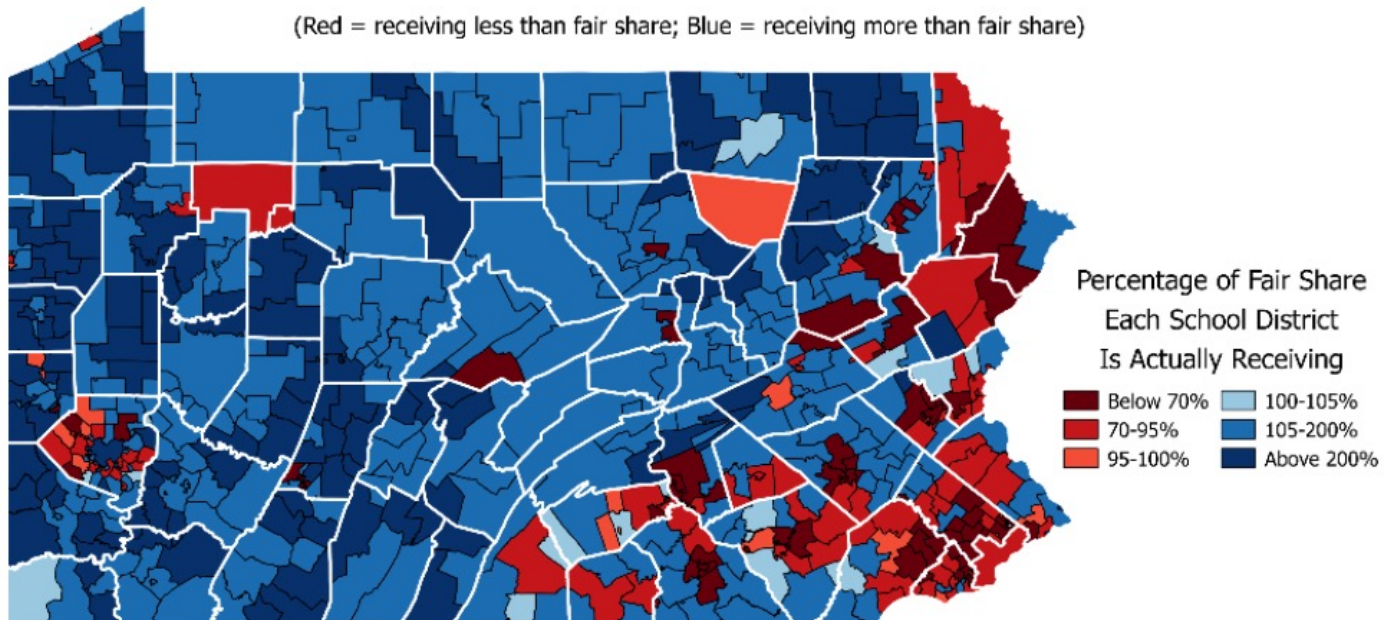
THE OVERALL STATE OF THE STATE'S SPECIAL EDUCATION FUNDING

In Pennsylvania, State Funding for Students with Disabilities Flatlined as Special Education Expenditures Grew by \$2 Billion Over a Decade



The Top 10% and Bottom 10% of PA school districts (by household income) are *owed* state special education monies. Gaps in state revenue are compensated by local revenue.

(Red = receiving less than fair share; Blue = receiving more than fair share)





PEER GROUP: SPED EXPENDITURES (TOTAL)

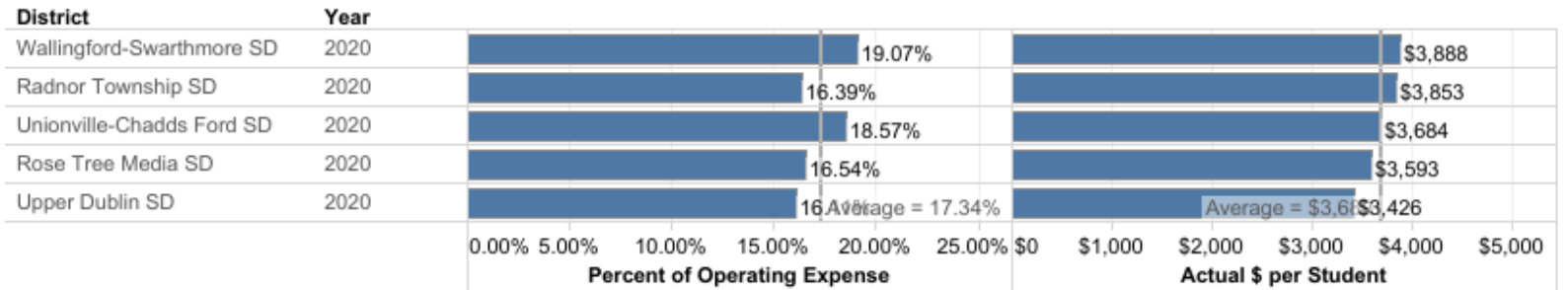
Line Item Spending Comparison

District(s): Wallingford-Swarthmore SD, Radnor Township SD, Unionville-Chadds Ford SD and 2 more

Source: Pennsylvania Department of Education

Notes: "Total Operating Expense" includes operating items from General Fund;

Actual \$ Per Student is calculated based on Average Daily Membership when available and regular enrollment when not available.



PEER GROUP: SPED EXPENDITURES (CONTRACTED)

Line Item Spending Comparison

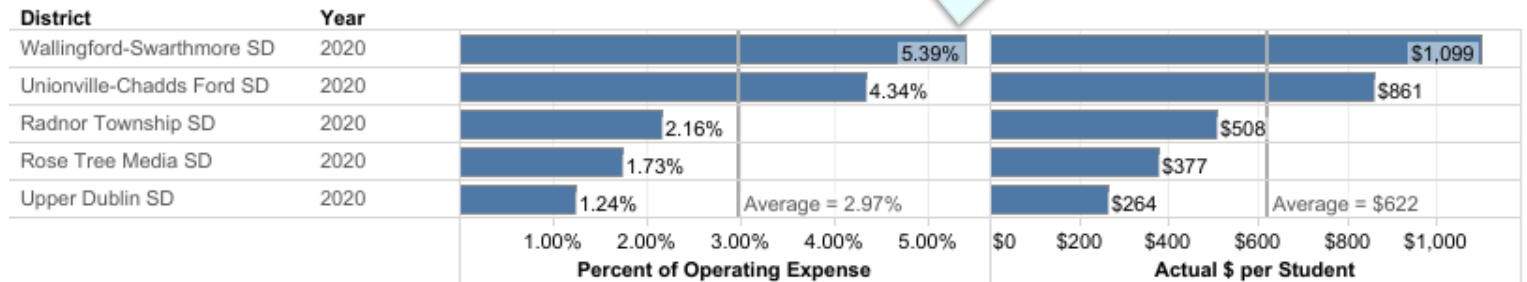
District(s): Wallingford-Swarthmore SD, Unionville-Chadds Ford SD and 2 more

Source: Pennsylvania Department of Education

Notes: "Total Operating Expense" includes operating items from General Fund;

Actual \$ Per Student is calculated based on Average Daily Membership when available and regular enrollment when not available.

WSSD contracted SPED costs are considerably more compared to peer group

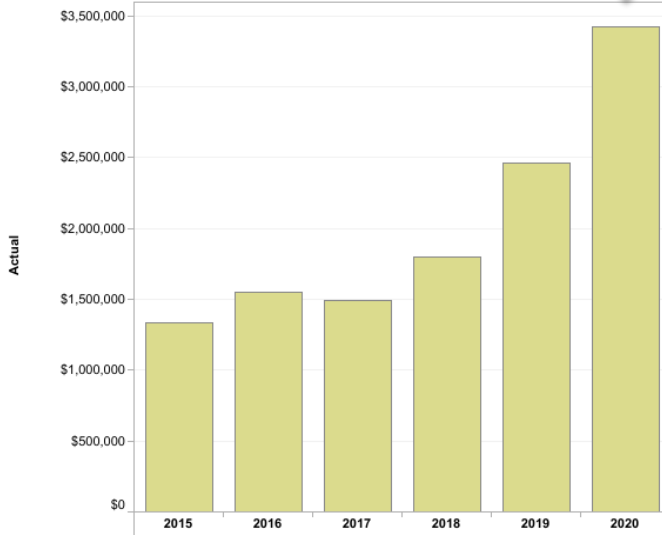




**SPED
CONTRACTED
COSTS**

Sharp increase over past few years in utilization of outside services

Expenses Bar Chart
District: Wallingford-Swarthmore SD
By: Object Level 3
Source: Pennsylvania Department of Education



CONTRACTED SERVICES & OUTSIDE PLACEMENTS VS. PEER

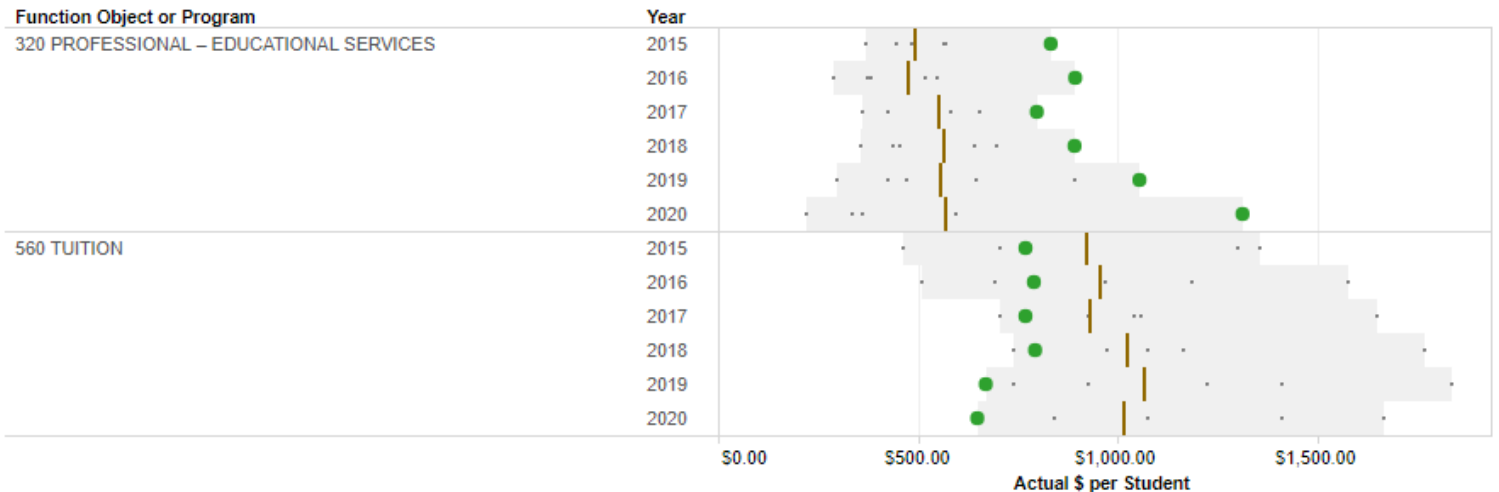
WSSD (represented by green dots), median (represented by brown line), WSSD peers (represented by small scattered dots) for contracted professional services & outside tuition.

Conclusion: Some correlational relationship between spending and higher level of professional educational services but appears to be limited benefit

Benchmark Comparison - Expenses

District: Wallingford-Swarthmore SD
Source: Pennsylvania Department of Education

Note: Actual \$ Per Student is calculated based on Average Daily Membership when available and regular enrollment when not available.



EXPLAINING THE (ABNORMALLY) HIGH COST OF WSSD SPECIAL EDUCATION



Our special education costs began to skyrocket in 2018, in the wake of the District's CCIU Behavioral Services Audit.

The proposed three (3) plan swung the pendulum from underinvestment to a rapid overinvestment with little control on costs and limited evaluation.

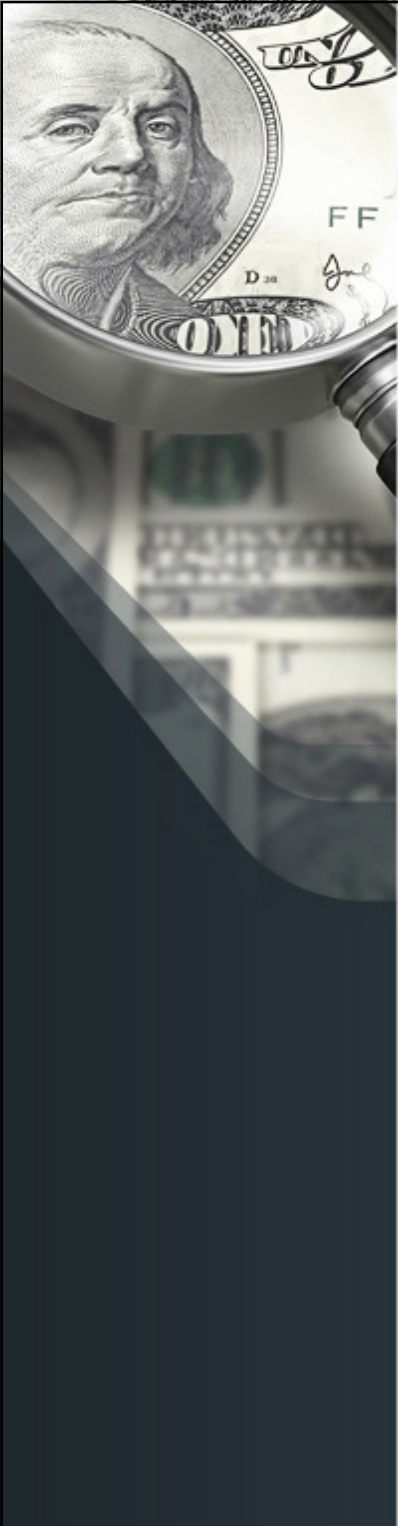
Accelerated
Implementation Process
(Three Year)

Use of Contractors to BOTH
Implement & Run
Programs

A Continuous Need to
Fund Implementation +
Management



Results in an outsourced department/
service that is essentially onsite.

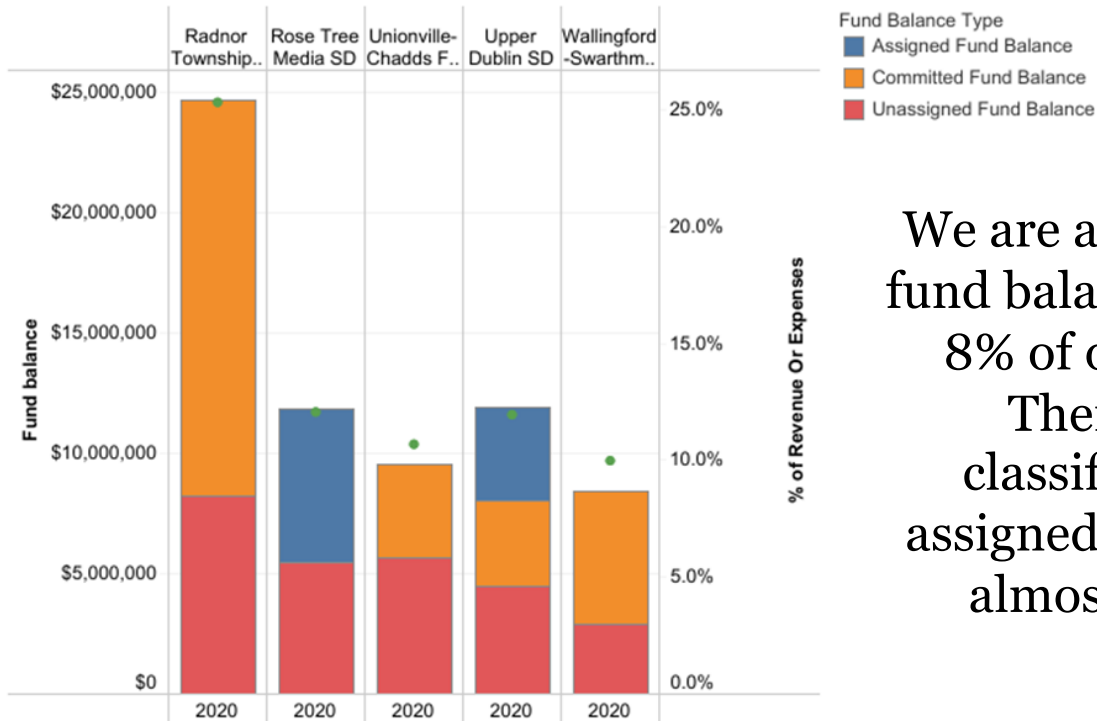


FUND BALANCE RELATIVE TO PEERS



Fund Balance by Percentage
 District(s): Radnor Township SD, Rose Tree Media SD, Unionville-Chadds Ford SD and 2 more
 Note: % of Revenues or Expenses reflects General funds only
 Source: Pennsylvania Department of Education

OUR FUND BALANCE IS NOT EXCESSIVE



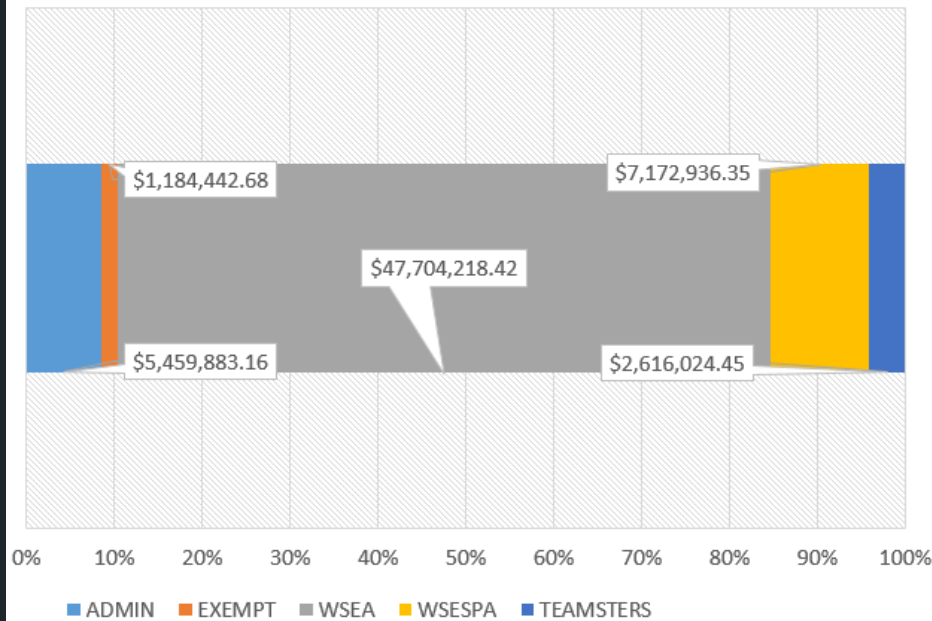
We are allowed to carry fund balance not in up to 8% of our expenses. Therefore, the classification as to assigned/ committed is almost irrelevant.

THE COMMITMENTS OF COLLECTIVE BARGAINING



Employee Group	Employee Count	FTE Count	Total Compensation Cost	Percent of Personnel Costs	Percent of Budget
ADMIN	23.00	23.00	\$5,459,883.16	8.5%	5.9%
EXEMPT	11.00	10.00	\$1,184,442.68	1.8%	1.3%
WSEA	335.00	314.25	\$47,704,218.42	74.4%	51.4%
WSESPA	127.00	115.50	\$7,172,936.35	11.2%	7.7%
TEAMSTERS	50.00	49.00	\$2,616,024.45	4.1%	2.8%
ALL EMPLOYEES	546.00	511.75	\$64,137,505.05		
FY2022-23 PROJECTED BUDGET			\$92,770,237.00		

COMPENSATION COST (FY2022-23) by EMPLOYEE GROUP



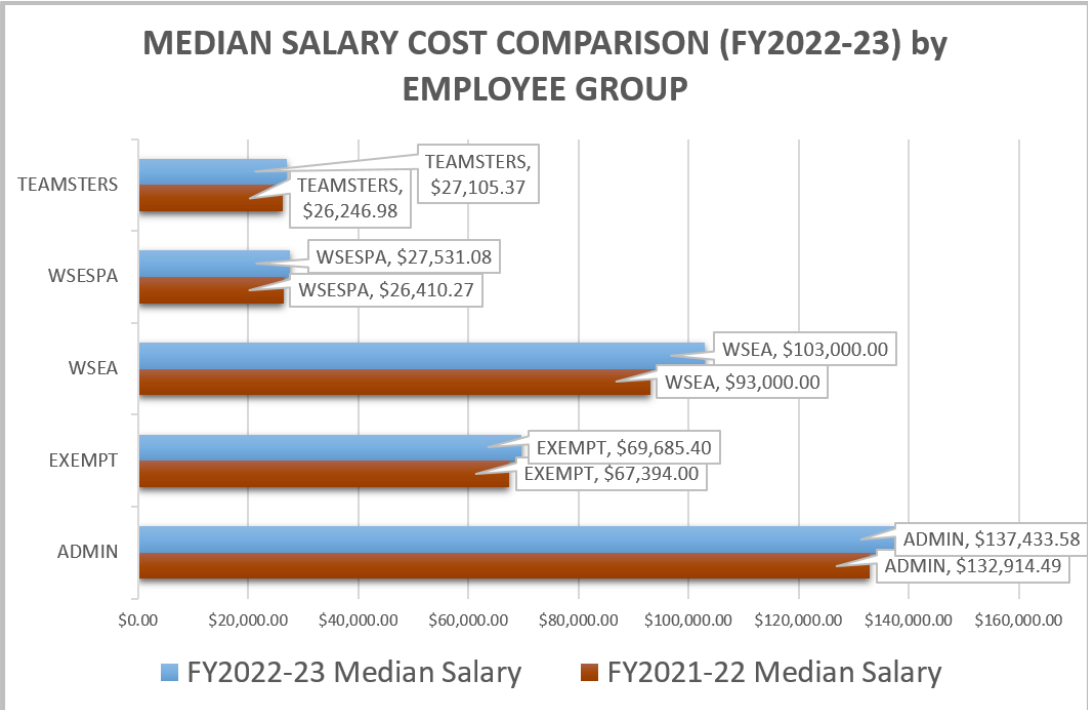
Fiscal Year	Current Cycle	Percent of Personnel	Percent of Budget
FY2020-21	ACT 93, EXEMPT, TEAMSTERS	14.4%	10.0%
FY2021-22	WSEA (SUPPLEMENTALS)	-	-
FY2022-23	WSESPA	11.2%	7.7%
FY2023-24	WSEA	74.4%	51.4%

Approximately 50% of the District's entire budget was negotiated in a single year (the WSEA contract) by a single person (former Director of Human Resources).

Subsequent Boards are bound to honor that agreement; **dissolution can only happen if the District files Chapter 9.**



CONTROLLING CONTRACT COSTS I: KNOWING YOUR DEMOGRAPHIC



Half (median) of teachers will be at the maximum salary (STEP 16) and each member of WSEA will receive a \$10,000.00 increase year.

Employee Group	Employee Count	FTE Count	Mean Salary	Median Salary	Mode Salary	Percent Increase Y/Y
ADMIN	23.00	23.00	\$129,541.50	\$137,433.58	NA	4.16%
EXEMPT	11.00	10.00	\$70,011.64	\$69,685.40	NA	3.40%
WSEA	335.00	314.25	\$88,872.39	\$103,000.00	\$105,000.00	3.48%
WSESPE	127.00	115.50	\$30,757.75	\$27,531.08	\$27,531.08	4.86%
TEAMSTERS	50.00	49.00	\$27,612.52	\$27,105.37	\$23,437.07	3.41%
ALL EMPLOYEES	546.00	511.75				

Interestingly, even though they are *not* the group with the largest Y/Y increase, the mere movement of one this one step has massive budgetary implications.



CONTROLLING CONTRACT COSTS II: THE PASSAGE OF TIME

NEW TEACHER (YRS 1-5)						
1.00	\$51,382.00	\$53,332.00	\$53,332.00	\$53,000.00	\$54,500.00	\$56,000.00
1.50	\$51,792.00	\$53,742.00	\$53,742.00	\$54,000.00	\$55,500.00	\$57,000.00
2.00	\$52,358.00	\$54,342.00	\$54,342.00	\$55,000.00	\$56,500.00	\$58,000.00
2.50	\$52,768.00	\$54,752.00	\$54,752.00	\$56,000.00	\$57,500.00	\$59,000.00
3.00	\$54,043.00	\$56,152.00	\$56,152.00	\$57,000.00	\$58,500.00	\$60,000.00
3.50	\$54,454.00	\$56,563.00	\$56,563.00	\$58,000.00	\$59,500.00	\$61,000.00
4.00	\$55,355.00	\$57,572.00	\$57,572.00	\$59,000.00	\$60,500.00	\$62,000.00
4.50	\$55,765.00	\$57,982.00	\$57,982.00	\$60,000.00	\$61,500.00	\$63,000.00
5.00	\$57,101.00	\$59,509.00	\$59,509.00	\$61,000.00	\$62,500.00	\$64,000.00
5.50	\$57,721.00	\$60,129.00	\$60,129.00	\$62,000.00	\$63,500.00	\$65,000.00
Y/Y DIFFERENCE			\$1,010.00	\$3,248.00	\$3,500.00	\$3,500.00
CUMULATIVE				\$4,258.00	\$7,758.00	\$11,258.00

A **NEW TEACHER** will receive a salary increase of only \$11,258.00 during the first five (5) years of their job, which is the period of highest (leaver) turnover.

An **EXPERIENCED TEACHER** will receive a salary increase of only \$12,614.00 during the second five (5) years of their job, which is the period of highest (mover) turnover.

EXPERIENCED TEACHER (YRS 6-10)						
6.00	\$58,852.00	\$61,386.00	\$61,386.00	\$63,000.00	\$64,500.00	\$66,000.00
6.50	\$59,440.00	\$61,974.00	\$61,974.00	\$64,000.00	\$65,500.00	\$67,000.00
7.00	\$60,568.00	\$63,243.00	\$63,243.00	\$65,000.00	\$66,500.00	\$68,000.00
7.50	\$61,496.00	\$64,171.00	\$64,171.00	\$66,000.00	\$67,500.00	\$69,000.00
8.00	\$62,437.00	\$65,162.00	\$65,162.00	\$67,000.00	\$68,500.00	\$70,000.00
8.50	\$63,025.00	\$65,750.00	\$65,750.00	\$68,000.00	\$69,500.00	\$71,000.00
9.00	\$63,573.00	\$66,474.00	\$66,474.00	\$69,000.00	\$70,500.00	\$72,000.00
9.50	\$64,161.00	\$67,062.00	\$67,062.00	\$70,000.00	\$71,500.00	\$73,000.00
10.00	\$65,724.00	\$68,802.00	\$68,802.00	\$71,000.00	\$72,500.00	\$74,000.00
Y/Y DIFFERENCE			\$1,857.00	\$3,757.00	\$3,500.00	\$3,500.00
CUMULATIVE				\$5,614.00	\$9,114.00	\$12,614.00

CAREER TEACHER (YRS 11+)						
10.50	\$66,328.00	\$69,406.00	\$69,406.00	\$72,000.00	\$73,500.00	\$75,000.00
11.00	\$67,372.00	\$71,622.00	\$71,622.00	\$73,000.00	\$74,500.00	\$76,000.00
11.50	\$68,615.00	\$72,865.00	\$72,865.00	\$74,000.00	\$75,500.00	\$77,000.00
12.00	\$69,952.00	\$74,202.00	\$74,202.00	\$75,000.00	\$76,500.00	\$78,000.00
12.50	\$71,395.00	\$75,645.00	\$75,645.00	\$77,000.00	\$78,500.00	\$80,000.00
13.00	\$73,038.00	\$77,238.00	\$77,238.00	\$79,000.00	\$80,500.00	\$82,000.00
13.50	\$74,516.00	\$78,716.00	\$78,716.00	\$81,000.00	\$82,500.00	\$84,000.00
14.00	\$75,996.00	\$80,196.00	\$80,196.00	\$83,000.00	\$84,500.00	\$86,000.00
14.50	\$79,884.00	\$84,084.00	\$84,084.00	\$87,000.00	\$88,500.00	\$90,000.00
15.00	\$82,034.00	\$86,534.00	\$86,534.00	\$91,000.00	\$92,500.00	\$94,000.00
15.50	\$92,342.00	\$96,842.00	\$96,842.00	\$97,250.00	\$98,750.00	\$100,250.00
16.00	\$100,300.00	\$101,700.00	\$101,700.00	\$103,500.00	\$105,000.00	\$106,500.00
Y/Y DIFFERENCE		\$6,830.00	\$3,036.00	\$5,762.00	\$9,500.00	\$14,000.00
CUMULATIVE			\$9,866.00	\$15,628.00	\$25,128.00	\$39,128.00

A **CAREER TEACHER** will receive a salary increase of \$39,128.00 during the next six (6) years of their job upon which they are now at the top of the salary scale.



A POSSIBLE SOLUTION TO SPED COSTS: COMPARING OUTSIDE SERVICES vs. INTERNAL (FULL/ PART-TIME)

For assumed same person hours (187 days @ 7.5 hours/ day):

- Outside Contractor: *Brett DiNovi & Associates* – \$66,000
- Full time internal: \$37,000 – \$57,000 (CBA based w/benefits)
- Part-time internal: \$31,000



The Central Bucks Schools will provide all students with skills essential for personal development, responsible

Doylestown, PA 18901

Job Listings

FAQ

SUPPORT STAFF: Special Education Assistant (Part-time/no benefits)

Job Description

*APPLICATION DEADLINE EXTENDED

POSITION: Special Education Assistant - Instructional
Part-time/No benefits
(Multiple Openings)

LOCATION: Central Bucks High School South

AVAILABLE: February 2022 (Exact date TBD)

HOURS: 29.9 hours p/week
Exact hours TBD

COMPENSATION: \$16.24* p/hr

Perform a wide variety of duties in support of student(s) individual programs in both special and regular education settings as directed by a professional staff member.

DESCRIPTION: *If student toileting is required, an additional 50 cents will be

Even if the cost was *breakeven* having an internal employee allows us to have greater managerial (evaluative) control over quality

29.9 hours p/week
Exact hours TBD