

## Trail board admits fiscal crisis

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A standing room only crowd of about 35 people learned Monday night that the Lackawanna Trail School District has a financial crisis that could have dire consequences.

The district has asked the state Department of Education for an exception that could see taxes rise 6-7 percent next year, but for the short-term some belt tightening that could include a pay freeze.

A projected budgetary shortfall of approximately \$700,000 is on tap and district Business Manager Keith J. Glynn used the bulk of Monday's 2-hour meeting to explain the crisis and receive input.

Glynn noted that the district would realize approximately \$494,000 in additional revenue (derived from property taxes) if the referendum is approved.

However, the school board would still have to approve the tax increase.

Glynn said the district is expecting later this month for the state's answer on a request to raise taxes above a 3.1 percent ceiling.

The exact amount of the projected shortfall is hard to predict, Glynn explained, because the state has not yet approved its budget.

In the presentation, Glynn demonstrated that one of the major expenses being incurred by Lackawanna Trail is the \$592,000 being paid for Charter School Tuition. The district spends \$11,867 for each regular education student attending cyber schools, and \$26,234 for each special education student attending cyber schools, none of which is reimbursed by the state. Currently, there are about 40 students attending cyber schools in the district- including 16 in the Northeast On-line Learning Academy.

Another major expense, Glynn continued, is the \$900,000 the district has to pay to the Public Schools Employees' Retirement System. From 2000 to 2011, the district's contribution increased by about 4 percent. But by 2016, the district's contribution accelerated to 30 percent.

"No where else is a business expected to accommodate that rapid of a rise in costs," Glynn said. "Yet, here we are, over the past seven years, seeing a \$900,000 increase in PSERS contributions."

Glynn noted, "We can apply for referendum exceptions in two categories: Special education expenditures and retirement contributions.

Information provided by Glynn revealed that the district could realize \$325,000 additional tax revenue from the special education expenditures, and \$169,000 because of the retirement contributions.

Thus, the amount raised from the exceptions could be between six and seven percent.

In the school district, one mill is the equivalent of \$25,000 in Lackawanna County, and \$42,000 in Wyoming County. Glynn explained that it is impossible at this time to predict exactly how much the millage will be raised in each county, because the state has not yet granted the exception.

The real estate tax rate for the 2015-16 year is 77.87 mills (Wyoming County portion of the school district), and 146.01 mills (Lackawanna County portion).

In addition to increasing taxes, the district has been looking at a number of other options to make up the projected shortage, Glynn said.

The board is considering accepting a voluntary pay freeze being offered by district employees-administration, teachers and support staff.

According to Superintendent Matthew Rakauskas, this could provide a savings of \$426,169 the year it is in effect.

Other options being considered by the district include downsizing personnel through attrition when necessary; outsourcing an administrative position through a food service management company; and establishing a finance committee.

Following the presentation, the board took comments from the public, in which they asked questions and expressed their concerns over the proposed tax increase.

Tracy Wescott asked if there is any way the district could control the amount of money it pays for cyber schools.

"They are a huge cost to the district," Wescott said. "What is it that we can do to adjust those costs? Is there any way that the district can say it is only going to pay as much for a regular student? What are our options?"

Board president David Thorne explained that it is the state which has tied the hands of all public school districts concerning the money paid out to cyber schools.

"Harrisburg is the one which passed this," Thorne said. "Harrisburg is the one which approved this legislation. We had absolutely no control over it."

Thorne said the place to look for reform in this matter is with the state legislators.

Lynn Stevenson noted that the district has cut back on its teaching staff over the years, but the administration has remained the same. She recommended that when it comes time for administrators' contracts to be renewed, the board should look at all of them in consideration of cost saving measures.

"In the superintendent's evaluation, fiscal responsibility is one of the items to be evaluated," Stevenson said. "We're broke. I don't look at being broke as being fiscally responsible. That's my opinion as a taxpayer."

Linda Koelsch asked if all of the tax money raised by the exception would be applied to the deficit, or would part of the money be earmarked for other areas.

Glynn replied that the money would be used to help balance this year's budget, and addressing the deficit as well.