



Pennsylvania Association of School Business Officials

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SUBMITTED REMARKS REGARDING MANDATE RELIEF

PREPARED BY THE

PENNSYLVANIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

PRESENTED TO THE

HOUSE EDUCATION COMMITTEE

MARCH 3, 2011

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Mandate Relief Measures to Promote Efficiency

School Mandate Relief Measures	Description
Provide right to furlough for economic reasons	The largest expenditure for schools is in personnel. It is also the most difficult to reduce. State law prohibits reduction of instructional staff for economic reasons. Therefore schools have to rely upon educational program reductions. The right to furlough for economic reasons is an absolute necessity if we see declining state revenues, sustained loss of local revenue, a falling Act 1 index and increased pension expenditures. There is no other option than to be able to reduce instructional staff.
Restructure mandated payments to Charter/Cyber Charter Schools	The current formula for payments to charter and cyber schools should be revised. Schools are penalized on such expenditures as pensions and and social security which add to to charter school payments while at the same time charter schools are reimbursed directly by PDE. The result is an inequitable "double counting." In addition, the formula essentially allows the old "excess cost" method for charter/cyber charter special education costs. In addition, the formula allows for charters to expand services for items like full day kindergarten even if the school district of residence does not provide the service.
Reauthorize and expand Mandate Waiver Law	The Mandate Waiver Law expired this summer. It provides some cost savings primarily in the purchasing process and significant savings for single prime construction. We have antiquated purchasing requirements for schools that increase costs rather than assure savings. We also have an artificially low bid requirement that has not changed in since the 80's. The mandate waiver process saves time and cost for school purchases.
Increase work hours to 1,000 for PSERS coverage	Part-time school workers receive full retirement coverage for working 500 hours per year. As a result, a 180-day employee, such as a cafeteria worker and bus driver, is provided a costly pension benefit for working three hours per day. Further under the new pension law (Act 120) school employees will be credited with service for ANY hours worked if they have previously met the 500 hour qualifying requirement in any year. Increasing 500 hours to 1,000 hours is an easy remedy for cost savings.
Repeal the ACT (Accountability to Commonwealth Taxpayers)	Section 2502.49 of the School Code requires new dollars above the Act 1 index provided to school districts to be spent on new programs and program expansion. The result is that future costs continue to grow on the operational side. School districts can not continue to put additional dollars into new costs when they do not have the revenues to continue to support an escalation of operating costs. Building more operating costs when revenues decline is a financial disaster. For 2011-12, in accordance with ACT provisions, school districts will be required to spend any state BEF increase over the index (1.4% base index) on program expansion or new programs while other staff and programs are cut.

<p>Allow schools to collect property taxes.</p>	<p>Schools are handcuffed by archaic state laws that promote inefficiency in the collection of property taxes. Our disjointed "system" is in need of restructuring much like the recent restructuring of the Earned Income Tax collection process (Act 32). Elected tax collectors are unnecessary and inhibit the use of technology that promotes efficiency. Not only can collection costs be reduced but the security of taxpayer dollars can be increased. Schools can reduce the cost of property tax collection if state laws are changed to allow school districts to collect property taxes.</p>
<p>Amend the PA Prevailing Wage Law</p>	<p>The PA Prevailing Wage Law has not been amended in five decades. The \$25,000 threshold has been minimized by escalation in construction costs over that time period. Adjusting the threshold by an inflationary index would remove smaller projects from the scope of the law and thereby reduce costs.</p>
<p>Update the decades old bidding and advertising requirements in the School Code</p>	<p>The School Code threshold for purchases by schools has not increased in more than 20 years. Schools must incur substantial costs for preparation of specifications, advertising and awarding of competitive bids. Often the response for relatively small projects or purchases is limited resulting in uncompetitive prices. Pennsylvania is significantly behind many other states with a \$10,000 bid threshold and a \$4,000 quote threshold. We believe the thresholds should be adjusted by an inflationary index, with the minimum threshold set at \$25,000 and the quote threshold at \$10,000.</p>
<p>Streamline Plan Con review for school construction</p>	<p>Schools spend a lot of time and dollars attempting to meet arcane requirements for review by PDE of school construction projects. Essentially, while PDE has statutory requirements for assuring that overall costs do not exceed state law, the review process also creates additional architectural reviews which are unnecessary. Many schools spend more time and effort for unnecessary PlanCon reviews than the single digit state support they receive for school projects.</p>
<p>Authorize local discretion for single prime construction</p>	<p>This option for school construction was included in the Mandate Waiver Program, which expired this summer. A local option for single prime construction would allow school buildings to be constructed in the same way as most private sector buildings. A general contractor keeps order and accountability; time and litigation are reduced; and duplicative requirements for multiple prime contracts, such as insurance, are eliminated.</p>
<p>Eliminate/reduce the mandatory loss of revenue on delinquent property taxes</p>	<p>Schools are mandated to turn over delinquent property taxes to the County Tax Claim Bureau in January, in most cases, for taxes levied the previous July. When submitting the delinquency, schools lose 5% of the unpaid taxes. Reducing the fee or providing for a later turn-over date during which schools could continue to collect would be a revenue increase for schools and be more taxpayer friendly.</p>

The Pennsylvania Association of School Business Officials is an association of 3,000 members, two-thirds of which are K-12 non-instructional administrators who provide finance, accounting, operations, facilities, transportation, food service, technology, communication, human resources, purchasing and safety services to support classroom learning in schools in Pennsylvania. PASBO appreciates the opportunity to submit written remarks regarding opportunities for mandate relief.

Act 1 of Special Session 2006 called for the establishment of a School Cost Reduction Task Force. The Task Force was directed to find ways to “minimize or reduce” costs to school districts. To assist with finding more efficient ways to run public schools, PASBO called on its membership to identify specific cost reduction initiatives and provided those recommendations to the Task Force. More recently, PASBO identified “500 Ways to Reduce Expenditures and Enhance Revenues.” Through both efforts, PASBO has compiled the best ideas and suggests to provide local education agencies and their taxpayers with opportunities to reduce costs.

Our list of state imposed mandates is certainly not new—many of these cost drivers are replicated in similar reports from other educational associations.

Advertising thresholds for competitive bids and other legal notices is one example of a costly mandate that will be addressed. The newspaper lobby wants to preserve advertising revenue, so bid thresholds remain low despite the fact that Pennsylvania’s thresholds are very low compared to other states. With technology, school districts could vastly improve the distribution of bid solicitations by posting such information on their websites.

Another quick example, school districts are prohibited from using their own employees on work in excess of \$5,000. So even if districts could save significant dollars, a 1913 amendment to the School Code prevents them from doing so.

How about the PDE requirement that, “construction work on any school building may not be performed by school students?” Again, if vocational technical classes wanted to work on a project for the school, they would be prohibited despite the educational advantage or cost savings.

Under the Mandate Waiver Program, school districts had the option of applying for a mandate waiver under the Education Empowerment Law of 2000 to utilize vocational education students and some other narrow requirements in the School Code of 1949. The Mandate Waiver Program was very beneficial and provided real dollar savings to local education agencies. It provided a window into the types of efficiencies LEAs would seek if given the opportunity.

The Mandate Waiver Program provided a great opportunity to save dollars on school construction and other areas, e.g. advertising, but the Mandate Waiver Program expired June 30, 2010. If we want to provide districts with real opportunities for cost reduction initiatives, then the Mandate Waiver Program should be reauthorized and its scope be expanded. Moreover, a blanket waiver for all districts should be considered whenever a particular mandate waiver is implemented by many districts.

PASBO is convinced the following recommendations for cost savings makes it clear that our members and all stakeholders in public education want to save tax dollars. In order to do so, we must be given authority and flexibility. Some of the state imposed mandates may have been necessary or at least justified when originally enacted. However, in some cases, decades later, they are still around. Much of what a local education agency can do on a daily basis is set forth in the School Code of 1949. We are in a new century, and 30, 40 and even 50 year old requirements are antiquated and costly. It is time we give local education agencies a new basis for their existence.

Relieving schools of the following mandates could provide significant cost reductions to schools. These steps are necessary in the new world of Act 1.

Multiple Prime Contracts

Under the Mandate Waiver Program, some school districts were fortunate enough to utilize a section 751 mandate waiver for a single contractor construction project. Moreover, districts, working with architects, have studied and analyzed the single prime contractor method versus the present school code requirement for multiple prime contracts. Why does this option work to reduce costs and increase efficiency? Here are a few of the reasons in a nutshell:

- Multiple prime contractors means that “overhead” costs are incurred three and four times. You will have multiple insurance coverage cost and multiple site supervision labor costs. A single prime contractor projects eliminates these duplicative costs.
- The single prime option will motivate more high quality contractors to seek school projects resulting in more bidders. In most cases, additional bids will produce more competitive bids and thus reduce costs for school construction.
- The single prime contract option will not just result in savings to school districts but savings to the Commonwealth as well. Some districts only receive “pennies on the dollar” from the state.

The single prime contractor option, as the name implies, gives school districts the ability to utilize a general contractor for new school construction and renovation of existing buildings. The use of single prime contractor construction puts schools on equal footing with the private sector. If schools are to be business-like in order to achieve efficiencies, then schools need the same tools as the private sector to achieve those efficiencies.

Without a legislative change however, schools are required to continue to use the cumbersome and costly multiple prime contractor method. During these times of rising costs and increased need for new and renovated school buildings, it is imperative that school districts be as efficient as possible during the construction process.

Mandate waivers helped school districts eliminate the “blame game,” which is so common in school construction. A school construction site can quickly deteriorate into a wrestling match when contractors begin pointing fingers and blaming the other contractors for schedules that fall apart. A scorecard is often needed to know who is responsible for what; this inevitably lengthens the construction period, thus costing everyone more money. With a mandate waiver, a district clearly has the accountable general contractor who accepts the difficult job of coordinating and scheduling all the other facets of the project and most importantly the project stays on schedule. The multiple prime method is difficult to manage and reduces accountability. Ultimately, districts pay and the taxpayers lose.

Let me review quickly some of the benefits of single prime contracts.

Benefits of Single Prime Contracts

- The length of project is less because scheduling and coordination is the responsibility of just one contractor thus streamlining the process.
- Costs are reduced because redundant contractor expenses are eliminated or reduced, i.e., insurance, bonding, mobilization and supervision.
- Communication and understanding between owner and contractor is greatly improved due to the direct one on one scenario. Any issues can be solved with just one conversation.
- Bi-weekly job meetings are much more productive if just two parties are dealing with the issues rather than five parties, each with an equal voice.
- Project close out is simplified there is single party responsibility for all punch list items.
- It is the way the private sector does business.
- As an owner you now have a single party responsible for the success and completion of your project. With multiple prime contractors no one contractor has a vested interest; the owner will spend much less time “running” the job.
- Reduction of your exposure to change order requests.
- The elimination of the ability for contractors to blame each other for delays, problems, lack of coordination, etc. This is probably the greatest benefit of a single prime project, this fact results in cost and time savings.

Construction: Prevailing Wage and Related Concerns

Act 442 of 1961, P.L. 987, amended, was established to insure that workmen on public school projects were “competent and first class workmen and mechanics.” The intent of the regulation is admirable but the success of the regulation to insure quality workmanship is questionable. In fact some highly qualified contractors routinely do not bid on prevailing wage jobs because of the added paper work and regulation. If one believes that supply and demand drives the cost in the market place then it is simple to conclude that the reduction in competition drives higher prices for school construction jobs.

The Act also presents a financial burden in the form of increased labor costs on Pennsylvania public school construction projects. While the financial impact of prevailing wage on schools can be debated, most school business officials and school building designers suggest construction costs are between 15 and 20 percent higher because of this regulation. On smaller roofing or paving jobs where small companies are very competitive that projection is even higher, in the 25% to 30% range. The labor rates districts’ contractors pay doesn’t reflect the labor rates of their communities. An example is that painters are scheduled to be paid \$34.07 per hour including fringe benefits under the prevailing wage rate. School district employees doing the same kind of work would be paid about half that rate.

If prevailing wage cannot be eliminated then at least the minimum threshold should be adjusted for inflation that has occurred since the Act was implemented and then incorporate some sort of an annual index to accommodate the influence of future inflationary factors.

On another issue, there is a \$5,000 limit on many tasks, which may be completed by district maintenance personnel. A project as simple as replacing lighting fixtures with more energy efficient fixtures may not be attempted by school maintenance personnel, if the cost of the project including labor exceeds \$5,000.

Ordinary repairs such as; plastering, repairing floors, improvement of school grounds, repairing and providing walks, roads, retaining walls etc. are all limited by this \$5,000 limit on labor and materials. In order to meet the guidelines, this work would require 3 competitive quotes from a contractor, or if the cost of the project exceeds \$10,000, then it would need to go out for bids. This guideline seriously restricts the ability of districts to complete improvement projects in the most cost effective manner possible, by forcing us to use contractors to do a lot of work, which could be completed with in-house staff. Districts lose valuable time because the bids must be advertised in three calendar weeks. Districts invest a significant amount of time developing bidding specifications and there is a cost for the mandated newspaper advertising. Here again, the thresholds should be adjusted for inflation, with the minimum threshold set at \$25,000.

Finally, with regard to building permit fees, schools supported by the taxpayer are asked to pay a fee to another agency supported by those same taxpayers. To the casual observer this may not seem like a big deal, but with the adoption of the Unified Construction Code and other added regulations things have changed dramatically.

In the Lebanon School District, it paid upfront fees of \$27,000 for a building permit and \$24,000 to a contracted code inspector on an \$8.4 million dollar building renovation project. One half of one percent may not seem like much but \$53,000 is significant and that money might have been better spent on our educational program. Up until the UCC was adopted, the fee was \$75 for filing the plans and \$75 for a partial inspection. Inspections were completed by the Department of Labor & Industry at no cost to the district.

A Berks county school district reported installing a geothermal heating system in a building. There were 80 wells required to support the closed loop system. No water was being pulled from these wells; they were used simply to provide a source of heating or cooling to a closed loop of pipe circulating through the wells. The district had to pay a well permit to the County Health Department of \$100 per borehole or \$8,000 for the well field required to heat and cool its building.

The cost of building permits has increased dramatically in recent years. It seems like a waste for one public entity to be using taxpayer money to pay fees established by another public entity.

Cyber Charter Schools

Charter schools were authorized under Act 22 of 1997. Based upon the establishment of cyber charter schools in conjunction with brick and mortar charter schools, Act 88 of 2002 was enacted for additional guidance. The enrollment of students in these non-traditional school settings has dramatically increased since their inception.

Charter schools are designed to be self-managed public schools approved by local school districts. Cyber charter schools are approved by the Pennsylvania Department of Education. They are created and controlled by parents, teachers, community leaders and colleges or universities. Operationally, they are free from many of the educational mandates that form the framework of traditional public schools. According to a statement from the Pennsylvania Department of Education, "charter schools should be designed to offer alternatives in education using strategies that may save money and improve student performance."

Looking over the results of PSSA testing, it would appear that charter and cyber charter schools may have the same educational issues as traditional public schools: 1) transient students and 2) educational capabilities of sub-groups. Further research should be undertaken to ascertain whether or not these non-traditional educational settings are, in fact, "utilizing strategies that save money and improve student performance."

While these schools are designed to be self-managed public schools, certain aspects of their operation fall back to the resident district, i.e. truancy. While the charter or cyber charter school is required to issue attendance letters, the pursuit of remedies is handled differently. Brick and mortar charter schools file truancy documents with the magisterial district judge in whose jurisdiction the charter school is located. For cyber charter schools, the resident district is required to handle the filing and to attend scheduled hearings. The cyber charter school has no obligation to attend or testify concerning the filed truancy. This puts the resident school district in a difficult situation in trying to comply with attendance laws while not having first-hand knowledge of the attendance situation. It should be the cyber charter school's responsibility to handle all situations concerning their enrolled students.

Some districts channel substantial local dollars to charter and cyber charter schools, with minimal state financial assistance. The question that one must ask, given this substantial expenditure is "how much does a charter or cyber charter education really cost, and how much of a district's per-pupil budget should follow students?"

The basic premise for the funding of charter and cyber charter schools is that it is a function of public school costs. The formula states: "For non-special education students, the charter school shall receive for each student enrolled no less than the budgeted total expenditure per average daily membership of the prior school year minus the budgeted expenditures of the district of residence for nonpublic school programs; adult education programs; community/junior college programs; student transportation services; for special education programs; facilities acquisition, construction and improvement services and other financing uses, including debt service and fund transfers as provided in the manual of accounting and related financial procedures for Pennsylvania school systems established by the department. This amount shall be paid by the district of residence of each student."

If the Department can ascertain an average cost per pupil for cyber school education, why is it that every traditional public school district in Pennsylvania is paying a different rate for the same education of these students? If traditional public schools are limited in fund balance, why is it that cyber charter schools have unlimited ability to hold local tax dollars?

Typically, a traditional public school realizes increases in operational costs due to local employee wage adjustments, employee health care, employee retirement contributions, various contracted and purchased services, costs associated with furniture and equipment replacement and maintenance, materials and supplies, electricity, fuel and utility costs, insurance costs and so on. What do these local education costs have to do with the cost to provide cyber education?

It is time that the charter and cyber charter school funding issue be seriously modified to provide dollars in a fiscally prudent manner. Traditional public schools have handed over millions of dollars for this alternative education form which was designed to improve student performance. The funding stream for these alternative programs continues to increase annually with little or no oversight to support the need for the increases. It is time to answer the question of "how much does it cost to educate a charter or cyber charter school student" and to hold charter and cyber charter schools accountable not only in educational achievements but also in fiscal responsibility.

Furloughs and Other Employment Issues

For remarks regarding furloughs, see testimony provided to the Committee on March 2, 2011.

Regarding employment compensation, individuals who opt to take a temporary long-term position with the district to cover a leave of absence or sabbatical are entitled to unemployment compensation upon their termination of service. If it is known at the time of acceptance of employment that a job is temporary, should an employee receive this benefit?

Or was this benefit created to protect individuals from working for an extended period of time and unbeknownst to them having their employment suddenly terminated? Long-term substitutes are utilized to fill a position already held by someone else; someone receiving a salary and benefits. Shouldn't that full-time position be the one eligible for benefits, not the individual filling the temporary vacancy? The district finds itself penalized twice since it is not able to control most leaves, having to fill the vacancy, and then having to pay benefits beyond employment to the substitute.

Another school staffing issue costing districts money is certified school nurses. Section 1401 of the School Code defines a school nurse as a licensed registered nurse properly certificated. Many years ago the need for certification was appropriate since the school nurse was also used to teach classes such as health. Now few, if any districts, use their school nurse to teach students. In Pennsylvania, Clara Barton, Florence Nightingale or Helen Fairchild could not be a school nurse. Isn't this a mandate that has long ago lost its purpose? The school nurse spends her day attending to the physical needs of students and doing administrative paperwork. Could these duties not be done by a registered nurse (RN) or licensed practical nurse (LPN)? Finding certified school nurses is becoming increasingly difficult while registered nurses and licensed practical nurses are much easier to obtain.

Sabbatical leave is another major contributor of excessive costs for school districts. Section 1166 of the School Code allows professional employees to take sabbatical leave for professional development and restoration of health. During a sabbatical leave the district is required to compensate the teacher half of their annual salary and continue paying for their benefits. A sabbatical leave also requires the district to fill the now vacant position with a "highly qualified" individual during the vacancy and pay their salary and benefits. Filling this temporary vacancy becomes a time consuming process for the district causing loss of productive staff time. The district's human resource office spends countless hours in search of qualified individuals to fill these vacancies. Many districts find themselves in a situation of not being able to find qualified long-term substitutes and enticing them with improved benefits, hence costing the district more money.

A leave for professional development has a far reaching financial impact on a school. First, you have salaries for two individuals, half of the salary for the teacher requesting the sabbatical and full salary for the replacement. Then there is coverage of benefits for both. Along with these costs is tuition reimbursement. A majority of bargaining agreements pay most, if not all, of tuition expenses. The costs unfortunately do not end at the conclusion of the sabbatical. As a result of the teacher obtaining additional education credits, the teacher may move laterally on the salary scale and obtain a higher yearly salary. The benefits reaped by both the district and the students from the teacher's professional development cannot be ignored or belittled. However, the benefits received by teachers during an educational sabbatical are extensive and far exceed that which is available in any other profession. Then there is the sabbatical for restoration of health. Again the district is faced with the difficulties of filling the position and having to pay additional salaries and benefits. This section of the school code was instituted during a time when the teachers did not have extensive sick leave policies and were not afforded the benefits of the Family Medical Leave Act (FMLA). With all that is available, is it necessary to also offer a medical sabbatical? What other profession allows such liberties?

Bid Thresholds and Advertising

For comments regarding bid thresholds and advertising, see testimony provided to the Committee on March 3, 2011

State Taxes and Other Fees

School districts and other local education agencies provide education services that focus on classroom learning. PASBO members administer a plethora of services to help students and instructional staff meet educational goals.

The scope of those services is extensive. You could find a whole array of business operations and support services in every local education agency. We provide classrooms that require energy management, indoor air quality monitoring and cleaning, athletic and club facilities which need maintenance, we feed students two or more meals per day and transport them to and from home as well as on field trips. Our interaction with many state regulatory agencies from the Department of Environmental Protection to the State Police covers a wide range of taxes, licensing, permits, certificates and other fees.

Virtually everyone would see a school district as a local unit of government. However just like local taxpayers, there are many examples where, despite our governmental status, we are not exempt from certain taxes and pay most license, permit, certification and other fees. Listed below are some of the state taxes and fees schools are required to pay.

Gross Receipts Tax

Local education agencies just like all other individuals are required to pay the State Gross Receipts Surcharge fee on every cell phone number and electric meter that we have. This fee is approximately 4.5%. Just like sales tax, school districts should be exempt from this tax as well. In one school district, it would save \$3,800-\$3,900 a year.

Hotel Occupancy Tax

The tax code needs to be modified to insure that school districts across the Commonwealth pay nothing in state and local nuisance taxes.

Boiler or Pressure Vessel Operation Certificates

The Commonwealth of Pennsylvania's Department of Labor and Industry requires all boilers and pressure vessels to be inspected and certified. These certifications are for a period of between 1 and 3 years. The cost of this inspection and certification is between \$62 and \$81 per boiler or vessel. A district with 40 boilers/vessels that need to have certificates to operate, with an average cost of \$53 per certificate, the total cost for inspection and a copy of the certification is \$2,120.

Pesticide Application Business License

The Commonwealth of Pennsylvania's Department of Agriculture requires every school district that wants to apply pesticides on their school property to apply for and maintain a current Pesticide Application Business License. The one time cost for taking the test is \$60. The annual cost of this License is \$35. In addition, every employee that applies pesticide is required to obtain and keep current a pesticide application license, which cost \$ 35 per year.

Well Water Testing

Many of the school districts across the Commonwealth rely solely on groundwater sources for their potable drinking water supply. The Pennsylvania Department of Environmental Resources requires public water systems to test and report quarterly to the DEP the results of their predetermined testing criteria. These testing criteria could consist of testing for contaminate such as nitrates, lead and copper, arsenic, coliform and many others. These tests are performed by a private industry certified lab and the results are sent electronically to the DEP for their review. Depending on the school districts testing regiment and number of wells, the cost per year for water testing could be \$6,000 or more. The Commonwealth already has water testing facilities located across the state; why can't the school districts send the sample to these labs for analysis free of charge.

These are just a couple of examples of how school districts are being required to pay what amounts to an unfunded mandate.

If the Commonwealth was to eliminate the above fees/taxes or provide the testing services for the water assuming that all 500 school districts would benefit at the same rate/cost; the savings to school districts could be up to \$6 million annually. This is just a drop in the proverbial bucket in the savings that could be realized if a critical eye was giving to all the fees/taxes that the districts are currently paying.

Others fees that come to mind are:

- Pesticide License costs for Vo Ag teachers
- Elevator Certificates
- Sewer Treatment Plant Application and Testing Fees

While a unit of government there are many situations like these in which our status does not defer costs to other levels of government. The cumulative costs for the broad range of services to run the business of schools are significant.

Collection of Real Estate Taxes

Turning the discussion to the collection of real estate taxes, like it or not, Pennsylvania school districts and municipal governments have a heavy reliance on this tax. To maximize current revenues, it is imperative that real estate tax collection is timely, efficient, economic, reliable and accountable. Under Pennsylvania's archaic tax collection laws, it is extremely difficult if not impossible to have a collection system that meets these criteria.

As you know, there is an exorbitant number of elected tax collection officials in the Commonwealth, stemming back to the days when tax collectors went door-to-door to collect taxes from their neighbors. Often referred to as the "horse and buggy days" when checking accounts and the US Postal Service, as we know if today, did not exist. The need for this tax collection system expired long ago.

Now, a real estate tax bill is simply another bill. Admittedly larger, it is exactly the same principle as all other bills. The bill arrives in the mail, a check is written and the payment is mailed. Today's technology allows this process to be completely automated. Computer systems maintain the real estate tax base information, generate and print the bills and track the payments. For the many school districts, tax collectors are an expensive and completely unnecessary step in the system. School districts are responsible to track the tax payments regardless of the process used by the tax collectors. Therefore, the collectors receive and record the payments and then turn the records over to the school districts that also have to record the same payments. Often the collector's records are in disarray causing an added burden to the school district. Most tax collectors are recording and tracking these payments by hand which causes a long delay in depositing the funds and providing the payment records to the districts. This results in a delay in cash flow, investments and interest earnings.

Unfortunately, school districts do not have a choice of using or not using these elected officials. The only way to directly influence the real estate tax collection system is to change the rate of compensation of the elected tax collectors. This opportunity only exists once every four years when school boards, township supervisors and city councils are forced to set four-year compensation levels for people who have not yet been elected to office. There is no interview process, no application and no qualifications!

The four-year compensation is set and the collector is elected to office and then put in charge of hundreds of thousands if not millions of dollars. This system creates a high degree of risk for public funds. The collector collects for the county, municipality and school district and is paid by all three. Many times the county and municipal bills are placed in the same envelope and paid by one check. The collector is paid twice for collection of this bill. The only way for school districts and other municipalities to gain control of the tax collection process is to set the compensation levels low and hope that the collectors will deputize the school district to collect the taxes because their labor intensive collection process is not worth the compensation. Tax collector compensation is often a politically charged and sensitive subject. Current collectors often lobby their governing boards for increased compensation.

They lobby each board independently, and a small increase by each governing board can result in a large increase in total compensation.

Some school districts have been successful in driving down the tax collector's compensation for their township collectors to the point that they have deputized the school district to collect its real estate taxes. School boards should not have to resort to these methods to have the authority to run an efficient tax collection system. Unfortunately, school districts are still at the mercy of collectors to continue authorizing the district to operate this system.

School districts and other municipal governments should have the authority to implement the best collection system available including, but not limited to, the use of elected tax collectors.

We appreciate this opportunity to provide these remarks to the Committee. Should you pursue these recommendations to reduce costs and generally streamline the non-instructional aspect of the business of education, you can count on PASBO to help obtain additional information and statistics.

It is important to remember that every dollar spent to collect taxes is a dollar not available for the mission of educating school students!

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