

Centennial School District hikes taxes, rips state

By Gary Weckselblatt Staff Writer | Posted: Tuesday, June 10, 2014 11:00 pm

The Centennial School Board passed a budget for 2014-15 with an average \$109 tax hike, and proceeded to blister Pennsylvania's state government for not coming up with a remedy for pension payments that are "costing us dearly."

Centennial's 3.5 percent tax hike is an additional \$109 tax bill for a resident with a home assessed at the district average of \$26,400. The total school tax bill rises to \$3,225.50.

"We as a school district, we as a school board, have no control over the pension fund," said board member Andrew Pollock. "We just have to do what the state says.

"They have refused for the past 3½ years to do anything about the pension fund. Something needs to be done. We cannot do anything except pay it."

Centennial's new \$105.6 million spending plan includes \$11.2 million in pension payments. That's an increase of \$2.5 million from a year ago into the Public School Employees' Retirement System.

Seventy-two percent of the budget goes to the salaries and benefits of school employees.

Jane Schrader Lynch, the school board's president, went through the history of the pension problem, explaining that in 2001 then-Gov. Tom Ridge signed into law pension enhancements that boosted the retirement package of state lawmakers by 50 percent and increased pensions by 25 percent for 300,000 active state workers and school employees.

The next year, to compound the problem, lawmakers increased benefits for teachers who had already retired and so were left out of the 2001 pension enhancements, and they put off paying for the whole package by reducing the districts' pension contribution from 5.64 percent to 1.15 and spreading out payments over more years.

Then, with the stock market performing well, districts were allowed to lower their contribution. In 1998, for example, they paid nothing into the fund. In 2001 the rate was 1.9 percent and 1.1 percent in 2002. The state pays half of the pension costs.

"That was in the good days, and everybody was happy," Schrader Lynch said. "That change is now costing us dearly."

In 2010, the Legislature, through Act 120, reformed public pensions for future employees and new lawmakers. All have to pay more money into their plans, while benefits were rolled back 25 percent to pre-2001 levels and the vesting period for both school and state employees increased from five years to 10 years.

The deal lessened the impact of a near-term property tax bubble, but cost homeowners more money

down the road. Officials have described it as going from a 15-year to a 30-year mortgage. Your monthly payments are less, but you're paying for a longer period of time.

Now, those payments are rising again. This year, pension costs account for 16.93 percent of a district's payroll. Next year that number is expected to climb to 21.4 percent.

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Districts are allowed a 2.1 percent increase, set by Act 1, the state's property tax law. Centennial's additional 1.4 percent is part of an exception allowed due to pension obligations.

"You read things about 'those darn teachers,' " board member Steve Adams said. "The teachers are not the ones, especially young teachers, who have anything to do with these pensions."

Adams said Centennial has the second lowest tax bill among Bucks County districts. "You get a great education," he said. "It's a great place to live. That's why property values have quadrupled in the last 30 years."

The budget passed in an 8-1 vote with Michael Hartline, chairman of the Finance Committee, the lone nay.

"Everyone put their hearts and souls into this process," he said.

Schrader Lynch, one of three senior citizens on the board, pointed out that all three voted for the budget, which boosted spending by nearly 5 percent.

"We understand if people have (financial) problems, trust me," she said. "Our job is education. If we cut our education programs, we will cut the education our young students take forward into this world.

"(Senior citizens) know we must educate our children. We must give them the tools to go into the future. If we don't, then we have failed."