

**New Year, New Contract:
A Message to the Downingtown Area Education Association
January 15, 2008**

The Board's negotiation team is prepared to return to the bargaining table and work with the DAEA on a new contract. Before the 2008 sessions begin, we decided it would be appropriate to accept the DAEA leadership's invitation to meet together and look at where we are and how we got here.

We believe that we have presented the DAEA with a contract offer that is responsible to the membership and to the taxpayers of the district while maintaining the quality of our district.

We believe our current offer is responsible to the constituents we serve:

- It guarantees salary increases that amount to 18.0% over four years in an economy where a maximum of 12.7% is the norm.
- It reflects what our own community members have told us is fair and, in many cases, in excess of what they expect or receive from their own employers in terms of pay raises and most especially benefits contributions.
- It is an aggressive and long-reaching commitment in the face of uncertainties and a competitive contract that does not jeopardize the solvency of the district.

We crafted this proposal, keeping in mind several major financial challenges that lie ahead. These are the factors affecting our decision.

- **Our enrollment continues to grow** –Over the last six years, our student body has grown by nearly 1,600 to 11,743 students. A recent feasibility study indicated that the student population could grow to 14,473 by the year 2020.
- **We will need a minimum of \$48.6 million for a third middle school by 2010** –We are also finishing construction on a new elementary school and renovating Brandywine Wallace Elementary School. We are also discussing the feasibility of a third high school. People are still our priority, however, we have no alternative but to add buildings due to our growth. Neither the union nor the board wants to see classes held in teachers' lunchrooms, closets, vestibules or storage rooms.
- **The capital reserve account cannot be used for salaries.** Our capital reserve is not a "surplus" that can be tapped for any type of expense. By school code, capital reserve funds must be used for capital improvements that are one-time expenses, not recurring expenses like salaries and benefits. Our debt service is nearly \$18 million a year and our outstanding debt is \$209 million. Assuming no additional borrowing will be necessary, we will not be debt-free until 2030.
- **We anticipate needing nearly \$10 million for additional staff and operating costs in order to maintain class sizes** – We will need more staff. With a new elementary school and a third middle school, we plan to hire nearly 150 new employees over the next several years.
- **Our contributions toward employee retirement and health benefits continue to rise** – The district's contribution to the Pennsylvania School Employees' Retirement System (PSERS) will rise dramatically over the next several years. Although we have taken steps to control health care costs, the risks associated with health care costs over the next several years are expected to escalate.
- **Our residents already pay about \$1,500 more per household in real estate taxes** than some other Chester County school districts.
- **Act 1 limits the tax increase that can be levied** without public approval by referendum.
- **State funding to DASD has continued to erode** from 44% of the budget in the mid 70's to 18% today.
- **Our \$412,024 per student property assessment** is significantly below the average \$521,951 per student property assessment of the 11 other Chester County districts.
- **Downingtown's budget/expense ratio of compensation** (including benefits) is comparable to other Chester County districts – we are at 62 percent and other districts' ratios range from 55 and 65 percent.

Given the financial challenges that will affect the district in the years to come, we believe we must find a balance by reaching a contract that compensates teachers without placing additional heavy burdens on our taxpayers. Our current proposal achieves that balance. Knowing this, we hope you will continue to give serious consideration to the proposal on the table and work with us to come to a positive conclusion to this negotiation process. We are here to listen, but understand that it is our trusted negotiation team who will continue to work with you.