

Good morning. I would to take this opportunity to thank you for allowing me to appear before you. My purpose this morning is to share with you the detriment that the PSERS shortfalls are slated to cause and the impending financial distress that will not only befall upon the School District I currently serve but all School Districts throughout the Commonwealth as well as those supporting taxpayers.

My name is Kurt Haegele and I currently serve as an Oxford Area School Director in Chester County. I have been an elected official for the School District for seven years. I currently serve as the Board Chair and I have served as the PSBA Legislative Representative for the District. My appearance here is merely an attempt to convey to this panel what is in store for School Districts throughout the state based on my experience as a School Director.

The concerns surrounding the PSERS crisis is not by any means a new phenomenon. Beginning in 2004, as the PSBA Legislative Rep. for our School District in Chester County, I recall many discussions regarding the potential increases that would be imposed on all School Districts through out the state. It was projected to be roughly in the range of a 7% increase or a doubling of what the employing School Districts were currently contributing at that time. This was the proposal that was being considered as a resolution to close the widening gap between the PSERS funds that would be available in correlation to those retirees receiving pension benefits and future recipients.

The concerns that were voiced then of the imposing increase, bear no comparison to what we currently face. The widening gap of contributors vs. the retirees going forward and the billion dollar losses that the fund sustained in the recent years, in retrospect bears no comparison. In hindsight, I believe that most if not all School Districts would probably be more than willing to accept that projected 7% increase with minor grievance. However, the PSERS contribution rates School Districts have received as employers, for the coming years, will not only cripple our ability to educate our students but will cause unsustainable financial burden for an enormous amount of taxpayers.

I have provided **Appendix A** and **Appendix B** for your review, demonstrating the impact that the PSERS increases will have using Oxford as an example. Appendix A, titled **Oxford Area School District PSERS**

Contributions, reflects the actual PSERS rates for the coming school years through 2015 for the District I represent as forwarded by our District Business Manager. The rates that are listed in the example are the same for all Districts across the state of Pennsylvania. Also noted are what the impending cost increases will be for our District on an annual basis as well as a cumulative total through the year 2015. The dollar amounts will vary from District to District. This does not end there as going forward beyond 2015, the increases exceed above 20% for the next 20 years.

Appendix B, titled **Oxford Area School District Millage Increase Sample**, reflects a property in the Oxford Area SD with an assessed value of \$100,000. Noted are the tax bill amounts per year and the cumulative impact.

Bear in mind that these examples provided reflect only those increases for PSERS. They do not include the increases that would be potentially needed annually by School Districts to cover the educational needs of the students as well as their various other financial obligations. Also, these increases to our School District budgets will have an adverse effect in artificially increasing the amounts that are determined by the bottom line totals of our overall budgets. An example of this would be School District contributions for Charter Schools.

Although ACT 1 does provide a referendum exception for School Districts, this is not by any means what should be deemed as a fiscally responsible alternative to handle the additional expenses created by this pension crisis.

In closing, with the various speakers here today who have spoken or will be speaking, it is clearly apparent that action by our legislators needs to be expedient. Legislation needs to be considered immediately to radically change the current PSERS contribution funding. The burden that School Districts will bear as well as our supporting taxpayers is going to adversely affect that which is our primary focus - the invaluable task of providing our children with a quality education.

Kurt J. Haegele
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Appendix A

***Oxford Area School District
PSERS Contribution Rates***

Fiscal Year	Contribution Rate	Annual Cost Increase	Cumulative Cost Increase
2010-11	8.22%	\$356,137	\$356,137
2011-12	10.59%	\$275,453	\$987,727
2012-13	29.22%	\$2,030,273	\$3,649,590
2013-14	32.09%	\$442,969	\$6,754,422
2014-15	33.60%	\$316,546	\$10,175,800

Appendix B

Oxford Area School District Millage Increase Sample

Assessed Value	\$100,000.00	Enter your assessed value from your last tax bill here!			
Year	Millage Rate	Increase in Millage	Bill	Increase from 2010	
2009	29.5479		\$2,954.79		
2010	29.5479	0.0000	\$2,954.79	\$	-
2011	29.8842	0.3363	\$2,988.42		\$33.63
2012	30.1424	0.2582	\$3,014.24		\$59.45
2013	32.0458	1.9034	\$3,204.58		\$249.79
2014	32.4611	0.4153	\$3,246.11		\$291.32
2015	32.7579	0.2968	\$3,275.79		\$321.00
2016	32.8661	0.1082	\$3,286.61		\$331.82
2017	32.9538	0.0877	\$3,295.38		\$340.59
2018	33.0243	0.0705	\$3,302.43		\$347.64
2019	33.0803	0.0560	\$3,308.03		\$353.24
2020	33.1267	0.0464	\$3,312.67		\$357.88
				\$2,686.36	Total Cost Over 10 Years
Increase in millage is the yearly increase required to cover the cost of the PSERs contribution for that year.					