

Unionville-Chadds Ford School District
740 Unionville Road
Kennett Square, PA 19348
(610) 347-0970 Fax: (610) 347-0976
www.ucfsd.org

Tax Study Commission Minutes
November 30, 2006

The scheduled meeting of the Unionville-Chadds Ford School District Tax Study Commission was held on November 30, 2006 in the District Office Large Conference Room. The following members were present: Zack Bowen, Robert Kane, James Romine, Charles Rudershausen, Barbara Siegel, Ed Wandersee, William Wilson and Bruce Yelton. In addition, Robert Cochran, Director of Business and Operations, Sharon Parker, District Superintendent and Sharon Baillie, recording secretary were present.

Chairperson Bruce Yelton called the meeting to order at 7:10 p.m.

Mr. Wilson motioned to approve the minutes of the November 16, 2006 meeting; Mrs. Siegel seconded. Motion approved 8-0.

Mr. Berry arrived at 7:15 p.m.

Mr. Yelton presented a motion to recommend to the School Board a revenue neutral tax switch from property tax to property/income tax in accordance with Act 1. The motion failed for lack of a second.

Mr. Wandersee stated that the School Board must make a recommendation - does the Commission want to help them? He recommended that everyone give his/her opinion on EIT or PIT, then hear from Mr. Cochran and/or Ms. Parker as School Administrators, and then vote.

Mr. Berry commented that if the Commission would like to recommend nothing, it still should give guidance to the School Board. Mr. Wandersee stated that the Board feels that they do not want to do anything; however, they have to do something and this Commission should make a suggestion.

MEMBERS PRESENT

CALL TO ORDER

ROUNDTABLE
DISCUSSION

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Mr. Romine suggested that this group should make a statement that we realize the Board does not want to make a change, but that the Board must make a change and here's our recommendation.

ROUNDTABLE
DISCUSSION -
Cont'd.

Mr. Berry stated that we concluded that tax shifting is undesirable and that the tax policies of the School District would not be improved by the levying of an EIT or PIT, but we realize that we should give a recommendation.

Mr. Romine motioned to adopt wording as outlined in the Kegal, Kelin, Almy & Grimm "Educational Law Watch", page 7, dated November 3, 2006: **We conclude that tax shifting is undesirable, and the tax policies of the School District would not be improved by levy of an EIT or PIT, however, since the School Board is obligated to place a question on the ballot whether or not approval of the question would improve the tax policies of the School District, this Commission will make a recommendation.**

MOTION TO MAKE
RECOMMENDATION

Mr. Berry seconded. Motion passed 8-1.

VOTE TO MAKE
RECOMMENDATION
MOTION TO
RECOMMEND EIT

Mr. Yelton motioned to recommend the lowest permissible EIT; Mr. Romine seconded.

Mrs. Siegel stated that someone will be hurt no matter which way we go - does PIT being at a lower % mean that we hurt lower income people less? Mr. Berry added that the renters are the ones that get hurt regardless of which way the Commission votes. Those in the lower income group get hurt less than renters. Mr. Rudershausen stated that Solanco School District did go with an EIT and they are in a lower income group.

ROUNDTABLE
DISCUSSION -
Cont'd.

Mr. Wandersee agreed that renters are hurt; however, there are some lower income people who will see some relief. He asked for the opinions of the Administrators as to how this will affect the operations of the District.

Mr. Cochran responded first by thanking the members of the Commission for their careful deliberations and the amount they

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have devoted to the Commission. He then stated that he does not think that the administration of one tax is going to be more complicated than the other. There is simplicity of PIT in filing; however, there is volatility in the PIT. The volatility is less of an issue since it affects only 3% of the budget. From an Administrative perspective, he does not see any major problems with either one. He added a side comment on Mr. Berry's thought that PIT would benefit lower income individuals - those in the \$50,000 - \$100,000 range would benefit from PIT. PIT hurts the less than \$30,000 group.

Mr. Wilson asked if the tax would be calculated after deductions. Mr. Cochran responded yes, it would be after deductions.

Mr. Kane added that the 2004 schedules show most taxpayers would pay more taxes under the EIT. In the \$0-\$39,000 bracket, the average taxpayer would pay more taxes under the PIT; however, the \$0 - \$39,000 income range includes students and dependents that skew the average income per person in this range.

Mr. Yelton called for a vote - results were 6-3 in favor of recommending the lowest permissible EIT.

The Commission then discussed the preparing the presentation to the School Board. Mr. Cochran recommended a slide show similar to the one presented at the public hearing, as well as a written report. An official report with Commission member signatures is needed.

Mr. Romine asked how much of the report will be educational vs. information for public record. Mr. Wandersee responded that it would be beneficial to put the details of how the Commission reached the conclusion. There will be members of the public in attendance, as well as reporters.

Mrs. Siegel suggested starting with the history of the Act that was included in the slide show for the public meeting.

ROUNDTABLE
DISCUSSION -
Cont'd.

FINAL VOTE

ROUNDTABLE
DISCUSSION -
Cont'd.

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Ms. Parker asked that the Commission include that although we are the highest income School District in the State, we are also the highest achieving District in the State. Mrs. Siegel stated that although we are the highest achieving and the highest income, our actual expense/student is not the highest.

Mr. Wandersee stressed the deliberative process of this group and the struggle to reach this decision. Mr. Wilson recommended that we keep it short, keep it simple and state that we really struggled with this decision.

Mr. Berry recommended including that we were very concerned over the impact on the School District, then, if there is a shift - who benefits, who suffers?

Mrs. Siegel recommended that we contrast this Commission with other Districts - stressing how long it took us to reach this decision.

The Commission concluded that Mr. Cochran, Mr. Berry, Mrs. Siegel and Mr. Bowen would work together to develop wording. Mr. Bowen summarized their report goals as follows:

1. Choosing the minimum rate was unanimous.
2. How would it affect the school budget?
3. Who is affected/who benefits/who suffers?
4. Essence of the struggle.
5. Affect on District as a whole.

Mr. Romine added that the diminishing return of the whole process over time was another topic the Commission discussed and should be included in the report. Over time, the taxpayer will be paying more.

Mr. Wandersee stated that future School Boards might be very happy that they have the tool of the EIT.

ROUNDTABLE
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Ms. Parker asked that this document be mailed to each home in the District. Mr. Cochran added that the District would put out a press release and include the document.

Mrs. Siegel stated that while the written position will be short, we could elaborate during the presentation 'talking time'.

The Commission decided that the actual presentation would be split between Mr. Berry and Mrs. Siegel. The writing committee will meet at 7:00 p.m. on Tuesday.

The next meeting will be Thursday, December 7 at 7:00 in the District Office Large Conference room

The presentation to the School Board will be December 11th at 7:30 p.m. in the Large Group Instruction Room of the High School.

The meeting was adjourned at 8:25 p.m.

Respectfully submitted,

James Romine
Secretary

ROUNDTABLE
DISCUSSION –
Cont'd.

ADJOURNMENT