



**Testimony of
Timothy M. Allwein
Assistant Executive Director for Governmental and Member Relations
before the
House Judiciary Committee
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Good morning, Chairmen Caltagirone and Marsico, and members of the committee. My name is Tim Allwein and I am the Assistant Executive Director for Governmental and Member Relations at the Pennsylvania School Boards Association. I appreciate the opportunity to share with you the impact that legal advertising, and more specifically, legal advertising costs, have on school districts across the Commonwealth.

Let me first begin by saying that PSBA fully supports open, transparent government, and we recognize that legal advertisement of items such as school board meetings, resolutions, budgets and bidding requests certainly serve an important purpose by keeping communities informed of school district proceedings. However, in some areas of the state, the current requirement that local governments place these advertisements in newspapers of general circulation can be both costly and inefficient.

According to a study released by Penn State University in May 2006 entitled *Cost Savings on Mandatory Legal Advertising by Local Governmental Entities*, over a three-year period, the average expenditure on legal advertising per school district was \$22,743, while the total spent by all school districts on legal advertising over the same time period was more than \$11 million. The argument has been made that these expenditures make up only a small percentage of a local government's operating budget; therefore the cost savings would be insignificant. However, most school districts spend thousands if not tens of thousands of dollars each year on legal advertisements.

While these amounts may seem insignificant in light of a district's total operating budget, every dollar we are able to save school districts is another dollar that districts can use to support student programs, or another dollar that property taxes do not need to be raised to prevent cuts to those programs. In a time of economic uncertainty, we cannot afford to ignore the possible cost savings that are created by allowing school districts and other local government entities to advertise legal notices in alternative ways. It is vital that Pennsylvania lend deference to school districts to ensure every dollar is being spent efficiently and effectively. Additionally, with school districts facing a perilous rate spike in the Public School Employees' Retirement System and uncertain education funding under the looming budget, it is imperative that school districts retain flexibility in spending while still fulfilling their duty to publicize legal notices.

Here are the legal advertising costs for just a few of Pennsylvania's school districts:

- Reading Area School District in Berks County, the 5th largest school district in Pennsylvania, serves over 17,000 students. They have spent more than \$187,000 on legal advertising costs over the past two and a half years.
- North Penn School District, located 20 miles north of Philadelphia, serves approximately 12,725 students over a 42 square mile radius. Over the past two and a half years, they have spent nearly \$80,000 in legal advertising costs.
- And, Carlisle Area School District, which is small by comparison, serving just 5,000 students in the heart of Cumberland County, spent more than \$76,000 over the past two and half years on legal advertising costs.

The costs for legal advertisements can increase substantially when a school district engages in a construction project because of the additional advertising needed to bid for contracts and services. With the additional costs already placed on school construction by state mandates—including prevailing wage requirements and bid threshold limits which have not been raised in almost 20 years—schools already face the difficult task of determining how to control costs on these projects.



For example, Shaler Area School District in Allegheny County began an extensive renovation project on Shaler Area High School during the 2006-2007 fiscal year. For that year, the district had budgeted \$10,000 for advertising costs. However, because of the necessary advertising connected with the construction project, Shaler Area School District's total costs for advertising amounted to nearly \$30,000.

Offering districts more options for advertising is one way we can address this issue. With regard to bid advertisements, advertising in venues other than traditional newspapers can save money on two fronts: (1) rates to place advertisements in community newspapers are often less expensive than with newspapers of general circulation; and (2) bid advertisements can reach a larger pool of contractors, stimulating competition and driving bids down in the process.

Community papers offer a cost-effective alternative to school districts that are already financially strapped and looking for other methods to reach their constituents. According to figures released by the Audit Bureau of Circulations, for the six month period ending March 31, 2009, daily circulation of 395 of the country's newspapers fell an average of 7.1% as compared to the same time frame in 2008. Unfortunately, as more individuals look for ways to trim their household budgets, print newspapers do not have the reliable consumer base that they once did.

Alternatively, community papers are generally supplied to every resident of a locality, often directly to their homes, at no charge, reaching a far wider audience than traditional newspapers of general circulation.

In addition to House Bill 677, PSBA supports legislation, such as House Bill 795 sponsored by Representative McIlvaine Smith, that would allow school districts and other local governmental entities to post legal advertisements on their Internet Web sites. In the same 2006 Penn State study I mentioned earlier, it was reported that local governmental entities could have saved approximately \$70 million dollars over three years if legal advertising were done on individual local government websites rather than in newspapers. That is \$70 million dollars *after* subtracting website construction costs and maintenance over a three year period.



According to the Web site, *www.internetworldstats.com*, which bases its statistics on information from the U.S. Census Bureau and Nielsen NetRatings, 72.5% of the U.S. population has access to the Internet. With more and more of the public gaining access to the Internet, it is a natural progression to publish legal advertisements on Web sites rather than solely in newspapers. School districts and other local governmental entities could reach far more individuals in their community and a desire for access to legal advertisements would no longer require the purchase of a newspaper.

Allowing legal advertisements to be published in community newspapers as well as Internet Web sites does not diminish the overall intent of legal advertisements, namely government transparency. Instead it serves to grant the public even greater access to the information that they are entitled to.

Thank you for allowing me this opportunity to make brief comments and I will be happy to answer any questions that you may have.