



### **School Taxes Raised in More Than Half of County's Districts**

Taxpayers in 23 of Allegheny County's 43 school districts will be paying higher real estate taxes in the 2016-17 school year. With the exception of the Pittsburgh Public School District, all school districts in Allegheny County operate on a July-June fiscal year and their budgets for this fiscal year went into effect July 1<sup>st</sup>. Data on millage rates was obtained from published reports and the comprehensive list published each year by the Allegheny County Treasurer.

The millage increases range from a high of 2.95 in the Woodland Hills District to 0.27 mills in the Hampton School District. Setting aside Pittsburgh (the millage rate of 9.84 mills did not change from last year) and the Clairton School District (which levies separate tax rates on land and buildings, and both increased in 2016-17) the average school millage in Allegheny County rose from 21.08 mills in 2015-16 to 21.52 mills this year (2.1%).

Bear in mind that for a decade school district budgets have been subject to the terms of Act 1 of 2006. That law gives each district an annual index that specifies how much taxes can increase the following year. Districts can raise taxes up to or below the index without any special action. Those desiring to go above the index must either be granted an exception to do so by the state Department of Education (DOE) or place the increase before the district's voters for approval or rejection. DOE exceptions are granted to cover large increases in expenses related to pensions, special education, or construction debt and are far more commonly sought than putting above index rate hikes to referenda.

Fifteen districts were granted exceptions for the 2016-17 school year. Ten of those districts increased taxes, but two (Keystone Oaks and Mt. Lebanon) increased taxes that did not exceed their Act 1 index. The other five districts that received exceptions did not raise taxes (Bethel Park, Elizabeth Forward, Moon, North Allegheny, and West Mifflin).

A look at the eight districts that increased taxes above their Act 1 index with an exception granted by the Department of Education is shown below:

District	15-16 Millage	16-17 Millage	Increase (mills)	16-17 Act 1 Index	Maximum Tax Rate with Index	Amount over Maximum
Woodland Hills SD	22.4	25.35	2.95	3.2%	23.12	2.23
Penn Hills SD	24.8061	26.3061	1.5	3.4%	25.65	0.66
Brentwood Borough SD	28.1907	29.5322	1.3415	3.5%	29.18	0.35
Upper Saint Clair SD	23.0355	24.3388	1.3033	2.8%	23.68	0.66
East Allegheny SD	25.8	26.9722	1.1722	3.5%	26.70	0.27
Carlynton SD	20.584	21.564	0.98	3.1%	21.22	0.34
Baldwin-Whitehall SD	18.42	19.25	0.83	3.2%	19.01	0.24
Montour SD	17.2211	17.9627	0.7416	2.4%	17.63	0.33

Let's examine Woodland Hills as it had the largest millage increase in 2016-17 at 2.95 mills. Based on last year's millage (22.4), the Act 1 index for the District was 3.2 percent. Thus the highest rate the District could levy without an exception or a referendum in 2016-17 would have been 23.12 mills. However, the District applied for and was granted exceptions for special education and pension expenditures. That permission allowed the District to increase taxes by 13 percent year over year, well in excess of its prescribed index.

As detailed in the table above, the remaining seven districts with exceptions to exceed their index boosted their tax rates by a high of 0.66 mill to a low of 0.24 of a mill. All claimed either special education or pensions (or both) as the reasons for needing to exceed the index.

Besides the ten districts that were granted Act 1 exceptions and increased taxes below or above their index, thirteen other districts in Allegheny County raised taxes in 2016-17 but at a rate below or at their index. This group included Steel Valley, West Jefferson Hills, and Quaker Valley, all of which raised taxes to their index.

School property tax relief for homestead/farmstead property via slot machine gaming revenue will lessen some of the impact of the increases for property owners who qualify for relief, but non-homestead/farmstead property will not be able to partake of such relief. In Woodland Hills, a property assessed at \$80,000 will pay \$2,028 in school property taxes based on the 2016-17 millage rate of 25.35. If the property is a qualified homestead, the Department of Education estimates that slot machine proceeds will result in \$197 in homestead relief in the district for 2016-17, so that property would end up paying \$1,831 (the relief would lower the assessed value of the property for school tax purposes to \$72,000 or thereabouts).

In terms of increases in years since the 2013 reassessment (school district rates were adjusted in for the 2013-14 school year, and that year, 14-15, 15-16, and 16-17 have all been based on the reassessed values) roughly the same number of districts have increased taxes year over year—21 districts in 2014-15 and 19 districts in 2015-16. Thus, the upcoming school year is not much different than years previous.

Here is the issue. With many districts here and across Pennsylvania year in and year out asking for exceptions to Act 1 due to pension contributions it has become crucial for the General Assembly to find a way to deal with the huge unfunded liabilities in the state

employee and the teacher pension systems. Not only are state taxpayers being hit with more taxes to cover the big expenditures the state must make for the two pension plans, the school districts are having to dig deeper into property owner pocketbooks and wallets to pay the district's sharply increasing annual required contribution into the teacher pension fund system owing to the enormous unfunded liability.

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