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Reject the 'Children's Fund' tax

By Colin McNickle

A referendum on Allegheny County's Nov. 6 election ballot to establish a "Children's Fund" by raising property taxes not only is ill-conceived, ill-defined and likely problematic in implementation, it is an abuse of the county's charter-amendment process, scholars at the Allegheny Institute for Public Policy say.

"In short, the proposed tax increase is neither justified nor desirable," say Jake Haulk, president emeritus and senior advisor at the Allegheny Institute for Public Policy, and Eric Montarti, research director at the Pittsburgh think tank (*in Policy Brief Vol. 18, No. 40*).

The voter-initiated referendum reads as follows:

Shall the Allegheny County Home Rule Charter be amended to establish the Allegheny County Children's Fund, funded by Allegheny County levying and collecting an additional 0.25 mills, the equivalent of $25 on each $100,000 of assessed value, on all taxable real estate, beginning January 1, 2019, and thereafter, to be used to improve the well-being of children through the provision of services throughout the County including early childhood learning, after-school programs and nutritious meals?

The additional tax is projected to raise about $18 million to $19 million annually. But the very need for a mandated tax increase to create this fund raises a host of questions that demand answers.

To wit, how much already is being spent in Allegheny County from various sources on the programs the proposed fund would support?

"Is it possible that not only the county itself expends money that it receives directly from other levels of government but (that) school districts are likely administering these programs with money from federal and state sources?" Haulk and Montarti ask.

Then why ask the county to do the job of school districts? For as the researchers note, "If the goals desired by the people who want the fund created are more connected to the functions of the 43 school districts in the county rather than the county government, why should the county get involved?"

And do remember that school property taxes were increased in 27 of those districts this fiscal year.

Additionally, where are the metrics to show the efficacy of programs to be funded by this tax increase? Where is the proof that spending more money on early childhood education and after-school programs will advance the educational goals above the hundreds of millions expended from federal, state and local sources in the county on public education?

"Are there studies that prove current spending is making a measurable difference in academic or disciplinary outcomes?" the think tank scholars ask. "Strong evidence that the program will work and not just be another waste of tax dollars ought to be demonstrated and should be debated" by County Council "in open sessions before asking voters to approve the tax hike."

And how will "Children's Fund" money be distributed? The ballot question merely asks that a new tax be established to create a new fund. Indeed, proponents have made public their vision for the charter amendment that would govern fund operations and oversight.

"However, if – and it is a very big if – the question is approved it would be the responsibility of the council to draft implementing legislation and it may choose not to adopt the language offered by the ballot proponents," Haulk and Montarti remind.

While it's likely that a new entity with a board and fund-distribution manager would be created, it's just as likely that setting up the funding criteria and determining how the respective amounts are awarded would become a political nightmare.

But the bottom line is the misuse of the county charter-amendment process to create a special fund that will require a piggyback property tax.

"Special funds should be created and funding should be done through the legislative process so they can be deleted or amended without a subsequent charter amendment," Haulk and Montarti say.

"Moreover, in view of taxpayer opposition to high property taxes already and with efforts constantly underway to get relief through (homestead) exclusions and tax-shifting, the proposal to add an unavoidable, permanent and unchangeable tax is stunningly obtuse and should be rejected," the Allegheny Institute scholars say.

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