

POLICY BRIEF

An electronic publication of
The Allegheny Institute for Public Policy

May 5, 2004

Volume 4, Number 15

School District's Assault on Taxpayers

When is enough tax money enough? For Mt. Lebanon schools, enough is apparently a foreign concept. For the second year in a row, the school property tax millage is being raised by a double-digit percentage bringing the two-year rise to 28 percent. This big jump has been necessitated by a two-year 24 percent increase in spending. Incredibly, of the 10 largest expenditure categories in next year's budget, six have increases ranging from 13.3 to 27.5 percent. Indeed, all but four spending categories show increases well ahead of inflation, and most of these are the very small expenditure categories. This is happening in an environment with inflation at three percent and a small, 2.3 percent increase in assessed value. Thus, total property tax collections are projected to rise 30 percent above the 2002-2003 budget levels.

Ironically, the school budget's projected revenue from earned income taxes in 2004-2005 is virtually the same as the level collected in 2000. In fact, earned income revenue fell from 2000 to 2003. Since the tax rate at 0.5 percent has not changed, that means earned income in Mt. Lebanon has been down. Apparently, that does not matter to the members of the school board, who seem to believe that it is important to spend as much money as possible on education.

Amazingly, despite the fact that enrollment is declining, the board is planning net new additions of 18 teachers, one supervisor, two specialists and one student support staff member. This is happening even though benefits for personnel have soared 55 percent in two years. Obviously, existing contracts that require the district to absorb the surging cost of health care and pensions are a principal reason for the colossal jump in these costs. But that merely begs the question: Why was the school board so irresponsible as to sign a union contract that requires the district to absorb all the health insurance cost increase?

If money were no object, the spending and hiring decisions might be rationalized. But in a district with falling enrollment and earned incomes failing to grow, boosting the tax burden on property owners by 30 percent in two years is unconscionable. It shows that the school board has the same disdain for taxpayers as the unions who demand the overly generous contract settlements.

Perhaps the board did not hear that the state has raised the personal income tax by 10 percent. Likewise, they are apparently unaware that Mt. Lebanites were just hit with a 14

percent increase in the municipality's earned income tax and a 9 percent increase in the municipality's property tax rate. Perhaps they are focused on the fact that the federal government has rolled back taxes and view this as a good opportunity to grab some of the extra take home pay Mt. Lebanon residents have realized as a result of those cuts. They are counting on good old Mt. Lebanites to roll over one more time and to acquiesce quietly (which they probably will) even if it means the fourth local tax hike in two years. After all, if the commissioners and the school board say they need more money, who are mere taxpayers to cavil about it.

Those who are concerned recognize the overarching problem; to wit, per pupil spending and tax rate levels ratchet upwards. It is a rarity for them to ever go down. Thus, this recent jump to nearly \$12,000 per student becomes the inflation-adjusted baseline for future spending. From here each increase in per student spending means significant further tax rate hikes. Bear in mind that 84 percent of school costs are borne by local taxpayers with Pennsylvania and the federal government providing only 16 percent. So while Mt. Lebanon residents are sending ever more money to Harrisburg to be used, in part, to fund schools across the state, Mt. Lebanon schools get a pittance back from the state.

But that's okay with the school board: they will just raise spending and taxes to make sure that the district stays ahead of everyone else in expenditures for academic programs. After all, spending other people's money is the easiest thing in the world. No wonder school boards oppose any referendum on tax hikes. They would actually have to make some hard decisions in setting spending priorities and develop some backbone in dealing with teacher unions.

Jake Haulk, Ph.D. President

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