

Comments of Eric Epstein

We live in a community where the impacts of our actions do not occur in isolation. Tonight is but one example.

There are clear and obvious gaps associated with public education funding in Pennsylvania. Before addressing these inequities, as a consumer advocate, I am compelled to tabulate the following annual increases endured by community residents:

- **Electric rates:**

Consumers who use PPL Electric Utilities to provide their distribution services, saw their rates increase by **5.15%** on January 1, 2018. This is a non-bypassable tariff. You must pay it no matter how much electricity you consume. The price on your bill jumped **\$7.53** per month for a customers using 4,000 kwh.

- **Health insurance rates:**

The Pennsylvania Department of Insurance approved average rate increases of **30.6%** for individual plans to be sold in 2018 both on and off the ACA health insurance exchange. Earlier projections showed that rates would increase 7.6%. (*Philadelphia Inquirer*)

As a self-ensured consultant, my rates went from \$806.09 in 2017 to \$900.90 this year. My annual deductible is \$6,950.

Property taxes:

Central Dauphin School Board passed a budget with a **5.9% tax increase**. For a homeowner of a property assessed at \$150,000, taxes would increase by **\$134.58** for the year to a total of \$2,417. (Penn Live, July 5, 2017.)

Storm water tax:

Lower Paxton township supervisors approved hiring a financial consultant to help develop a storm water utility fee to raise \$3.8 million over three years. The fee would be collected by the township's sewer authority and would amount to **\$32 to \$48 per quarter**, said township manager George Wolfe.

The board opted for a fee instead of a property tax hike so all property owners, including the township, share in the cost to reduce sedimentation making its way into the Chesapeake Bay by 10 percent and the Paxton Creek by 35 percent over a five-year period. (*Penn Live*, Bill Bostic, May 2, 2018)

Turnpike fee:

The PA Turnpike Commission increased tolls by **6% increase** for both cash and E-ZPass customers. The toll increase is needed to meet the PTC's funding and capital-improvement obligations. Additionally, the PTC is legislatively mandated to offer \$450 million in supplemental funding to PennDOT each year under Act 44 of 2007. Since Act 44 was passed, the PTC has provided payments to PennDOT totaling \$5.875 billion. (PTC)

Water bill:

The Pennsylvania Public Utility Commission unanimously approved a settlement that allows Pennsylvania American Water to raise water and wastewater rates, effective January 1, 2018. The typical monthly residential water bill for Pennsylvania American Water customers using 3,630 gallons will increase by **\$5.22 per month**, from **\$55.63 to \$60.85**. (PUC, October 16, 2017)

Capital Region Water passed a 2018 budget that included a **7.5%** increase in water costs for all city and suburban customers. Capital Region Water serves customers in Harrisburg, Paxtang, Penbrook, Steelton and the townships of Lower Paxton, Susquehanna and Swatara.

With the increase, water customers will pay \$9.46 per 1,000 gallons of water. **The average residential customer uses 4,500 gallons per month, and will pay \$3.49 more for water, or about \$50.04 per month.** (Business Journal, July 5, 2017)

Increases for 2017-2018 include, but don't factor cable, health care and the Turnpike:

Electric: \$ 90.36

Property: \$134.58

Storm water: \$128 - \$192

Water: \$41.88.

\$394.82 - \$458.82.

The problem for school district taxpayers is that there has been no commensurate COLA increase for retirees, seniors or middle and working class families.

These increases have to be paid for with money for basic needs. I implore taxpayers to avail themselves of Act 50 which provides temporary relief for property tax increases.

The problem for the District is that we have 19 school buildings that use electric, sewage, and storm water services, **and we also have to pay those increases.**

The tax increase for last is year is broken down as follows:

- 2.90% base increase;
- 2.43% special needs;
- 0.57% retirement increase; and,
- 5.90% total tax increase.

These problems have not gone away. They have actually increased.

- Our student population had grown 6.1% or 660 additional students in the last 5 years. Our current population is at levels we anticipated we would not reach until 2020-2055.
- Our special needs population grew 28.5% or 389 additional students in the last 5 years. With that growth comes increased service and transportation demands.
- Our English as a Second Language population has increased from 497 to 607 (22% increase) in 2017. This year we our returning students to their home schools, increasing staff, and considering hiring a coordinator.

As I pointed publicly on numerous occasions, while we benefited from PIOLT and PURTA settlements, we are also losing a substantial part of our tax base due to mergers, phase-ins and phase outs, retail market trends, and court decisions.

The situation is daunting, but we do have remedies if we work together:

- We need to reform charter school funding to deal with inequities in reimbursements, IEP billing, and enrollment violations.

This year we had additional costs of \$500,000.

- **Equitable Education Funding:** New funding in the current proposed state budget only allocates \$100 million for Basic Education and \$20 Million for Special Education, and distributes these new dollars through the funding formula law to all 500 school districts.

Under the current funding formula law, 362 of the school districts already receive their equitable allocation, **while 138 districts do not.** The shortfall for the 138 underfunded districts is \$1.22 billion. If only \$100 million and \$20 million are added to the state budget and distributed as proposed to all 500 districts it will take more than 33 years to equitably fund school districts in Basic and Special Education.

Central Dauphin was underfunded for basic and special education this year by \$5.8 million.

- Finally, pensions are killing us. This year are employer contribution of 32.57% or \$13.5 million compares to 4.76% or \$12.5 million in 2009.

Next year is here. While the remedies we can seek are at the state level, they depend on legislative action in an era where there is an absence of leadership, and inertia is our state's governing motto.

We can not ignore these harsh realities. As I said in November, I will not support a tax increase this year. Our taxpayers need a break. That break is not going to come from health care industry, utilities or state authorities. But the tax break will create a funding gap.

Most important, all of our staff is valued, and their livelihoods are at stake. For our part, we will have to do more with less, wear many hats and share duties and responsibilities. We need to agree to disagree gently and without rancor. It is better to be kind than to be right.