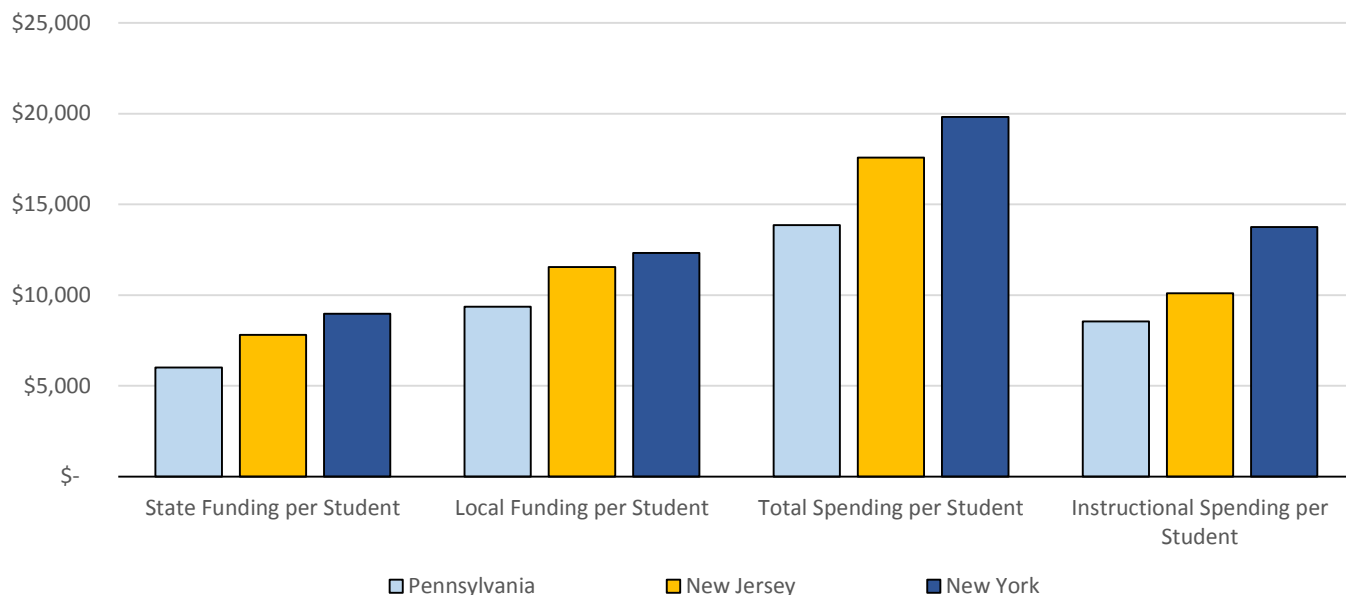


No Comparison: NY and NJ Cannot Inform PA Referendum Requirement

Using other states as a template for implementing a backend referendum requirement for property tax increases doesn't work. The two states most frequently cited as examples for referendum implementation in Pennsylvania are New Jersey and New York. While both states do require school district budgets to be put up for a referendum, there are many significant differences between these states and Pennsylvania that make comparison nearly impossible.

State Comparison: Funding and Spending Per Student in PA, NJ and NY



SOURCE: U.S. Census Bureau Annual Survey of School Systems, 2013

First, New Jersey and New York contribute significantly more to their school districts on a per student basis than Pennsylvania. New York contributes about \$3,000 more per student to its school districts and New Jersey contributes about \$1,800 more per student to its school districts than Pennsylvania, ranking them sixth and ninth in the country, respectively, in the total amount of state funding per student. Pennsylvania, ranks twenty-second in this measure. To put Pennsylvania schools on the same footing as New York, the state would need to nearly double the current basic education funding line item, adding over \$5.2 billion in additional funding. Just to match New Jersey in this metric, the state would need to contribute an additional \$3.1 billion to school districts.

Second, when looking at total spending by school districts, New York and New Jersey spend significantly more per student than Pennsylvania. Pennsylvania is already spending about \$3,700 less per student than New Jersey and about \$6,000 less per student than New York.

Additionally, while New York and New Jersey are so often cited as the shining examples of school district referenda in action, the burden on local taxpayers is still significantly higher than it currently is in Pennsylvania—and this is even despite the fact that both states have significantly higher state funding than the commonwealth. Even though Pennsylvania is so dependent on local funding due to the relative lack of state funding, both New York and New Jersey require local taxpayers to spend \$3,000 per student more and \$2,200 per student more, respectively, than currently required of local taxpayers in Pennsylvania.

See the chart below for more information on how Pennsylvania compares to the revenue and spending per student in New York and New Jersey.

State Comparison: Funding and Spending Per Student in PA, NJ and NY

Measurement	Pennsylvania (1,755,236 students)	New Jersey (1,370,295 students)	New York (2,732,770 students)
State Funding/Student	\$6,014	\$7,812	\$8,986
RANK: State Funding/Student	22	3	2
Local Funding/Student	\$9,368	\$11,541	\$12,332
RANK: Local Funding/Student	6	3	2
Total Spending/Student	\$13,864	\$17,572	\$19,818
RANK: Total Spending/Student	10	4	1
Instructional Spending/Student	\$8,557	\$10,102	\$13,756
RANK: Instructional Spending/Student	11	5	1
Salary Cost/Student	\$5,345	\$6,797	\$8,359
RANK: Salary Cost/Student	11	3	2

SOURCE: U.S. Census Bureau Annual Survey of School Systems, 2013 and National Center for Education Statistics, 2013-14.

Additionally, while New York and New Jersey both require voter approval on school district budgets, both allow for annual growth in property taxes, similar to the Act 1 index. This annual growth does not count towards the tax levy limitation in either state, allowing school districts to obtain additional revenue to cover some subset of their naturally rising costs.

New York and New Jersey also have a collection of additional exceptions to this tax levy limitation, allowing them to raise property taxes higher than the growth allowance each year. New York allows school districts to raise property taxes higher than the annual growth allowance to cover pension costs, tort claims and other judgments and capital expenditures. New Jersey allows school districts to raise property taxes above the annual growth adjustment to account for changes in enrollment, certain capital expenditures, pupil transportation, costs associated with opening a new school facility and to cover certain special education costs.

In comparison, Pennsylvania's reduced list of Act 1 exceptions are significantly more limited than the exceptions permitted by these other states.

Overall, New York and New Jersey cannot serve as a template for Pennsylvania to transition to a similar referendum process, and doing the comparison highlights the fact that while both states have significantly higher state education funding, they also require more from local taxpayers on a per student basis than is currently required in Pennsylvania under Act 1.