



Independent Fiscal Office

Fiscal Implications of a York County School District Consolidation

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**Independent Fiscal Office
Rachel Carson State Office Building, 2nd Floor
400 Market Street
Harrisburg, PA 17105**

Telephone: 717-230-8293
E-mail: contact@ifo.state.pa.us
Website: www.ifo.state.pa.us
Staff Contacts: Matthew Knittel, Director
Mark Ryan, Deputy Director



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INDEPENDENT FISCAL OFFICE

**Second Floor, Rachel Carson State Office Building
400 Market Street
Harrisburg, Pennsylvania 17105**

December 12, 2014

The Honorable Seth Grove, Stan Saylor, Ron Miller,¹ Keith Gillespie, Will Tallman and Mike Regan:

This report addresses the fiscal implications of a consolidation of York County school districts. The analysis provides a snapshot of a consolidated district using revenue and expenditure data reported for fiscal year 2012-13.

The analysis considers the range of cost savings that may be obtained by consolidation of district-level administration as well as the effects on taxpayers of countywide real estate and earned income taxes. It also addresses the classification of a countywide district and the effect of consolidation on state funding, debt service and salary schedules for instructional employees. By design, the analysis is broad-based, and it does not delve into specific transitional, administrative, legal or logistical issues that would be associated with a detailed discussion of consolidation.

Per the policy of the Independent Fiscal Office, this report will be posted to the office website no later than the third business day following transmittal. The office welcomes any questions or comments regarding this analysis. Inquiries can be submitted to contact@ifo.state.pa.us.

Sincerely,

MATTHEW J. KNITTEL
Director

¹ Retired November 30, 2014.

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Table of Contents

- Section 1: Introduction..... 1
- Section 2: Scope of Analysis 3
- Section 3: Characteristics of a Consolidated York County School District..... 5
 - Classification 5
 - Taxing Authority..... 7
 - Demographics 8
 - Revenues and Expenditures 10
- Section 4: Administrative Costs..... 13
 - Statewide Comparison 13
 - York County District-Level Administrative Costs 16
- Section 5: Local Tax Revenue 17
 - Earned Income Tax 18
 - Real Estate Tax 20
 - Property Tax Reduction Allocations..... 21
- Section 6: State Funding 25
 - Basic Education Funding 25
 - Social Security and Retirement (PSERS) 26
 - Transportation..... 27
 - Special Education Funding and Accountability Block Grants..... 27
- Section 7: Standardization of Salaries for Instructional Staff..... 29
- Section 8: Debt and Debt Service 33
- Section 9: Consolidated District Real Estate Tax Rates 35
 - Impact on Median Homesteads and Median Wage Earners 39
- Section 10: Summary of Findings..... 43
- Appendix A: District Characteristics 47
- Appendix B: State Funding by District..... 51
- Appendix C: Administrative Costs 53
- Appendix D: Computation of Property Tax Reduction Allocations 55
- Appendix E: Impacts by School District..... 57

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Section 1: Introduction

School district consolidation receives attention as a means for achieving cost savings or efficiencies. The concept is relatively straightforward in that combining multiple smaller school districts into a single larger one has the potential to create an economy of scale and allow for administrative streamlining. School district residents are interested in learning whether consolidation could facilitate real estate tax reductions, program enhancements or a combination of the two.

Other effects of consolidation are more complicated and may not be widely understood. For example, combining school districts will result in a single tax base for real estate and earned income taxes. Therefore, some taxpayers might pay more and others less than they do under separate districts. In addition, consolidation also may affect formulas that distribute state education funding and real estate tax relief, resulting in changed funding levels.

This report responds to a request that the Independent Fiscal Office (IFO) provide a broad overview of the fiscal implications from the consolidation of the 15 individual school districts that are located entirely in York County.² The goal is to provide information to public officials and residents that will facilitate general discussions about consolidation, its impact on public school financing in York County and, ultimately, how it would affect taxpayers.

The analysis is divided into multiple sections, which proceed as follows:

- Section 2 provides information regarding the scope of the report and identifies the major issues addressed in the analysis.
- Section 3 addresses the characteristics of a potential countywide district, including its classification. The section also compares such a district to statewide averages for certain demographic, revenue and expenditure data elements.
- Section 4 compares administrative spending for the York County districts to comparable districts statewide and provides an estimate of district-level administrative spending within York County.
- Section 5 discusses local taxes under consolidation, with specific focus on the earned income tax, real estate tax and property tax relief.
- Section 6 addresses the potential changes in state funding for a consolidated district, including basic education funding and subsidies for retirement contributions, Social Security contributions and transportation.

² The West Shore School District is excluded from the analysis because it is only partially located in York County. The Northern York County School District, despite being served by a different intermediate unit than the other York County districts, is included in the analysis because it is located entirely in the county.

- Section 7 outlines the potential costs associated with a standardization of salaries for instructional staff in a consolidated district.
- Section 8 addresses debt service and debt outstanding for York County school districts.
- Section 9 presents potential real estate tax rates for a consolidated district using various scenarios for earned income tax rates and administrative cost savings. The section also presents the impact of the potential real estate and earned income tax rates under each scenario on hypothetical households representing median homestead properties and median earned incomes in the separate districts.
- Section 10 presents a summary of the findings.

Section 2: Scope of Analysis

The analysis offers a snapshot of potential real estate tax rates under a hypothetical consolidated York County district using fiscal year (FY) 2012-13 as the basis for analysis (also referred to as the base year).³ It utilizes data and performs computations on the assumption that a consolidated York County school district had been in existence for the entire base year.⁴ Using this convention, it further assumes that a consolidated district would have: (1) been governed by a single body, (2) had a district-wide tax base and (3) levied uniform tax rates within its boundaries. The prospect of administrative savings motivated the request for the report; therefore, the analysis specifically examines the magnitude of potential savings that could have been obtained from combining certain district-level administrative functions. However, it does not address consolidation of building-level administrative or instructional staff, classes or school buildings, nor does it consider the realignment of boundaries that determine where a student would have attended school.

Specific issues addressed in the report are as follows:

- Local taxation. The analysis estimates the average real estate tax millage in the county for the base year and compares that millage rate to the rates actually levied by the individual districts. It also computes consolidated district real estate tax millage rates incorporating (1) various assumptions for the rate of the earned income tax; (2) changes in state funding; (3) costs to standardize the salaries of instructional staff; and (4) various levels of administrative savings resulting from consolidation.
- Property tax relief. The analysis estimates the consolidated district property tax reduction allocation under Special Session Act 1 of 2006 (from the state tax on slot machines) and compares it to the Act 1 funds actually received by the individual districts. The analysis also computes the amount of property tax relief for homestead owners in a consolidated district and compares it to the amount provided to homestead owners in each of the individual districts.
- State education funding. The analysis computes the basic education funding subsidy, the transportation subsidy and the state shares of retirement and Social Security contributions for a consolidated district and compares those amounts to the funds actually received by the individual districts.
- Potential administrative savings. The analysis estimates the amount the individual school districts spent on district-wide administration in the base year

³ FY 2012-13 is the most recent year for which data are available from the Pennsylvania Department of Education.

⁴ For the purpose of the analysis, the consolidated district is treated as fully phased-in and the costs or issues related to a transition from individual districts to a consolidated district generally are not addressed.

(excluding the cost of administering individual school buildings) and computes the dollar value for each one percent of such administrative cost. It outlines the potential savings that could have been obtained at various thresholds of administrative consolidation (e.g., 25 percent, 50 percent or 75 percent), but does not make any assumptions regarding the cost of administering a consolidated district.

- Other issues. The analysis addresses the following issues:
 - The classification of a consolidated school district and the major differences in taxing authority for the different classes of districts; and
 - The cost of standardizing salaries for instructional staff in a consolidated district.

The scope of the analysis does not include a determination of the appropriate administrative staffing levels for a consolidated district. Also, it does not attempt to estimate the expenditures that would have been required to manage a district with the second highest number of students in the state. Instead, it proceeds with the assumption that some level of savings could have been obtained by combining the district-level administrative functions performed by 15 individual school districts and provides estimates of such savings at various thresholds.

The broad-based approach used in this analysis is not designed to address the transitional, legal, logistical or administrative questions that will arise if discussions on consolidation advance beyond the preliminary stages.⁵ Due to the large number of districts involved, these issues would be complex and the General Assembly may wish to address them in enabling legislation that outlines the parameters of consolidation. Such issues include:

- The status of referendums that authorized earned income tax increases in exchange for the elimination of the occupation tax.
- The authority, if any, of a consolidated district to levy certain taxes that are currently restricted or grandfathered (e.g., business privilege or mercantile taxes, amusement taxes and occupation taxes).
- The application of the Act 1 index (limiting increases in real estate tax rates) to a consolidated district in its first year of existence.
- The combination of 135 school board members (15 districts, 9 members each) into one governing body.

⁵ For example, some of the transitional issues that would affect school district finances include the standardization of textbooks, curriculum, computer technology and networks, benefits and support staff salaries.

Section 3: Characteristics of a Consolidated York County School District

This section provides a broad overview of certain characteristics of a countywide school district in York County. Pennsylvania law classifies school districts by total population, and statutes governing school districts often make distinctions based on the district's classification. Therefore, the section addresses the classification of a countywide district and the taxing authority under such classification.

The section also makes general, statewide comparisons on demographic, revenue and expenditure data elements to give readers a sense of how a countywide district would have compared to other districts in the state. Appendix A contains graphs displaying the results for each York County district and compares the districts to each other.

Classification

School districts are classified based on population in the most recent census. The statute provides for the following classifications:⁶

- First Class – population greater than or equal to 1,000,000.
- First Class A – population greater than or equal to 250,000 and less than 1,000,000.
- Second Class – population greater than or equal to 30,000 and less than 250,000.
- Third Class – population greater than or equal to 5,000 and less than 30,000.
- Fourth Class – population less than 5,000.

Table 3.1 displays the classification and total population for each York County school district based on the 2010 Census.⁷ Three York County districts are classified in the second class and 12 districts are classified in the third class.⁸ No York County school districts were classified in the fourth class, and that classification is omitted from the discussion in the remainder of this section.⁹

⁶ Section 202 of the act of March 10, 1949 (P.L. 30, No. 14), known as the “Public School Code of 1949.”

⁷ As of FY 2012-13, the 2000 U.S. Census was the most recent census for which data were available. The 2010 U.S. Census is used for this table because the data are now available and there would be no change in classification for the consolidated district.

⁸ Based on a 2010 population of 37,538 (up from 29,242 in the 2000 Census), the Central York School District would move from a district of the third class to a district of the second class. The Secretary of Education certifies changes in classification.

⁹ For the topics addressed in this section, the statutory provisions governing fourth class school districts are generally the same as those governing districts in the second and third classes.

**Table 3.1
Population Totals by School District**

School District	Population	Classification
York City	43,718	2
Dallastown Area	41,093	2
Red Lion Area	38,264	2
Central York ¹	37,538	3
Spring Grove Area	27,384	3
South Western	26,736	3
Dover Area	25,748	3
West York Area	23,636	3
Northeastern York	23,371	3
York Suburban	21,658	3
Northern York County	21,083	3
Southern York County	20,833	3
South Eastern	19,544	3
Eastern York	19,542	3
Hanover Public	15,289	3
York County Total	405,437	--

¹ The increase in population from the 2000 Census to the 2010 Census supports a change in classification from third class to second class. The Secretary of Education must certify a change in classification before it can take effect.

Sources: U.S. Census Bureau, 2010 Census and Pennsylvania Department of Education.

The Secretary of Education must approve the classification of school districts. According to the 2010 Census, the population across all 15 York County school districts equals 405,437, which would signify a classification of first class A. Currently, the Pittsburgh School District is the only district classified as first class A.

**Table 3.2
Top Five School Districts in Pennsylvania by 2010 Population**

School District	Population	Classification
Philadelphia City	1,526,006	1
Pittsburgh	309,086	1a
Allentown City	118,036	2
Bethlehem Area	116,811	2
Central Bucks	114,377	2
York County Total	405,437	--

Sources: U.S. Census Bureau, 2010 Census and Pennsylvania Department of Education.

Taxing Authority

School districts levy various taxes to raise local revenue for district expenditures. The rates and authority to levy taxes may vary by classification. This subsection primarily focuses on the real estate and earned income taxes, but it does note other taxes for which the taxing authority or tax rates differ between classifications. Certain taxes are restricted to districts that imposed the tax before a specific date (e.g., mercantile, business privilege and amusement taxes), and those taxes are not addressed in this subsection.¹⁰

Real Estate Taxes

- First class A school districts have no limit on real estate tax rates.
- Second and third class districts have no effective rate limit because they are allowed unlimited millage for salaries, rentals and debt, which constitute the vast majority of school district expenditures.¹¹

Earned Income Taxes

- First class A school districts may levy an earned income tax on residents at a rate not exceeding 2.0 percent.¹²
- Second and third class districts may levy an earned income tax on residents at a rate not exceeding 1.0 percent.¹³
 - School districts share the 1.0 percent earned income tax with the municipality in which the taxpayer resides, if the municipality also levies the tax. When shared, the school district portion is limited to 0.5 percent.
 - School districts may eliminate taxes on the occupation of residents and replace such taxes with a higher earned income tax. This tax is in addition to any other earned income tax levied.¹⁴
- School districts of the first class A, second class and third class may increase their earned income taxes to reduce the real estate tax.¹⁵

Other Taxes

- School districts of the first class A, second class and third class may levy a per capita tax that is subject to sharing with the municipality.¹⁶

¹⁰ Restrictions on mercantile or business privilege taxes are addressed in section 533 of the act of December 13, 1988 (P.L.1121, No.145), known as the "Local Tax Reform Act." Restrictions on amusement taxes are addressed in 53 Pa.C.S. §8402(c).

¹¹ See section 672 of the Public School Code of 1949.

¹² See section 652.1 of the Public School Code of 1949.

¹³ See Chapter 3 of the act of December 31, 1965 (P.L. 1257, No. 511), known as the "Local Tax Enabling Act."

¹⁴ See Chapter 4 of the Local Tax Enabling Act.

¹⁵ See Chapter 3 of the act of June 27, 2006, Special Session 1 (P.L. 1873, No. 1), known as the "Taxpayer Relief Act."

¹⁶ See Chapter 3 of the Local Tax Enabling Act.

- School districts of the second and third class may levy a per capita tax up to \$5 on residents age 18 or older.¹⁷ This tax is in addition to any other per capita tax.
- School districts may levy a realty transfer tax of 1.0 percent, which is subject to sharing with the municipality.¹⁸

Demographics

The 15 districts of York County vary in terms of general demographics, such as the overall population density of the school district, the total number of students and the percentage of students that are from low income families. Each school district faces somewhat difference challenges based on these demographics. Unless otherwise noted, all data are from the Pennsylvania Department of Education. These three demographic items are discussed below.

Population Density

Population density is calculated by dividing the total population of a district by the total square miles of land within the district. In 2010, York City had the highest population density of any York County school district and the fifth highest in the state with a population density of 8,260 people per square mile.¹⁹ Hanover Public, which ranked second in the county, had a population density about half the level of York City. The lowest density district in York County was South Eastern, with 180 people per square mile. York County as a whole had an overall population density of 480 people per square mile. If it had been one school district, it would have ranked as the 195th most densely populated school district in Pennsylvania.

Student Population

An often used measure of total student population in a school district is average daily membership (ADM).²⁰ In the 2012-13 school year, York City had an ADM of 7,636, which ranked first in York County and 33rd in the state. York City's ADM was a little over four times larger than Hanover Public's ADM of 1,860, which was the smallest in the county. York County as a whole had an overall ADM of 62,304 students. If it had been one school district, it would have had the second largest number of students in the state, behind only the School District of Philadelphia.

¹⁷ See section 672 of the Public School Code of 1949.

¹⁸ See Chapter 3 of the Local Tax Enabling Act.

¹⁹ U.S. Census Bureau. 2010 Census and Small Area Income and Poverty Estimates.

²⁰ ADM of a district is the total number of students in a school district for which the school district is financially responsible to educate and "...is calculated by dividing the aggregate days membership for all children on active rolls by the number of days the school district is in session." Pennsylvania Department of Education. Financial Data Elements. Average Daily Membership.

Students from Low Income Families

The total number and share of students that qualify for free or reduced lunch within each school district is representative of the low income student population.²¹ In the 2012-13 school year, 86.9 percent of York City students qualified for free or reduced lunch, ranking first in York County and seventh in the state. At the other end of the spectrum, Southern York County ranked last in the county at 21.2 percent. On average, 34.7 percent of York County students qualified for free or reduced lunch. If it had been one school district, it would have ranked near the middle of all districts throughout Pennsylvania.

Demographic Summary

Table 3.3 summarizes how York County would have compared to the remaining 485 Pennsylvania districts if the county had been one school district. Compared to the rest of the state, York County had a population density greater than the state median population density. For ADM, York County would have ranked second in the state and would have placed near the 100th percentile. For the share of low income students, York County had a slightly smaller share of low income students compared to the median district. See Appendix A for more detailed graphs on the demographic differences between the individual school districts within York County.

Table 3.3
Summary of York County Demographics

	2010 Population per Square Mile	FY 2012-13 Average Daily Membership	FY 2012-13 Share of Low Income Students¹
York County Total	480	62,304	34.7%
State – 25 th Percentile	98	1,274	26.8
State – Median	311	2,170	38.5
State – 75 th Percentile	1,040	3,841	48.5

¹ The share of students that qualify for free or reduced lunch.

Source: Pennsylvania Department of Education. Calculations by the IFO.

²¹ Beginning in FY 2013-14, several school districts in Pennsylvania decided to provide breakfast and lunch to all students through the Community Eligibility Provision offered by the United States Department of Agriculture (USDA). In these districts, the USDA now calculates low-income students through means other than individual household applications. The USDA uses information such as a family's participation in the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and the Food Distribution Program on Indian Reservations (FDPIR). The FY 2012-13 data used for this demographic factor are not impacted by the change.

Revenues and Expenditures

Considerable attention is paid to disparities in school district expenditures and funding on a per student basis. Spending levels vary based on the demographics of the district, the local tax base and state funding. This subsection uses per student measures of operating expenditures, state revenue, local revenue, and personal income to illustrate the differences among the individual districts and how a countywide average would have compared to other districts across the state. Unless otherwise noted, the data used in this subsection are from the Pennsylvania Department of Education.

Total Operating Expenditures per ADM

Operating expenditures vary from district to district on a per student basis, and they include expenses for instructional services, support services and operation of non-instructional services.²² For FY 2012-13, York Suburban ranked first in York County with per student operating expenditures of \$14,053. The county district with the lowest per student operating expenditure was Northern York County at \$10,483, which ranked 459th statewide. The countywide average for per student operating expenditures was \$12,221, which would have ranked in roughly the middle (rank of 245th) of all Pennsylvania school districts.

State Revenue per ADM

Every school district in Pennsylvania receives state funding such as subsidies for basic and special education, Accountability Block Grants, reimbursement for a portion of pension and Social Security costs and transportation subsidies. However, state support varies significantly from district to district on a per student basis.

For FY 2012-13, York City's state revenue per ADM of \$8,854 ranked first in York County and 62nd statewide. This amount was 1.7 times higher than second highest district in York County (South Eastern, \$5,179) and almost 3.9 times higher than the York County district with the lowest state revenue per ADM (York Suburban, \$2,285). York County on average received \$4,493 per ADM in state revenue. If it had been one school district, it would have ranked 166th among all Pennsylvania districts. Section 6 discusses state funding of public schools in additional detail.

²² As used in this report, operating expenditures include all district expenditures except expenditures for facilities acquisition, construction and improvement services (expenses classified under function code 4000) and other expenditures and financing uses (expenses classified under function code 5000). Expenses under function code 5000 include debt service and various other financing uses as well as special and extraordinary expenses. More information about debt and debt service expenditures can be found in Section 8.

Local Revenue per ADM

The largest share of revenue for most school districts comes from local sources. The primary sources of local revenue are real estate and earned income taxes. Generally, more affluent districts generate a much higher share of local revenue than districts with a high poverty level.

For FY 2012-13, York Suburban's local revenue per ADM of \$13,611 ranked first in York County and 39th statewide. This amount was almost 2.9 times greater than York City, which ranked last in York County and 405th statewide at \$4,734 per ADM. If York County had been one district, it would have had an average local revenue per ADM of \$9,182, which would have been ranked 160th among all Pennsylvania districts. Section 4 discusses local funding of public schools in additional detail.

Local School District Taxable Income per ADM

One way to measure local wealth, or the capacity to fund education, is by average state taxable income per ADM. This metric is equal to the ratio of total state taxable income of all residents in a district to the ADM of that district. A high ratio may indicate that a district is generally wealthier than lower-ranked districts and has some flexibility to raise local revenues. A low ratio may indicate that a district faces constraints on its ability to raise local funds to finance education. In order to generate the same amount of local tax revenue per student, a district with a lower taxable income ratio would have to impose a higher tax rate than a district with a higher taxable income ratio.

The Department of Revenue publishes annual state taxable income by school district. Using 2012 state taxable income per ADM for FY 2012-13, York Suburban had the highest taxable income per ADM in York County and ranked 59th statewide at \$247,709. This amount was almost 4.5 times greater than the taxable income per ADM in York City at \$55,087. York City ranked last in this category in York County and third to last among all Pennsylvania districts. Only Chester-Upland in Delaware County and Reading in Berks County had a lower taxable income per ADM within the state. The average taxable income per ADM for York County was \$150,707, and if it had been one district, it would have ranked 238th statewide among all Pennsylvania districts.

Revenues and Expenditures Summary

Table 3.4 below summarizes how York County would have compared to the remaining 485 Pennsylvania districts if the county had been one school district. In terms of operating spending per ADM, York County on average was very close to the state median. The state revenue per ADM of the district would have been \$1,230 lower than the state median. For local revenue per ADM, York County contributed an average of \$1,860 more than the state median. In terms of local taxable income per ADM, York County was slightly higher than the state median district (York County - \$150,707; state median - \$149,429). See Appendix A for more detailed graphs on the revenue and expenditure differences between the individual school districts within York County.

Table 3.4
Summary of York County School District Revenues and Expenditures
(FY 2012-13)

	Operating Expenditures per ADM	State Revenue per ADM	Local Revenue per ADM	Local Taxable Income per ADM
York County Total	\$12,221	\$4,493	\$9,182	\$150,707
State – 25 th Percentile	\$11,218	\$3,996	\$5,226	\$124,285
State – Median	\$12,232	\$5,723	\$7,322	\$149,429
State – 75 th Percentile	\$13,805	\$7,916	\$10,205	\$193,634

Source: Pennsylvania Department of Education.

Section 4: Administrative Costs

The purpose of this section is to estimate base year district-level administrative costs for York County school districts. This estimate will serve as the basis for establishing the potential administrative savings under consolidation and the dollar value for each one percent reduction in administrative cost. The section begins with a general comparison of full-time administrative staff and overall administrative costs between York County school districts and statewide averages. These statewide comparisons are broad-based because these data include building-level expenses. York County districts are compared to districts of similar size across the state.

The remainder of the section addresses costs for York County school districts that are associated with district-level administration, which is consistent with the request that motivates this report. The parameters of the report exclude any changes in staffing or administration at individual school buildings; therefore, those costs have been excluded from the analysis. Examples of district-level staff include superintendents, assistant superintendents, program supervisors or coordinators, and operations staff. Building principals and their staff are not considered to be district-level and they are not included.

Statewide Comparison

This subsection compares the York County school districts to other Pennsylvania school districts on two broad-based measures: (1) full-time administrators and coordinators per 1,000 students; and (2) administrative spending per student.^{23,24} Both measures include building-level staff and associated costs to facilitate statewide comparisons based on the available data.

²³ More detailed administrative cost information was only obtained for York County school districts, but it is not used in the statewide comparison because it was not available for all districts.

²⁴ The number of full-time administrators and coordinators are from the 2012-13 Professional and Support Personnel Data and Statistics report published by the Pennsylvania Department of Education. Administrative spending is from the annual financial reports that school districts file with the department. This includes spending classified under function codes 2300 (support services – administration) and 2500 (support services – business). Other function codes contain administrative costs, but school districts are not required to separately report such costs to the department on the annual financial report. The vast majority of administrative costs are reported under the 2300 and 2500 function codes. The 2300 function code includes some building-level expenditures.

Across all Pennsylvania school districts, the analysis reveals an average of 11.1 full-time administrators for every 1,000 students and average administrative spending of \$958 per student. However, the averages obscure a disparity in administrators and costs based on the size of the school district. In order to illustrate the impact of district size, the 500 school districts in Pennsylvania were separated into 10 equal groupings, or deciles, based on the number of students in the district.

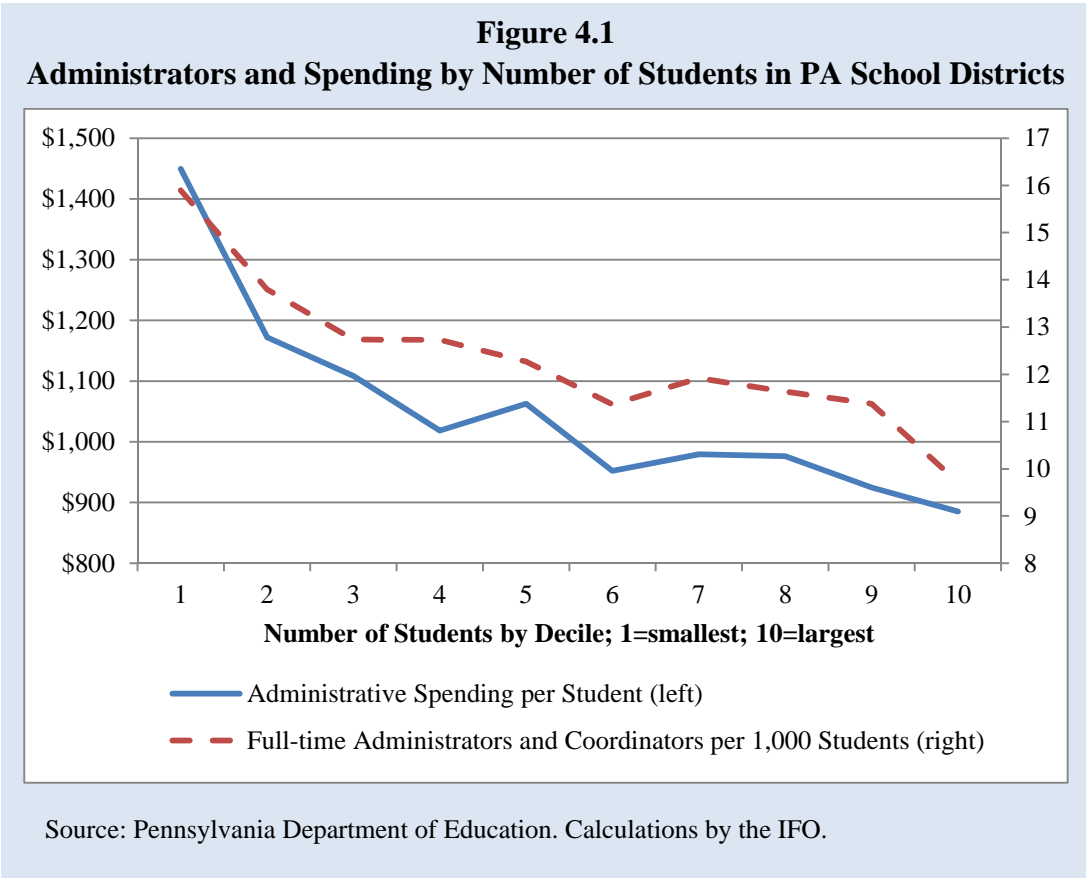


Figure 4.1 shows that the number of full-time administrators/coordinators and administrative spending declines on a per student basis as the number of students increases. The average number of administrators per 1,000 students ranged from 15.9 in the first decile (districts with 862 students or less) to 9.7 in the tenth decile (districts with more than 6,012 students). For administrative costs per student, the average amount ranged from \$1,449 for the first decile to \$885 for the tenth decile.

These data suggest that some economies of scale may exist for school district administration. The clearest example of this result is provided by the steep decline in both measures between the first and fourth deciles. After the fifth decile, the declines become inconsistent and less pronounced. These data are not conclusive because other factors, for which there were no controls, may influence the number of administrators and level of spending. For example, some large urban districts in difficult financial situations may

limit administrators and spending because of necessity, rather than the intent to take advantage of an economy of scale. Furthermore, the results for the tenth decile are highly influenced by the School District of Philadelphia, which accounts for 29 percent of the student population in that decile.

York County school districts average 10.7 administrators per 1,000 students and administrative costs of \$881 per student, both of which are below the statewide averages. Table 4.1 provides data for each county district and a comparison to the average of the other districts in the same decile.

Table 4.1
Comparison of York County Districts to Statewide Averages
(FY 2012-13)

School District	Decile ¹	Full-Time Administrators and Coordinators per 1,000 ADM			Administrative Spending per ADM (\$)		
		Value ²	State Avg. ³	Diff.	Value ⁴	State Avg. ⁵	Diff.
Central York	9	9.0	11.4	-2.4	\$894	\$925	-\$31
Dallastown Area	10	8.7	9.7	-1.0	731	885	-154
Dover Area	8	9.7	11.6	-1.9	778	976	-198
Eastern York	6	9.3	11.4	-2.1	992	952	40
Hanover Public	5	16.7	12.3	4.4	1,155	1,063	92
Northeastern York	8	12.1	11.6	0.5	843	976	-133
Northern York County	7	10.5	11.9	-1.4	911	980	-69
Red Lion Area	9	10.3	11.4	-1.1	703	925	-222
South Eastern	7	14.6	11.9	2.7	1,029	980	49
South Western	8	11.7	11.6	0.1	813	976	-163
Southern York County	7	11.0	11.9	-0.9	1,095	980	115
Spring Grove Area	8	14.0	11.6	2.4	849	976	-127
West York Area	7	12.4	11.9	0.5	1,010	980	30
York City	10	7.3	9.7	-2.4	784	885	-101
York Suburban	7	12.7	11.9	0.8	1,267	980	287
York County Average	all	10.7	11.1	-0.4	881	958	-77

¹ The 500 Pennsylvania school districts were ranked from lowest to highest based on ADM, broken into 10 groups of 50 each and assigned a decile with 1 containing the smallest districts and 10 containing the largest.

² The number of full-time administrators and coordinators (from the Department of Education's Professional and Support Personnel Data and Statistics report) divided by ADM (in thousands).

³ The weighted average number of administrators and coordinators per 1,000 students for schools in the same decile.

⁴ Administrative spending per student, including building-level administration, based on AFR function codes 2300 and 2500.

⁵ The weighted average administrative spending per student for schools in the same decile.

Source: Pennsylvania Department of Education. Calculations by the IFO.

York County District-Level Administrative Costs

The York County district-level administrative costs for the base year (FY 2012-13) were estimated using two methods.

Under the first method, the IFO obtained the microdata underlying the Department of Education's 2012-13 Professional and Support Personnel Data and Statistics report. Records for administrators and coordinators were extracted and subjected to additional analysis on a district-by-district basis to ensure that instructional staff and building-level administrators were removed.²⁵

The analysis of these records revealed aggregate salaries of \$12.7 million for staff identified as district-level in the 15 York County districts. This amount does not include benefits, overhead and other costs associated with district-level administration. An examination of detailed information on school district expenditures for administrative support suggests that salaries represent 50 percent of the total cost of that function.²⁶ Therefore, the examination of the microdata yields an estimate of \$25.4 million for district-level administration.

Under the second method, the IFO identified categories of expenditures that were determined to be for district-level administration: (1) detailed annual financial report (AFR) data available from the Department of Education; and (2) supplemental data obtained directly from York County school districts.²⁷

The analysis of data for expenditures in the listed classifications indicates that administrative spending was \$30.2 million in FY 2012-13.

The two methods used to estimate district-level administrative spending in York County school districts provide estimates that are relatively close given the limitations of the data. The position classification and expenditure classification methods suggest estimates of \$25.4 million and \$30.2 million, respectively. The average of the two methods is \$27.8 million, which is the amount used in this analysis. At this level of district-level spending, each one percent of cost reduction yields savings of \$278,000.

Section 9 addresses the impact of administrative cost reductions on real estate tax rates under three hypothetical scenarios: 25 percent reduction (savings of \$6.95 million), 50 percent reduction (savings of \$13.90 million) and 75 percent reduction (savings of \$20.85 million).

²⁵ See Appendix D for a detailed list of positions that were included.

²⁶ Based on an IFO analysis of annual financial report data supplied by the Pennsylvania Department of Education.

²⁷ See Appendix D for a detailed list.

Section 5: Local Tax Revenue

This section: (1) displays countywide local revenue for the base year, (2) estimates the countywide revenues from the earned income and net profits tax (hereafter referred to as the earned income tax, or EIT) at various rates, (3) displays the impact of consolidating the real estate bases of the individual districts into a uniform countywide levy and (4) estimates the impact of consolidation on property tax relief for homesteads and farmsteads. These pieces are incorporated in the computations of real estate tax rates in Section 9.

York County school districts collected \$589.8 million in local revenue in the base year. Table 5.1 summarizes the amounts by source. The real estate tax accounted for \$486.5 million, or 82.5 percent, of all local revenue. The earned income tax was the second largest source at \$48.5 million, or 8.2 percent of local revenue. The subsections that follow discuss the earned income tax and real estate tax in more detail.

The remaining revenues are divided among numerous smaller revenue sources. Minor taxes (e.g., occupation, per capita and amusement taxes) generated \$1.2 million, or 0.2 percent. Collectively, all other local revenue sources produced \$53.6 million, or 9.1 percent.

Table 5.1
Overview of Local Revenue Sources for the 15 York County Districts
(\$ thousands, FY 2012-13)

Revenue Source	Amount
Real Estate Tax ¹	\$486,472
Earned Income Tax	48,525
Occupation, Per Capita, Local Services and Amusement Taxes	1,236
Other Local Taxes and Non-Tax Local Revenue ²	<u>53,571</u>
Total Local Revenue	589,804

¹ Includes \$17.724 million in property taxes levied by school districts but paid by state-financed property tax relief provided to owners of homestead and farmstead properties.

² Includes delinquent taxes, realty transfer tax, public utility realty tax, payments-in-lieu-of-tax, earnings on investments, food service revenue, and revenue from district activities.

Source: Pennsylvania Department of Education. Calculations by the IFO.

Earned Income Tax

York County school districts reported \$48.5 million of earned income tax collections in the base year. Earned income tax rates ranged from 0.5 percent to 0.9 percent, with a weighted average of 0.56 percent. Table 5.2 displays the rate, collections and estimated earned income in each district. The last two rows of the table display the weighted average tax rate as well as the amount of EIT generated countywide for each tenth of a percent in the rate.

Table 5.3 provides estimates for EIT collections at rates of 0.5, 1.0, 1.5 and 2.0 percent.²⁸ The estimates are based on the actual collections and revenues for each tenth of a percentage point displayed in Table 5.2.

School District	EIT Rate	EIT Collections	Earned Income¹
Central York	0.50%	\$4,660	\$931,947
Dallastown Area	0.50	5,126	1,025,238
Dover Area	0.90	5,285	587,217
Eastern York	0.50	1,923	384,577
Hanover Public	0.50	1,393	278,644
Northeastern York	0.50	2,362	472,350
Northern York County	0.75	4,170	556,017
Red Lion Area	0.50	3,910	781,996
South Eastern	0.50	2,110	421,904
South Western	0.50	3,133	626,655
Southern York County	0.80	4,319	539,884
Spring Grove Area	0.50	2,137	427,343
West York Area	0.50	2,450	489,990
York City	0.50	2,749	549,804
York Suburban	0.50	<u>2,799</u>	<u>559,735</u>
Total	--	48,525	8,633,300
Weighted Average	0.56		
Amount generated each 0.1% of EIT		8,633	

¹ Earned income tax collections divided by the statutory rate.
Source: Pennsylvania Department of Education. Calculations by the IFO.

²⁸ Section 652.1 of the Public School Code of 1949 authorizes a school district of the first class A to impose an earned income tax at a rate not exceeding 2.0 percent. (See Section 3.) The hypothetical rate scenarios in this subsection are based on that statutory provision. The rate limits applicable to a consolidated York County district would depend on the ultimate classification of the district and the applicability of various laws authorizing and restricting the earned income tax.

Table 5.3
Earned Income Tax Estimates for Selected Tax Rates; Countywide Basis
(\$ thousands, FY 2012-13)

EIT Rate	Estimated Amount	Difference from Actual
0.5%	\$43,167	-\$5,359
1.0	86,333	37,808
1.5	129,500	80,974
2.0	172,666	124,141

Source: IFO.

Table 5.4 displays the impact of a change in the EIT rate on taxpayers receiving the median earned income in their respective school districts.

Table 5.4
Impact of Earned Income Tax Rate Changes on Earners at the Median Income

School District	Median Income ¹	EIT Rate	Current EIT	Change in Liability at Stated Rate			
				0.5%	1.0%	1.5%	2.0%
Central York	\$49,354	0.50%	\$247	\$0	\$247	\$494	\$740
Dallastown Area	47,500	0.50	238	0	238	475	713
Dover Area	42,397	0.90	382	-170	42	254	466
Eastern York	39,891	0.50	199	0	199	399	598
Hanover Public	32,949	0.50	165	0	165	329	494
Northeastern York	42,233	0.50	211	0	211	422	633
Northern York County	49,477	0.75	371	-124	124	371	618
Red Lion Area	43,504	0.50	218	0	218	435	653
South Eastern	51,167	0.50	256	0	256	512	768
South Western	46,705	0.50	234	0	234	467	701
Southern York County	53,980	0.80	432	-162	108	378	648
Spring Grove Area	45,991	0.50	230	0	230	460	690
West York Area	40,859	0.50	204	0	204	409	613
York City	22,904	0.50	115	0	115	229	344
York Suburban	49,645	0.50	248	0	248	496	745

¹ Median taxable compensation and net profits on 2012 state personal income tax returns reporting taxable compensation and net profits in excess of \$5,000.

Source: IFO.

Real Estate Tax

For FY 2012-13, York County school districts collected \$486.5 million from the real estate tax levy. Tax rates ranged from 14.920 mills to 33.736 mills, with a weighted average of 20.442 mills.

Table 5.5 displays the real estate tax millage rates, assessed values and total collections for each district. For the purpose of this analysis, total real estate tax includes the Act 1 property tax reduction allocations. Table 5.6 compares the millage rate each district levied in FY 2012-13 to the countywide average.

Table 5.5
Real Estate Tax Millage Rates, Assessments and Collections
(\$ thousands, FY 2012-13)

School District	Millage Rate	Taxable Assessed Value ¹	Current & Interim Collections	Act 1 Allocation ²	Total Real Estate Tax ³
Central York	17.760	\$2,863,842	\$48,107	\$1,064	\$49,172
Dallastown Area	22.260	2,833,142	60,038	1,382	61,421
Dover Area	21.000	1,328,275	25,415	1,276	26,691
Eastern York	19.350	1,113,271	19,751	727	20,478
Hanover Public	19.450	971,615	17,626	574	18,200
Northeastern York	24.260	1,464,774	30,510	1,284	31,794
Northern York County	14.920	1,397,013	19,444	723	20,167
Red Lion Area	22.389	2,107,451	43,360	1,896	45,256
South Eastern	21.206	1,339,266	25,995	993	26,989
South Western	16.890	1,917,605	30,577	1,119	31,696
Southern York County	17.170	1,597,305	25,698	1,059	26,757
Spring Grove Area	20.083	1,692,838	31,278	999	32,277
West York Area	20.228	1,535,720	28,988	1,060	30,049
York City	33.736	1,013,243	26,924	2,902	29,826
York Suburban	<u>20.712</u>	<u>1,776,292</u>	<u>35,035</u>	<u>664</u>	<u>35,699</u>
Total	20.442⁴	24,951,652	468,748	17,724	486,472

¹ The 2012 assessed value.

² The property tax reduction allocation authorized under Special Session Act 1 of 2006. School districts levy the real estate tax and credit owners of homestead and farmstead properties a fixed dollar amount per property, which varies by district. The districts receive reimbursement from the Commonwealth for those tax reductions. This analysis treats the Act 1 allocations as local real estate tax collections, notwithstanding the state reimbursement, because the funds are received pursuant to the real estate tax levied by the school district.

³ Includes current and interim property tax collections and the Act 1 allocations.

⁴ Weighted average based on the millage rates levied, weighted by taxable assessed value. Total real estate tax collections equate to a countywide collection rate that is estimated to have been about 95.373 percent for FY 2012-13.

Sources: Pennsylvania Department of Education and the York County Assessment & Tax Claim Office. Weighted average calculated by the IFO.

Table 5.6
Comparison of Actual Millage Rates to the Countywide Average¹
(FY 2012-13)

School District	Actual Millage	Difference From Weighted Average (Mills)	Percent Difference
Northern York County	14.920	-5.522	-37.0%
South Western	16.890	-3.552	-21.0
Southern York County	17.170	-3.272	-19.1
Central York	17.760	-2.682	-15.1
Eastern York	19.350	-1.092	-5.6
Hanover Public	19.450	-0.992	-5.1
Spring Grove Area	20.083	-0.359	-1.8
West York Area	20.228	-0.214	-1.1
York Suburban	20.712	0.270	1.3
Dover Area	21.000	0.558	2.7
South Eastern	21.206	0.764	3.6
Dallastown Area	22.260	1.818	8.2
Red Lion Area	22.389	1.947	8.7
Northeastern York	24.260	3.818	15.7
York City	33.736	13.294	39.4

¹ Countywide weighted average levy equals 20.442 mills.

Source: Pennsylvania Department of Education. Calculations by the IFO.

Property Tax Reduction Allocations

School districts receive proceeds from the state tax on gross terminal revenues of slot machines, which they are required to use for property tax relief for the owners of homestead and farmstead properties. The funds provided to the school districts are termed “property tax reduction allocations,” and they are transmitted through the Property Tax Relief Fund based on a formula that was established in Special Session Act 1 of 2006.²⁹

In FY 2012-13, the 15 York County school districts received \$17.7 million that was split among more than 106,000 homestead and farmstead properties.³⁰ The homestead/farmstead tax relief ranged from \$108 per eligible property in Central York to \$490 per eligible property in York City. The weighted average for all county school districts was \$167. See Appendix D for additional information about the property tax reduction allocations, number of homesteads and farmsteads and amount of tax relief per eligible property in each of the school districts.

²⁹ See Chapter 5 of the act of June 27, 2006, Special Session 1 (P.L. 1873, No. 1), known as the “Taxpayer Relief Act.”

³⁰ Each homestead and farmstead in a school district receives the same dollar amount of property tax relief. The relief is applied to the tax bill in the form of a reduction in taxable assessed value.

Table 5.7
Real Estate Taxes Levied on the Median Homestead in the Base Year
(FY 2012-13)

School District	Median Homestead¹	Millage Rate	Homestead Exclusion	Real Estate Tax
Central York	\$144,010	17.760	\$108	\$2,450
Dallastown Area	148,660	22.260	126	3,183
Dover Area	120,730	21.000	168	2,367
Eastern York	120,250	19.350	130	2,197
Hanover Public	121,110	19.450	165	2,191
Northeastern York	119,330	24.260	200	2,695
Northern York County	153,450	14.920	118	2,172
Red Lion Area	137,580	22.389	180	2,900
South Eastern	164,540	21.206	178	3,311
South Western	148,750	16.890	151	2,361
Southern York County	176,700	17.170	172	2,862
Spring Grove Area	136,190	20.083	121	2,614
West York Area	120,400	20.228	164	2,271
York City	53,780	33.736	490	1,324
York Suburban	134,630	20.712	114	2,674

¹ Based on properties that qualify for the homestead exclusion.

Sources: Median homestead values are from the York County Assessment & Tax Claim Office. Millage rates are from the Pennsylvania Department of Education. Calculations are by the IFO.

Based on a recalculated formula that substitutes a potential countywide district for the 15 individual districts, the countywide district would have received \$16.9 million in property tax reduction allocations. This amount is a reduction of \$0.8 million compared to the amount the 15 individual districts actually received. This funding would be divided equally among all homesteads and farmsteads in the countywide district. Accordingly, the property tax relief for each homestead and farmstead property would be \$159, a reduction of \$8 (-5 percent) compared to the average for the individual districts. See Appendix D for more detail on the computations for the consolidated district.

The relatively minor change in average property tax relief for the entire county does not reflect the substantial individual variation in results for the school districts. For example, the owners of each homestead property in York City School District would receive a reduction of \$331 (-68 percent). At the other end of the spectrum, the owners of each homestead property in Central York School District would have received an additional \$51 (47 percent). The changes for each school district are detailed in Table 5.8. These changes are reflected in the estimates for the real estate taxes paid by the median homestead properties in Section 9.

Table 5.8
Change in FY 2012-13 School Property Tax Relief
Based on a Consolidated District

School District	Change Per Homestead/ Farmstead	
	Dollars	Percent
Central York	\$51	47%
York Suburban	45	40
Northern York County	41	35
Spring Grove Area	38	31
Dallastown Area	33	26
Eastern York	29	22
South Western	8	5
West York Area	-5	-3
Hanover Public	-6	-4
York County Average	-8	-5
Dover Area	-9	-5
Southern York County	-13	-8
South Eastern	-19	-11
Red Lion Area	-21	-12
Northeastern York	-41	-20
York City	-331	-68

Source: IFO.

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Section 6: State Funding

This section outlines the funding that was received by school districts for the following categories: basic education, special education, Accountability Block Grants, Social Security and Medicare taxes and Public School Employee Retirement System (PSERS) employer contributions. Unless noted otherwise, data for the individual York County school districts for FY 2012-13 are from the Pennsylvania Department of Education. See Appendix B for state funding by district. Table 6.1 displays a summary of state funding for York County districts and a comparison to funding if the districts had been consolidated for FY 2012-13.

Table 6.1
Summary of Consolidated and Current Funding Scenarios
(\$ thousands, FY 2012-13)

State Revenue Item	Consolidated School District	Total of Individual SDs	Difference
Basic Education Funding	\$151,054	\$156,473	-\$5,419
Special Education Funding	30,129	30,129	0
Accountability Block Grants	3,081	3,081	0
Social Security and Medicare Taxes	14,465	14,646	-181
PSERS Contributions	23,935	24,234	-299
Transportation Subsidy	<u>15,409</u>	<u>14,629</u>	<u>780</u>
Total	238,073	243,192	-5,118

Sources: Pennsylvania Department of Education and IFO.

Overall, the consolidated York County school district would have received approximately \$5.1 million less in state funding. Much of that difference is attributable to lower basic education funding. The following subsections provide detail for each state revenue item. The impact of changes in state funding is reflected in the computation of real estate tax rates in Section 9.

Basic Education Funding

Basic education funding is distributed through a statutory formula that establishes a base amount with supplements for districts that meet certain criteria.³¹ In practice, the base amount for a school district is often the same as the district received in the prior year, sometimes with an across-the-board increase. This practice is often referred to as a “hold harmless” provision because funding does not vary based on student counts, aid ratios or other factors.

³¹ Section 2502.52 of the Public School Code of 1949.

For FY 2012-13, each York County school district received the same base level of funding as the prior year. York City qualified for two of the eight possible supplements, but no other county district qualified. The supplements received by York City were (1) the English Language Learner High Incidence Supplement (\$1.6 million) and (2) the Charter School Extraordinary Enrollment Supplement (\$3.8 million).

The “hold harmless” provision was assumed to apply to the consolidated district, and it was calculated as the sum of the base amounts for each individual district. A countywide school district would not have been eligible for the supplements received by York City under the criteria used in FY 2012-13 because it would not have met the statutory thresholds for concentration of English language learners and the concentration of charter school students.³² No other supplements would have applied to a countywide district; therefore, the analysis estimates a reduction of \$5.4 million in basic education funding.

Social Security and Retirement (PSERS)

The formula used to calculate the state share of Social Security and Medicare taxes and the state share of PSERS contributions is based, in part, on the date an employee was hired and the market value / personal income (MV/PI) aid ratio of the school district.³³ For the Social Security and Medicare taxes reimbursement, school districts receive 50 percent of the employer share for employees initially hired on or before June 30, 1994, and an amount equal to the employer share multiplied by the MV/PI aid ratio for all others. The mechanics of the reimbursement are the same for the employer share of PSERS retirement contributions, except that the aid ratio calculation applies to employees initially hired after June 30, 1995.³⁴

The MV/PI aid ratio was computed for the consolidated district. Using aggregate salary data that showed school district salaries broken down by date of hire, the state reimbursements were determined based on the new aid ratio. Application of the new ratio for a consolidated district reduced the overall reimbursements by \$0.1 million for Social Security and Medicare and \$0.3 million for PSERS contributions compared to the amounts received by the individual districts.

³² The countywide English language learner concentration was 3.08 percent. A concentration equal to or greater than 6 percent and a MV/PI aid ratio equal to 0.7 or greater was required for the supplement. The countywide charter school concentration was 4.38 percent. A concentration of 14 percent, ADMs greater than 5,000 and a MV/PI aid ratio of 0.8 or greater was required to receive the charter supplement. The FY 2011-12 MV/PI aid ratio applicable to FY 2012-13 basic education funding and supplements was calculated to be .5337 for the consolidated district.

³³ See 24 Pa.C.S. §8535 for the statutory provision. See Appendix B for the applicable aid ratios.

³⁴ See 24 Pa.C.S. §8329 for the statutory provision.

Transportation

School districts receive a state subsidy that covers a portion of the costs for transporting students.³⁵ The analysis assumes no changes in the location where public school students would have attended school under consolidation, and it does not include any change in the underlying cost of transportation for such students. The subsidy for the consolidated district was estimated by computing the consolidated district Market Value Aid Ratio (MVAR), substituting that value in the transportation subsidy formula and holding all other formula components constant. Using the consolidated district MVAR, the transportation subsidy would have increased by \$0.7 million.

Special Education Funding and Accountability Block Grants

The analysis estimates that special education funding and Accountability Block Grants would have remained unchanged for a consolidated district compared to the sum of the amounts received by the individual districts.

Funding levels for special education in FY 2012-13 were roughly the same for each year since FY 2008-09; therefore, the analysis assumes the new district would have received the sum of the amounts received by the individual districts (\$30.1 million).

The FY 2012-13 Accountability Block Grant funding for each York County school district was unchanged compared to FY 2010-11 and FY 2011-12.³⁶ The analysis assumes a consolidated district would have received the sum of the amounts received by the individual districts (\$3.1 million).

³⁵ See section 2541 of the Public School Code of 1949. See Appendix B for the applicable aid ratios.

³⁶ The FY 2011-12 block grants were included as a supplemental appropriation for FY 2010-11.

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Section 7: Standardization of Salaries for Instructional Staff

Each school district in York County has a salary schedule for instructional staff. The classifications, number of steps in each classification and the salaries at each step of those schedules vary between districts, sometimes significantly. For example, the FY 2012-13 starting salaries in York County ranged as follows: from \$41,957 to \$48,250 for a Bachelor's degree, from \$42,253 to \$69,775 for a Master's degree and from \$45,012 to \$75,379 for a Master's degree +30.³⁷ Table 7.1 displays the pay range for selected classifications for each district that provided information. The table includes the three classifications that were common to all responding school districts.

Table 7.1
School District Salary Ranges for Selected Classifications
(FY 2012-13)

School District	Bachelor's ¹		Master's		Master's+30 ²	
	Lower	Upper	Lower	Upper	Lower	Upper
Central York	\$41,957	\$49,553	\$43,766	\$72,340	\$49,553	\$78,127
Dallastown Area	47,883	72,624	69,775	78,387	75,379	83,991
Dover Area ³	-	-	-	-	-	-
Eastern York	44,196	76,763	44,787	77,332	46,796	79,265
Hanover Public	44,437	68,509	55,775	76,977	58,481	80,091
Northeastern York	43,389	61,700	45,351	75,585	48,374	79,667
Northern York County	40,558	65,707	42,253	68,293	44,133	70,585
Red Lion Area	42,656	67,710	50,959	71,972	56,644	77,654
Spring Grove Area	44,777	57,383	54,714	70,355	58,201	74,132
South Eastern	43,723	66,449	45,181	72,580	45,910	78,179
South Western	47,029	70,268	50,716	76,567	53,716	79,267
Southern York County	47,300	65,750	52,500	77,675	56,500	81,755
West York Area	42,000	52,853	43,560	72,600	45,012	75,932
York City	44,144	61,020	48,640	78,616	51,638	81,914
York Suburban	48,250	60,400	56,950	73,200	63,750	80,000

¹ For school districts that have two separate classifications for bachelor's degrees, the upper end of the scale in this table represents the upper end of the second, or higher, classification.

² Other salary classifications used by school districts include Master's+15, Master's+45 and Master's+60 or Doctorate. Not every school district uses each classification.

³ The Dover Area School District declined to provide the requested information.

Source: York County school districts.

³⁷ The "Master's+30" category signifies completion of 30 credits beyond the Master's degree.

Upon initial consolidation of York County school districts, there would be numerous instances of instructional staff with the same level of educational attainment and years of service being paid different amounts based on the originating district. A legal analysis of the effect of consolidation on existing collective bargaining agreements is beyond the scope of this report. However, there will be pressure on the new district to standardize salaries either immediately or as the collective bargaining agreements with the individual districts expire. After standardization a consolidated district is likely to have higher personnel costs because districts are restricted in their ability to reduce the salary of a professional employee without his or her consent.³⁸

This analysis uses two methods to compute the potential impact of salary standardization. The first method involves combining the salary matrix of each responding district into a single matrix in which the values for the cells are based on the highest salary for each education level (column) and step (row). A placement matrix showing the number of employees in each cell is created based on information supplied by the school districts. The number of employees in each cell of the combined placement matrix is multiplied by the corresponding salary and the results are tabulated for each school district.

Each York County school district, except Dover Area, provided the IFO with FY 2012-13 salary and placement matrices to facilitate the computations.³⁹ For the responding districts, the placement matrices represented 3,766 instructional employees at an aggregate salary of \$256.5 million. Standardizing salaries using consistent classifications and steps would have increased aggregate salaries by \$31.4 million, or 12.2 percent, if each cell on the standardized salary matrix equals the highest salary in the county for similar cells in the individual districts.

The second method uses microdata obtained from the Department of Education to compute average salaries for each district, broken down by education level (Bachelor's, Master's or PhD) and years of service in five-year increments.⁴⁰ The average salary for each district and each education / years of service category was calculated and evaluated. The impact was computed based on the assumption that the average salary for all employees in each category would increase and raise the average salary to that of the highest paying district in that category.

³⁸ Section 1151 of the act of March 10, 1949 (P.L. 30, No. 14), known as the "Public School Code of 1949" provides as follows: "[t]he salary of any district superintendent, assistant district superintendent or other professional employe in any school district may be increased at any time during the term for which such person is employed, whenever the board of school directors of the district deems it necessary or advisable to do so, but there shall be no demotion of any professional employe either in salary or in type of position, except as otherwise provided in this act, without the consent of the employe, or, if such consent is not received, then such demotion shall be subject to the right to a hearing before the board of school directors and an appeal in the same manner as hereinbefore provided in the case of the dismissal of a professional employe."

³⁹ South Western School District was only able to provide FY 2013-14 placement data.

⁴⁰ The microdata includes the position category, FTE, salary, degree earned and years of service for each school district employee. The microdata align with the 2012-13 Professional and Support Personnel Data and Statistics report published by the Department of Education. The dataset was edited to eliminate obvious errors.

This method has certain limitations. The data are limited to classroom teachers. Other employees in a school district may be covered under a collective bargaining agreement and be subject to the same salary standardization procedure. In addition, the data set does not indicate whether the employee has earned credits beyond the Master's degree. Many school districts have salary scales that pay instructional employees more based on the number of such credits earned. The analysis is affected to an unknown degree by the different salary scales for such employees and the distribution of those employees among the years of service categories.

Table 7.2 presents the results from this method. For all districts in the dataset, there were 3,621 full-time equivalent classroom teachers earning a total of \$243.9 million in salaries in FY 2012-13. If average salaries were raised to equal the highest in each category, it would have increased classroom teacher salaries by roughly \$46.1 million (18.9 percent).

The two methods used to estimate the costs of salary standardization arrive at different results. The first method suggests 12 percent higher salary costs (\$31.4 million), while the second method suggests 19 percent higher salary costs (\$46.1 million). For the purpose of computing real estate tax rates in Section 9 of this analysis, the lower number is used.

Table 7.2
York County School Districts' Total Teacher Salaries
(FY 2012-13)

Years of Service	Bachelor's		Master's and PhD		Total	
	FTE	Total Salaries	FTE	Total Salaries	FTE	Total Salaries
Total (Supplied Dataset)						
<6	577.4	\$28,112,789	327.4	\$20,882,829	904.8	\$48,995,618
6-10	367.8	22,462,836	718.9	48,206,155	1086.6	70,668,991
11-15	181.1	12,815,473	554.3	41,123,415	735.4	53,938,888
16-20	115.4	9,211,151	248.3	19,262,975	363.7	28,474,125
21-25	107.6	8,404,119	149.4	11,812,375	257.1	20,216,494
26-30	71.0	5,721,507	72.1	5,687,571	143.1	11,409,078
31+	<u>47.0</u>	<u>3,689,905</u>	<u>83.0</u>	<u>6,517,178</u>	<u>130.0</u>	<u>10,207,083</u>
Total	1,467.3	90,417,779	2,153.4	153,492,498	3,620.7	243,910,277
Assume Salaries Adjusted to the Highest Average Salary per Grouping¹						
<6	577.4	\$31,156,705	327.4	\$24,366,058	904.8	\$55,522,763
6-10	367.8	27,727,434	718.9	59,239,235	1,086.6	86,966,669
11-15	181.1	15,349,927	554.3	49,852,593	735.4	65,202,520
16-20	115.4	10,425,299	248.3	22,882,330	363.7	33,307,629
21-25	107.6	9,832,510	149.4	13,947,069	257.1	23,779,579
26-30	71.0	6,498,359	72.1	6,608,180	143.1	13,106,539
31+	<u>47.0</u>	<u>4,380,635</u>	<u>83.0</u>	<u>7,764,965</u>	<u>130.0</u>	<u>12,145,600</u>
Total	1,467.3	105,370,869	2,153.4	184,660,429	3,620.7	290,031,298
Total Increase in Classroom Teacher Salaries Used Highest Average Salary per Grouping						
<6	577.4	\$3,043,916	327.4	\$3,483,229	904.8	\$6,527,145
6-10	367.8	5,264,598	718.9	11,033,080	1,086.6	16,297,678
11-15	181.1	2,534,453	554.3	8,729,178	735.4	11,263,631
16-20	115.4	1,214,148	248.3	3,619,355	363.7	4,833,504
21-25	107.6	1,428,391	149.4	2,134,694	257.1	3,563,085
26-30	71.0	776,852	72.1	920,608	143.1	1,697,461
31+	<u>47.0</u>	<u>690,730</u>	<u>83.0</u>	<u>1,247,787</u>	<u>130.0</u>	<u>1,938,517</u>
Total	1,467.3	14,953,090	2,153.4	31,167,931	3,620.7	46,121,020

¹The average salaries for classroom teachers in the Dallastown School District ranked highest in nearly every grouping, and those averages were used in the computations for all groupings.

Source: Pennsylvania Department of Education. Micro-level salary data for school district employees. FY 2012-13. Calculations by the IFO.

Section 8: Debt and Debt Service

York County school districts paid a total of \$90.8 million in debt service for FY 2012-13. This amount represents an average of \$1,458 per student, or 10.1 percent of total expenditures. Measured against total real estate tax revenues, debt service was equal to 18.7 percent of collections and 3.6 mills of tax. Table 8.1 displays debt service for each school district in the county, as well as measures to provide context.

**Table 8.1
FY 2012-13 Debt Service**

School District	Amount ¹	Per ADM	Share of Expenditures	Share of Real Estate Tax ²	Real Estate Tax Mills ²
Central York	\$9,362,701	\$1,557	12.5%	19.0%	3.269
Dallastown Area	7,520,007	1,192	8.5	12.2	2.654
Dover Area	4,150,298	1,059	8.3	15.5	3.125
Eastern York	4,360,363	1,621	11.4	21.3	3.917
Hanover Public	2,942,390	1,582	6.5	16.2	3.028
Northeastern York	5,272,313	1,328	9.7	16.6	3.599
Northern York County	3,885,711	1,198	8.1	19.3	2.781
Red Lion Area	9,223,230	1,576	11.7	20.4	4.376
South Eastern	3,538,279	1,149	7.9	13.1	2.642
South Western	3,962,080	949	7.2	12.5	2.066
Southern York County	5,567,680	1,706	11.8	20.8	3.486
Spring Grove Area	9,484,280	2,366	16.6	29.4	5.603
West York Area	5,373,970	1,626	11.2	17.9	3.499
York City	11,581,645	1,517	9.9	38.8	11.430
York Suburban	<u>4,621,476</u>	<u>1,550</u>	<u>8.2</u>	<u>12.9</u>	<u>2.602</u>
County Total/Average	90,846,423	1,458	10.1	18.7	3.641

¹ Includes function codes for debt service (5110) and debt service transfers to sinking fund (5240).

² This computation is affected by the level of debt service and the size of the real estate tax base. At the same level of debt service, districts with a larger tax base or higher real estate tax collections will rank lower than districts with a smaller tax base or lower real estate tax collections.

Source: Pennsylvania Department of Education. Computations by the IFO.

At the close of FY 2012-13, York County school districts had \$855.9 million of debt outstanding, an average of \$13,738 per student. Table 8.2 displays the debt and per student measure for each school district in the county.

Table 8.2.
Debt Outstanding
(as of the end of FY 2012-13)

School District	Amount¹	Per ADM
Central York	\$67,160,856	\$11,171
Dallastown Area ²	86,480,397	13,712
Dover Area	54,871,584	13,997
Eastern York	50,754,558	18,869
Hanover Public	23,564,308	12,669
Northeastern York	78,236,144	19,713
Northern York County	34,405,840	10,607
Red Lion Area	78,526,169	13,416
South Eastern	48,322,021	15,693
South Western	24,654,870	5,903
Southern York County	44,233,338	13,556
Spring Grove Area	85,147,603	21,242
West York Area	11,246,591	3,404
York City	125,653,068	16,455
York Suburban	<u>42,655,657</u>	<u>14,307</u>
County Total/Average	855,913,004	13,738

¹ Includes short-term borrowing, general obligation bonds, authority building obligations, other long-term debt, other post-employment benefits and compensated absences in all funds.

² Includes debt attributable to York County School of Technology.

Source: Pennsylvania Department of Education. Computations by the IFO.

The analysis assumes that a consolidated district would take responsibility for the legacy debt of the individual districts. The cost of servicing the legacy debt would be spread, or averaged, across all county taxpayers. The analysis further assumes that a consolidated district's costs to service the legacy debt would have been the same as the debt service for the individual school districts. Therefore, no additional adjustments are made to the computation of real estate tax millage rates in Section 9 on account of debt service.

Section 9: Consolidated District Real Estate Tax Rates

A consolidation of the 15 individual school districts in York County, each with its own real estate tax rate, would result in a new district having a uniform rate. This section computes a countywide real estate tax rate for the base year using reasonable assumptions and multiple scenarios for (1) the rate of the earned income tax and (2) level of administrative savings from consolidation. The section also displays the impact of the resulting real estate and earned income tax rates on the median homestead and median wage earner in each of the 15 districts.

An assumption used in the computation of the real estate tax rates is that local revenue in the consolidated district would equal the aggregate local revenue collected by the individual districts prior to applying any savings or costs from administrative changes, state funding or salary standardization. A preliminary value for real estate tax collections is established based on the revenue assumptions for the other local revenue sources. That preliminary value is the amount that will result in local revenues for the countywide district equaling the local revenues of the individual districts in the base year.

The following additional assumptions apply to the computation of real estate tax rates in the consolidated district.

- The earned income tax would have been levied at one of the following rates: 0.5 percent, 1.0 percent, 1.5 percent or 2.0 percent.⁴¹
- The consolidated district would not have levied minor taxes such as the per capita, occupation and amusement taxes.
- Other local sources of revenue such as the real estate transfer tax, public utility realty tax, payment in lieu of state and local taxes, collection of delinquent taxes and other non-tax local revenue sources would have raised the same amount as they did in the base year within the individual districts.
- Changes in state funding, administrative savings and costs of salary standardization would be reflected in the real estate tax rates for the consolidated district.

Table 9.1 displays the various components of the real estate tax computation and their values. Table 9.2 outlines the steps in the computation to arrive at the real estate tax rates under the scenarios used in the analysis. (See Table 5.5 on page 20 for the millage rates actually levied by school districts in FY 2012-13.)

⁴¹ The rate limits applicable to a consolidated York County district would depend on the classification of the district and the applicability of various laws authorizing and restricting the earned income tax. Section 652.1 of the Public School Code authorizes a school district of the first class A to levy an EIT at a rate not exceeding 2.0 percent. That provision serves as the basis for the maximum rate in this analysis.

Table 9.1
Inputs for the Computation of Real Estate Tax Rates
for a Consolidated District in the Base Year

Type / Section	Amount and Treatment
<u>Local Revenue</u> (see Section 5)	Countywide base year local revenue was \$589,804,000.
<u>Earned Income Tax</u> (see Section 5)	Countywide revenue from an earned income tax for the base year is estimated at four rates as follows: <ul style="list-style-type: none"> ➤ 0.5%; \$43,167,000 ➤ 1.0%; \$86,333,000 ➤ 1.5%; \$129,500,000 ➤ 2.0%; \$172,666,000
<u>Minor Taxes</u> (see Section 5)	No revenue is assumed for minor taxes such as the per capita, occupation and amusement taxes.
<u>Other Local Revenue</u> (see Section 5)	Other local revenue is assumed to equal base year collections of \$53,571,000.
<u>State Funding</u> (see Section 6)	The consolidation of school districts is estimated to reduce state funding by \$5,118,000 for the base year.
<u>Administrative Savings</u> (see Section 4)	Administrative savings from consolidation for the base year are estimated under three scenarios: <ul style="list-style-type: none"> ➤ 25% savings; \$6,950,000 ➤ 50% savings; \$13,900,000 ➤ 75% savings; \$20,850,000
<u>Salary Standardization</u> (see Section 7)	The cost of standardizing instructional staff salaries for the countywide district is estimated to be \$31,400,000 for the base year.

Table 9.2
Real Estate Tax Millage Rates - by EIT and Administrative Savings Scenarios
(\$ thousands, FY 2012-13)

	0.5% EIT	1.0% EIT	1.5% EIT	2.0% EIT
Base Year Local Revenue	\$589,804	\$589,804	\$589,804	\$589,804
Less: Adjustments for Non-Real Estate Revenues				
Earned Income Tax (Variable Rate)	-43,167	-86,333	-129,500	-172,666
Act 511 Miscellaneous Taxes (Eliminated)	0	0	0	0
Other Local Revenue (Same as Base Year)	-53,571	-53,571	-53,571	-53,571
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Real Estate Tax Collections – Local Revenue Neutral	493,066	449,900	406,733	363,567
Real Estate Tax - State Funds Replacement	5,118	5,118	5,118	5,118
Real Estate Tax - Salary Standardization	31,400	31,400	31,400	31,400
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Real Estate Tax Collections - With Added Costs	529,584	486,418	443,251	400,085
Real Estate Tax - Impact of Administrative Savings				
Scenario A - 25%	-6,950	-6,950	-6,950	-6,950
Scenario B - 50%	-13,900	-13,900	-13,900	-13,900
Scenario C - 75%	-20,850	-20,850	-20,850	-20,850
Real Estate Tax Collections - Net of Savings				
Scenario A - 25%	522,634	479,468	436,301	393,135
Scenario B - 50%	515,684	472,518	429,351	386,185
Scenario C - 75%	508,734	465,568	422,401	379,235
Average Real Estate Tax Collection Rate	95.4%	95.4%	95.4%	95.4%
Real Estate Tax Levy				
Scenario A - 25%	547,834	502,587	457,339	412,091
Scenario B - 50%	540,549	495,302	450,053	404,806
Scenario C - 75%	533,264	488,017	442,768	397,521
Taxable Assessed Value	24,951,652	24,951,652	24,951,652	24,951,652
Real Estate Tax Millage ¹				
Scenario A - 25%	21.956	20.142	18.329	16.516
Scenario B - 50%	21.664	19.851	18.037	16.224
Scenario C - 75%	21.372	19.559	17.745	15.932

¹ See Table 5.5 on page 20 for the millage rates actually levied by York County school districts in FY 2012-13.

The collections needed to achieve the local revenue neutral threshold are \$589.8 million under each of the four EIT rate scenarios. (See the line labeled “Real Estate Tax Collections – Local Revenue Neutral” in Table 9.2). As the EIT rate increases, the amount of real estate tax revenue necessary to reach the revenue neutral threshold declines. The millage rate that would produce sufficient real estate tax revenues to reach that threshold ranges from 15.273 mills to 20.714 mills, depending on the EIT scenario used. (See Table 9.3.) These rates do not include the impact of any costs or savings from school district consolidation, but they do reflect the merged, countywide tax bases for the real estate and earned income taxes.

When the revenue neutral millage rates are compared to the millage rates computed after adjusting for the costs and savings associated with school district consolidation, the comparison reveals that the net cost of the consolidation would result in a countywide average tax increase ranging between 3.2 percent and 8.1 percent depending on the scenario being considered. (See Table 9.3.) The average does not address the specific impact on homeowners and wage earners, which depends on the school district in which they reside. The next subsection addresses the impact by school district.

Table 9.3				
Change to Millage from Local Revenue Neutral Rate				
	0.5% EIT	1.0% EIT	1.5% EIT	2.0% EIT
Real Estate Tax Millage ¹ (local revenue neutral)	20.714	18.900	17.087	15.273
Change in Real Estate Tax (mills; includes impact of savings and costs)²				
Scenario A - 25%	1.242	1.242	1.242	1.243
Scenario B - 50%	0.950	0.951	0.950	0.951
Scenario C - 75%	0.658	0.659	0.658	0.659
Change in Real Estate Tax (percent; includes impact of savings and costs)²				
Scenario A - 25%	6.0%	6.6%	7.3%	8.1%
Scenario B - 50%	4.6%	5.0%	5.6%	6.2%
Scenario C - 75%	3.2%	3.5%	3.9%	4.3%
¹ Based on local revenue of \$589.8 million, a countywide real estate tax collection rate of 95.4 percent and taxable assessed value of \$24.952 billion.				
² Savings include administrative consolidation. Costs include salary standardization and replacement of state funds. The change is difference between the millage rates estimated in Table 9.2 and the revenue neutral millage in this table.				

Impact on Median Homesteads and Median Wage Earners

This subsection displays the impact of hypothetical real estate and EIT rates on median homesteads and median earners in each school district in Tables 9.4 through 9.9. The impacts use the countywide real estate tax rates computed in Table 9.2 for each EIT and administrative savings scenario.

Each scenario has two tables. The first table displays the impact of the change in real estate tax (including the millage and homestead exclusion) on median homesteads. For households that have little or no earned income, this table can be used to determine the potential impact of consolidation.

The second table provided for each scenario combines the real estate tax and EIT impacts to show the change in taxes for a median earner who owns the median homestead.⁴² (Table 5.4 on page 19 isolates the impact of the EIT rate changes on median earners.) Households that own their home and have earned income must assess changes in both taxes to determine the net impact of consolidation.

The tables reveal that none of the four EIT rate scenarios reviewed would result in real estate tax savings for the median homeowner in each district, regardless of the level of administrative savings. For example, at a 1.0 percent EIT, there are six districts in which the median homeowner would pay more real estate tax under consolidation.⁴³ Even at a 2.0 percent EIT, there is still one district in which the median homeowner would pay more real estate tax under consolidation.⁴⁴

The tables also show that homeowners in the median homestead at the median earned income would pay more in combined real estate and EIT taxes under consolidation in at least nine school districts. The number of districts in which such homeowners would pay more changes very little under the scenarios considered in the report.⁴⁵

Appendix E contains information similar to Tables 9.4 through 9.9, but in an alternate format. Those data are sorted by school district to allow residents to easily view impacts across all scenarios.

⁴² The median earner is based on 2012 state personal income tax returns reporting taxable compensation and net profits in excess of \$5,000. The median homestead is based on properties that qualify for the homestead exclusion under Special Session Act 1 of 2006.

⁴³ At the 1.0 percent EIT rate the districts are: Central York, Eastern York, Hanover Public, Northern York County, South Western and Southern York County.

⁴⁴ At the 2.0 percent EIT rate, Northern York County is the only such district.

⁴⁵ At the 1.0 percent EIT rate, the median homeowner and wage earner would pay more in ten districts (Central York, Eastern York, Hanover Public, Northern York County, South Eastern, South Western, Southern York County, Spring Grove Area, West York Area and York Suburban) in all administrative savings scenarios. Homeowners in the same ten districts would pay more at the 2.0 percent EIT rate and the 25 percent administrative savings scenario. For the 50 percent and 75 percent administrative savings scenarios, South Eastern is removed from the list.

Scenario A – 25% Reduction in Administrative Costs

Table 9.4
Change in Real Estate Taxes for the Median Homestead
 (FY 2012-13)

School District	0.5% EIT	1.0% EIT	1.5% EIT	2.0% EIT
Central York	\$553	\$292	\$31	-\$231
Dallastown Area	-78	-348	-617	-887
Dover Area	125	-94	-313	-532
Eastern York	284	66	-152	-370
Hanover Public	309	89	-130	-350
Northeastern York	-234	-450	-667	-883
Northern York County	1,038	760	482	203
Red Lion Area	-38	-288	-537	-787
South Eastern	143	-156	-454	-752
South Western	746	476	206	-63
Southern York County	859	538	218	-103
Spring Grove Area	217	-30	-277	-524
West York Area	214	-5	-223	-441
York City	-302	-400	-497	-595
York Suburban	123	-121	-365	-609
Consolidated Millage	21.956	20.142	18.329	16.516

Table 9.5
Median Wage Earner in the Median Homestead Property
Net Increase (Decrease) - Including Both Real Estate Tax and EIT
 (FY 2012-13)

School District	0.5% EIT	1.0% EIT	1.5% EIT	2.0% EIT
Central York	\$553	\$539	\$525	\$509
Dallastown Area	-78	-111	-142	-175
Dover Area	-45	-52	-59	-66
Eastern York	284	265	247	228
Hanover Public	309	254	199	144
Northeastern York	-234	-239	-245	-250
Northern York County	914	884	853	821
Red Lion Area	-38	-70	-102	-134
South Eastern	143	100	58	16
South Western	746	710	673	638
Southern York County	697	646	596	545
Spring Grove Area	217	200	183	166
West York Area	214	199	186	172
York City	-302	-285	-268	-251
York Suburban	123	127	131	136

Scenario B – 50% Reduction in Administrative Costs

Table 9.6
Change in Real Estate Taxes for the Median Homestead
 (FY 2012-13)

School District	0.5% EIT	1.0% EIT	1.5% EIT	2.0% EIT
Central York	\$511	\$250	-\$11	-\$273
Dallastown Area	-121	-391	-661	-930
Dover Area	89	-129	-348	-567
Eastern York	249	31	-187	-405
Hanover Public	274	54	-166	-385
Northeastern York	-269	-485	-702	-918
Northern York County	993	715	437	159
Red Lion Area	-78	-328	-577	-827
South Eastern	95	-204	-502	-801
South Western	703	433	163	-107
Southern York County	807	487	166	-154
Spring Grove Area	177	-69	-317	-563
West York Area	178	-40	-258	-477
York City	-318	-415	-513	-610
York Suburban	84	-160	-405	-649
Consolidated Millage	21.664	19.851	18.037	16.224

Table 9.7
Median Wage Earner in the Median Homestead Property
Net Increase (Decrease) - Including Both Real Estate Tax and EIT
 (FY 2012-13)

School District	0.5% EIT	1.0% EIT	1.5% EIT	2.0% EIT
Central York	\$511	\$497	\$483	\$467
Dallastown Area	-121	-154	-186	-218
Dover Area	-81	-87	-94	-101
Eastern York	249	230	212	193
Hanover Public	274	219	163	109
Northeastern York	-269	-274	-280	-285
Northern York County	869	839	808	777
Red Lion Area	-78	-110	-142	-174
South Eastern	95	52	10	-33
South Western	703	667	630	594
Southern York County	645	595	544	494
Spring Grove Area	177	161	143	127
West York Area	178	164	151	136
York City	-318	-300	-284	-266
York Suburban	84	88	91	96

Scenario C –75% Reduction in Administrative Costs

Table 9.8
Change in Real Estate Taxes for the Median Homestead
(FY 2012-13)

School District	0.5% EIT	1.0% EIT	1.5% EIT	2.0% EIT
Central York	\$469	\$208	-\$54	-\$315
Dallastown Area	-165	-434	-704	-974
Dover Area	54	-165	-384	-603
Eastern York	214	-4	-222	-440
Hanover Public	238	19	-201	-420
Northeastern York	-304	-520	-736	-953
Northern York County	949	670	392	114
Red Lion Area	-119	-368	-618	-867
South Eastern	47	-252	-550	-849
South Western	659	389	120	-150
Southern York County	755	435	115	-206
Spring Grove Area	138	-109	-356	-603
West York Area	143	-75	-294	-512
York City	-334	-431	-529	-626
York Suburban	44	-200	-444	-688
Consolidated Millage	21.372	19.559	17.745	15.932

Table 9.9
Median Wage Earner in the Median Homestead Property
Net Increase (Decrease) - Including Both Real Estate Tax and EIT
(FY 2012-13)

School District	0.5% EIT	1.0% EIT	1.5% EIT	2.0% EIT
Central York	\$469	\$455	\$440	\$425
Dallastown Area	-165	-197	-229	-262
Dover Area	-116	-123	-130	-137
Eastern York	214	195	177	158
Hanover Public	238	184	128	74
Northeastern York	-304	-309	-314	-320
Northern York County	825	794	763	732
Red Lion Area	-119	-150	-183	-214
South Eastern	47	4	-38	-81
South Western	659	623	587	551
Southern York County	593	543	493	442
Spring Grove Area	138	121	104	87
West York Area	143	129	115	101
York City	-334	-316	-300	-282
York Suburban	44	48	52	57

Section 10: Summary of Findings

This section summarizes the fiscal implications of consolidating York County school districts. Public interest in the potential savings from combining district-level administrative functions motivates the request for the study. The analysis addresses the issue by computing real estate tax rates for a consolidated district under three different administrative cost-saving scenarios.

In addition to the potential administrative savings, other factors impact the real estate tax rates under consolidation. For example, school districts collect revenue from the earned income tax (EIT). A higher EIT allows for the school district's real estate tax to be imposed at a lower millage rate. The analysis addresses this issue by using four possible EIT rate scenarios for the computation of consolidated district real estate tax rates.

Other impacts are less obvious. For example, countywide consolidation would merge the real estate and EIT bases across the county. The merged tax bases would result in some taxpayers paying more under consolidation and others less. Changes in state funding and the cost of standardizing instructional staff salaries are other examples. All of these factors are incorporated into the analysis.

The following points summarize the findings of the report. These findings inform the computation of real estate tax rates for the consolidated district. Unless otherwise noted, the estimates for a consolidated district and actual countywide totals are based on data for FY 2012-13 (the base year).

- A consolidated York County school district would be the second largest in the state by student count (62,304). Based on the 2010 Census, the population of the consolidated district (405,437) would qualify it as a first class A school district.
- Overall administrative staffing levels and administrative costs for York County school districts compare favorably with statewide averages. District-level administrative costs for York County school districts are estimated to be \$27.8 million. Each one percent reduction in district-level cost saves approximately \$278,000.
- The average countywide real estate tax rate was 20.442 mills in FY 2012-13. The average countywide EIT rate was 0.56 percent.
- The average property tax relief for owners of homestead and farmstead properties would be \$159 per qualified property in a consolidated district, \$8 less than the actual countywide average of \$167. However, a comparison based on the actual countywide average conceals significant district-to-district variations. At the high end, qualified York City properties received \$490; while at the low end, Central York properties received \$108. In a consolidated district, all qualified properties in the county would receive the same amount (\$159).

- York County base year state funding is \$5.1 million less under consolidation. Most of the reduction is associated with basic education funding, because the district would not have qualified for the English language learner supplement and the charter school concentration supplement received by the York City School District.
- Standardizing salaries for instructional staff in a consolidated district could cost \$31.4 million based on an analysis of salary schedules for the 14 school districts that responded to a request for salary information.
- Debt service totaled \$90.8 million, or \$1,458 per student, in FY 2012-13. At the conclusion of that year, York County school districts had outstanding debt of \$855.9 million, or \$13,738 per student. Legacy debt of the individual districts becomes the responsibility of the new district under consolidation.
- The costs of consolidation (\$36.5 million for salary standardization and replacement of state funds) would likely outweigh the savings from district-level administrative combination – even if one assumes a very aggressive level of savings (\$20.85 million for a 75 percent reduction in cost).

Given the estimated savings and costs from consolidation, the analysis computes potential real estate tax rates for the district using 12 different scenarios based on the specified EIT rates and levels of administrative savings. The following findings are derived from an analysis of real estate tax rates computed for a consolidated York County school district.

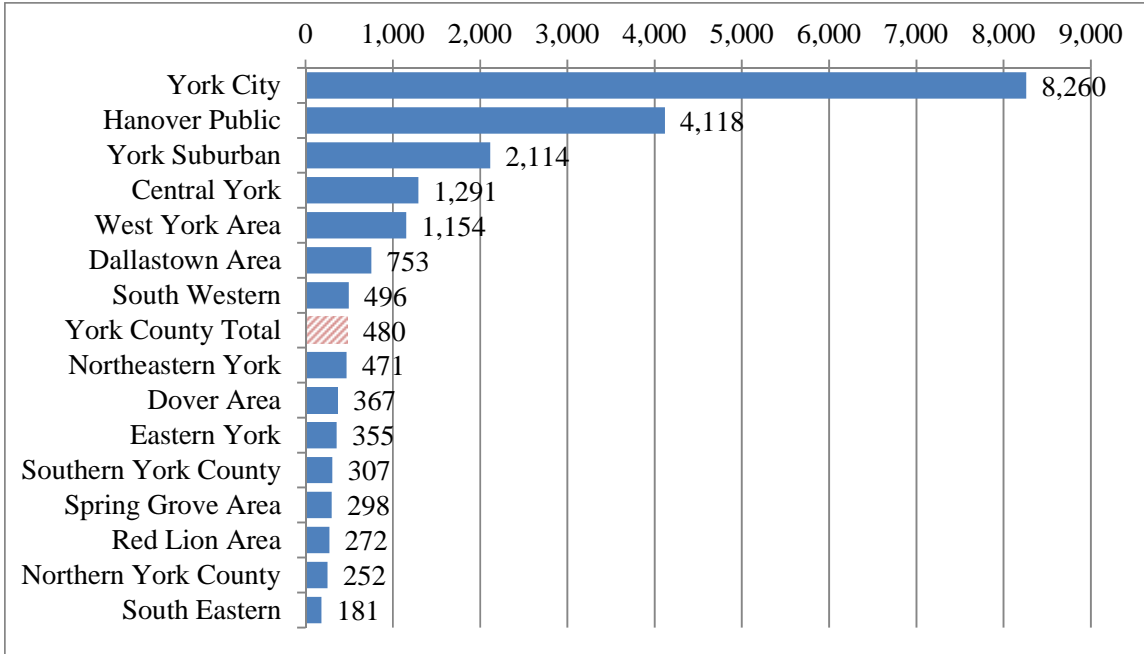
- The base year real estate tax rates under the scenarios considered in this analysis range from 15.932 (2.0 percent EIT and 75 percent administrative cost savings) to 21.956 (0.5 percent EIT and 25 percent administrative cost savings).
- The estimates for real estate tax millage respond more to changes in the EIT rate than they do to changes in the level of administrative savings.
 - For each 0.5 percentage point increase in the EIT, the countywide real estate tax rate declines by 1.81 mills. The millage rate for a 2.0 percent EIT is 25 percent lower than the millage rate for a 0.5 percent EIT.
 - For each 25 percentage point increase in administrative savings, the countywide real estate tax rate declines by 0.29 mills. The millage rates for scenario C (75 percent administrative savings) are between 2.5 percent and 3.5 percent lower than the millage rates for scenario A (25 percent administrative savings).
- Consolidation increases countywide real estate tax rates in the range of 0.7 mills to 1.2 mills (3 percent to 8 percent) depending on the EIT rate and level of administrative savings. This result occurs because the costs of consolidation are estimated to exceed the administrative savings.
- Some taxpayers would pay lower real estate taxes under consolidation despite an overall increase in the countywide millage rate. This result occurs because the countywide rate is lower than the rate levied by their school district.

- Even under the most aggressive assumptions for administrative savings (75 percent), none of the four EIT rates reviewed would result in real estate tax savings for the median homeowner in each district.
 - At a 1.0 percent EIT, there are six districts in which the median homeowner would pay more real estate tax under consolidation.
 - At a 2.0 percent EIT, there is one district in which the median homeowner would pay more real estate tax under consolidation.
- Homeowners in the median homestead at the median earned income in at least nine school districts would pay more in combined real estate and EIT taxes under consolidation.

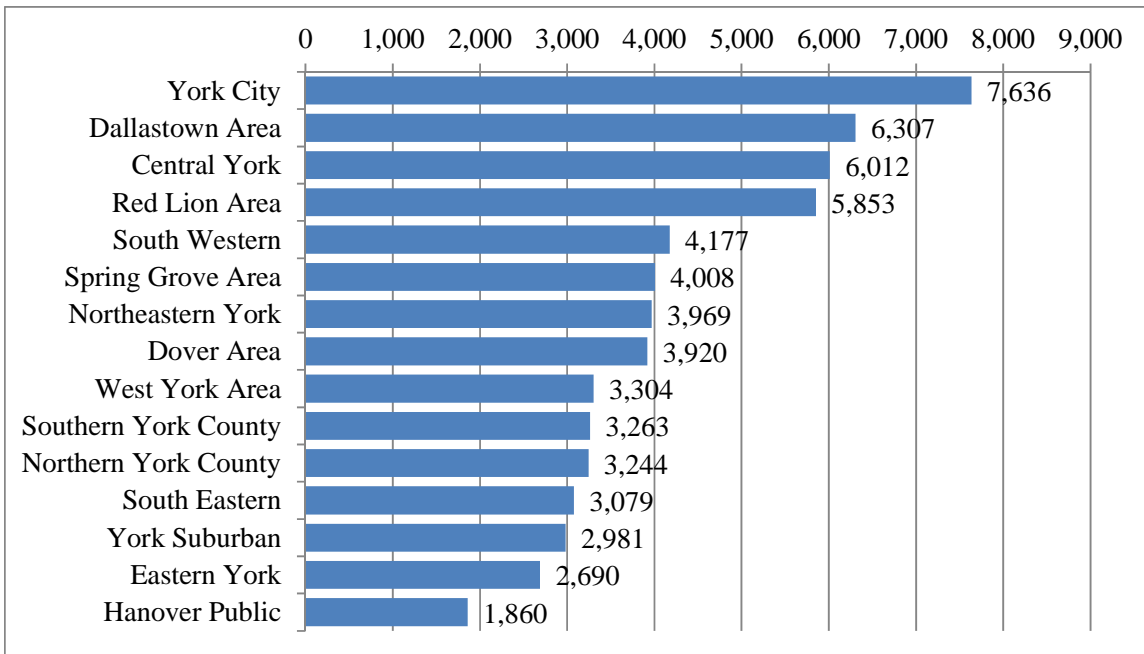
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Appendix A: District Characteristics

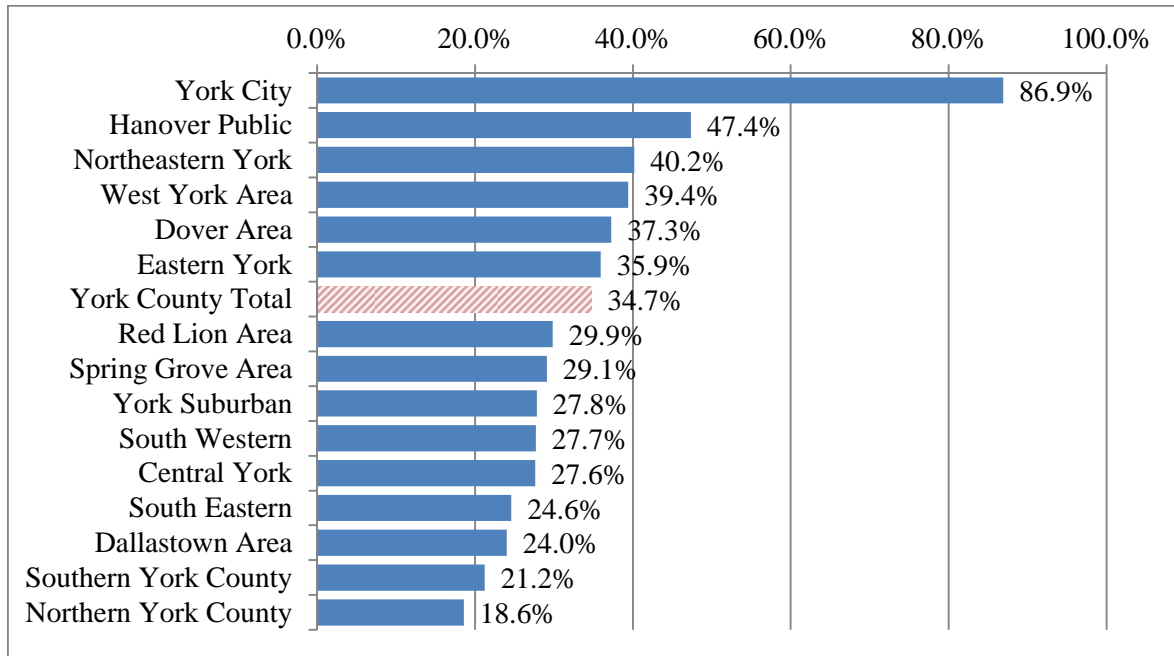
Population per Square Mile
(2010 Census)



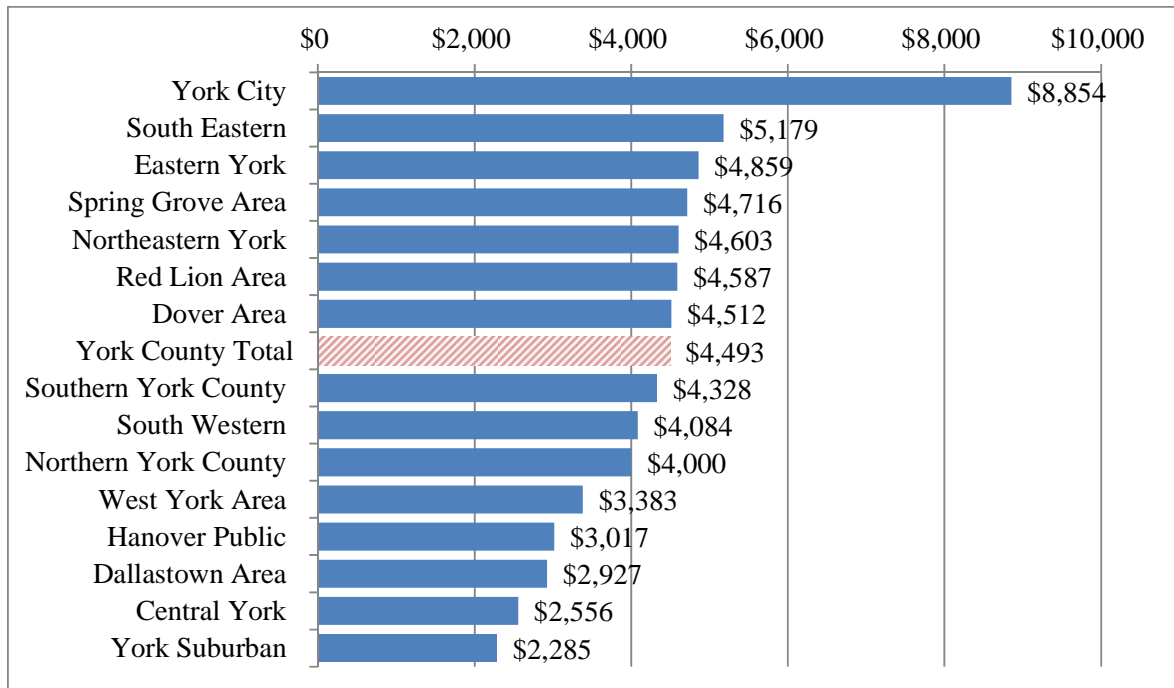
Average Daily Membership
(School Year 2012-13)



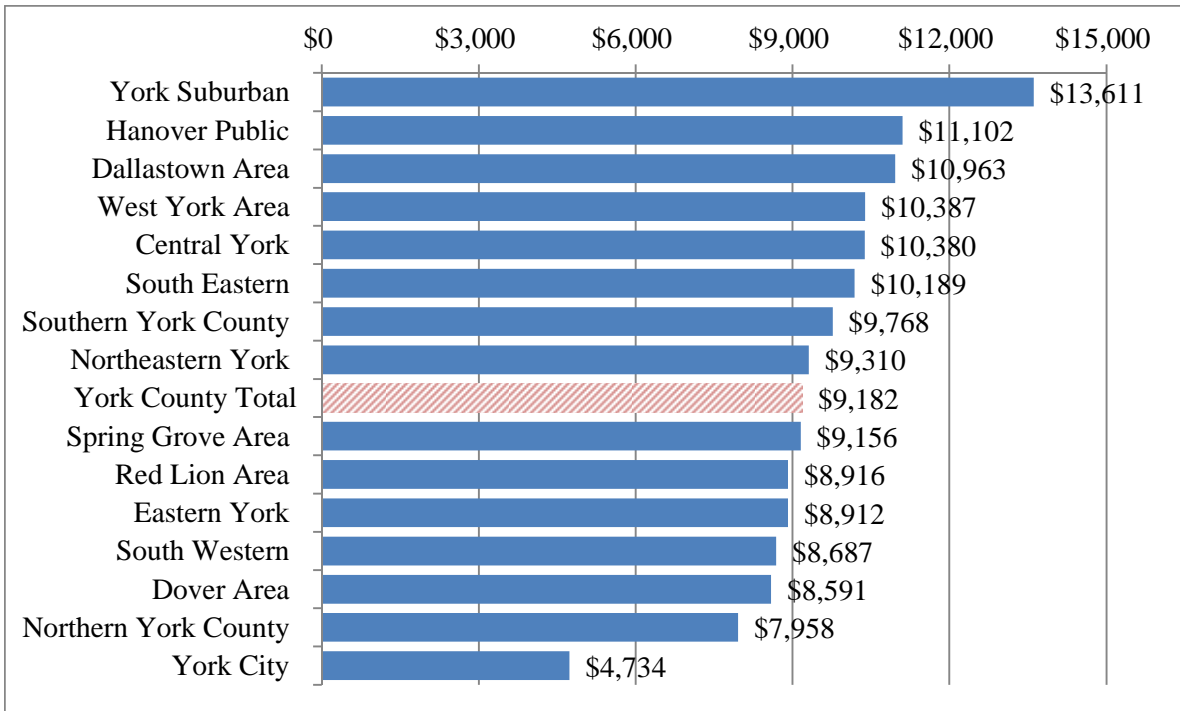
Share of Low Income Students
(School Year 2012-13)



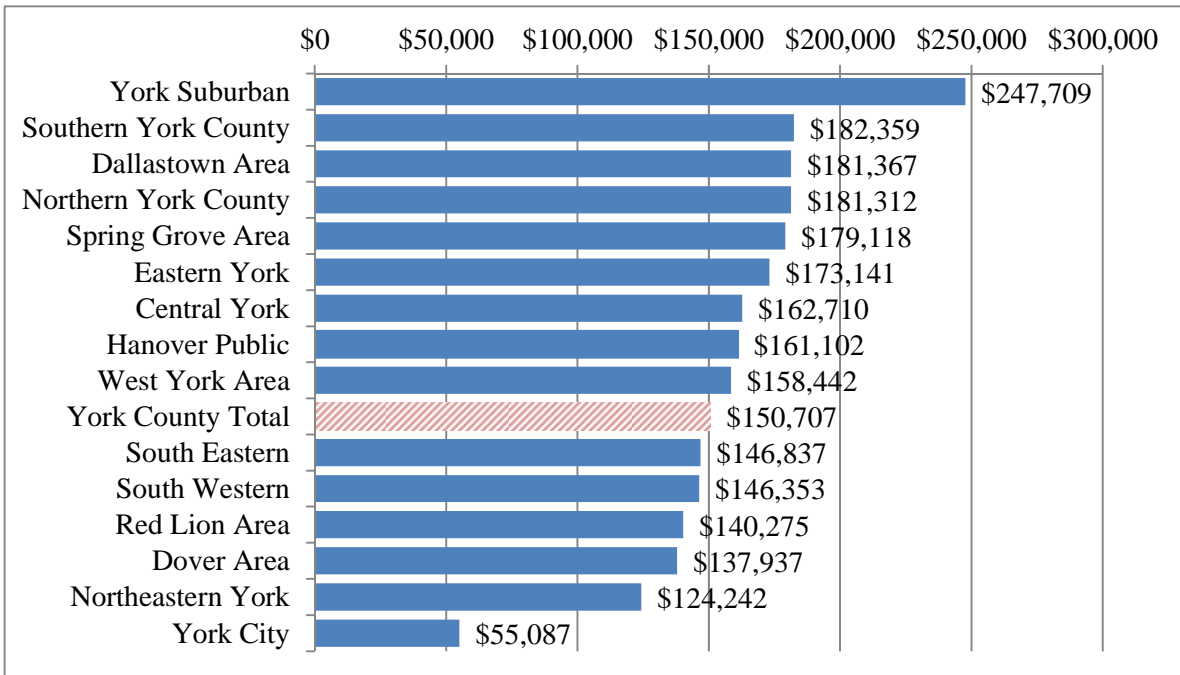
State Revenue per ADM
(FY 2012-13)



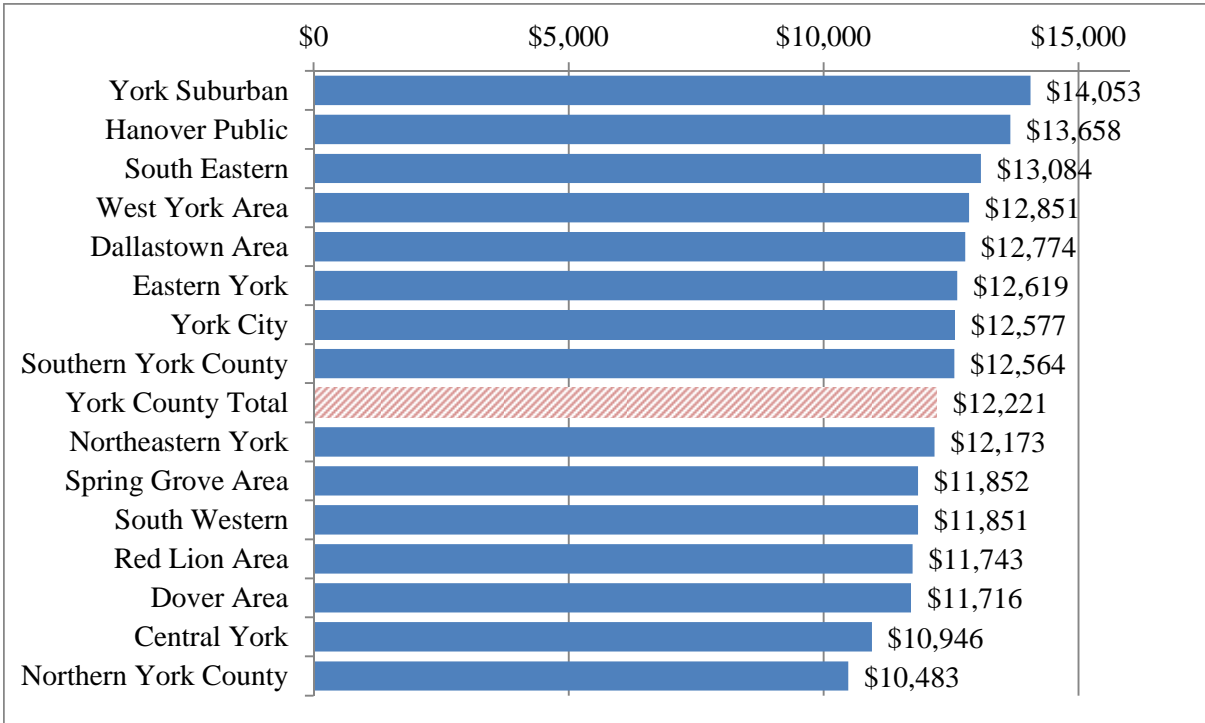
**Local Revenue per ADM
(FY 2012-13)**



2012 Local Taxable Income per School Year 2012-13 ADM



Total Operating Expenditures per ADM
(FY 2012-13)



Appendix B: State Funding by District

Table B.1
State Funding by District
(FY 2012-13)

School District	Basic Education Funding	Special Education Funding	Accountability Block Grant	Transportation Subsidy	Social Sec./ Medicare Taxes	PSERS Reimbursement
Central York	\$6,494	\$1,911	\$137	\$1,184	\$1,303	\$2,155
Dallastown Area	7,886	2,431	183	1,210	1,678	2,520
Dover Area	10,033	1,831	191	1,365	860	1,451
Eastern York	7,005	1,743	159	686	678	1,116
Hanover Public	2,389	831	73	14	438	788
Northeastern York	9,979	1,714	172	846	1,082	1,713
Northern York County	6,925	1,527	143	1,155	642	1,038
Red Lion Area	13,858	2,828	309	2,245	1,344	2,212
South Eastern	8,299	1,860	196	1,221	776	1,287
South Western	9,434	1,970	223	683	993	1,634
Southern York County	7,273	1,600	159	557	836	1,384
Spring Grove Area	10,016	2,036	205	1,620	884	1,465
West York Area	5,142	1,411	133	654	761	1,250
York City	50,083	5,335	751	626	1,539	2,839
York Suburban	<u>1,656</u>	<u>1,101</u>	<u>46</u>	<u>563</u>	<u>831</u>	<u>1,383</u>
Total	156,473	30,129	3,081	14,629	14,646	24,234

Source: Pennsylvania Department of Education.

Table B.2
School District Aid Ratios
(FY 2012-13)

School District	MV / PI Aid Ratio	MV Aid Ratio	PI Aid Ratio
Central York	0.4657	0.4289	0.5210
Dallastown Area	0.4715	0.4647	0.4819
Dover Area	0.5978	0.6008	0.5937
Eastern York	0.5279	0.5248	0.5328
Hanover Public	0.4156	0.3414	0.5271
Northeastern York	0.6100	0.5912	0.6384
Northern York County	0.4876	0.4858	0.4907
Red Lion Area	0.5897	0.5847	0.5973
South Eastern	0.5279	0.4937	0.5793
South Western	0.4606	0.4019	0.5488
Southern York County	0.4477	0.4093	0.5057
Spring Grove Area	0.5011	0.4904	0.5173
West York Area	0.5206	0.4874	0.5706
York City	0.8454	0.8547	0.8317
York Suburban	0.3178	0.3538	0.2640
Consolidated York County	0.5442	0.5289	0.5674

Notes: MV Aid Ratio is the Market Value Aid Ratio. The PI Aid Ratio is the Personal Income Aid Ratio. The MV/ PI Aid Ratio is 60 percent of the MV Aid Ratio and 40 percent of the PI Aid Ratio.

Source: Pennsylvania Department of Education.

Appendix C: Administrative Costs

Section 4 describes two methods for estimating district-level administrative costs. This appendix provides additional detail on the types of positions and expenses that are included in the computation of district-level expenses.

Method 1 Detail

In general, district-level staff includes the following types of positions:

- Chief School Administrator (Superintendent)
- Supervisor/Coordinator (Supervisor - Curriculum and Instruction, Supervisor - Early Childhood, Supervisor – Gifted Programs, Supervisor – Instructional Technology, Supervisor – Music, Supervisor – Pupil Personnel Services and Supervisor – Reading, Supervisor – Special Education)
- LEA Administrator (Assistant Superintendent)
- Health/Welfare (Dental Hygienist, Home and School Visitor, School Psychologist and School Social Worker)
- Operations (Assistant to the Superintendent in Charge of Business Affairs, Assistant to the Superintendent in Charge of Instruction, Business Manager, Director of Management Information Systems, Director of Personnel and Food Service Manager)
- Other (Computer Technology Specialist and Other Certificated Personnel Not Listed Above)

Method 2 Detail

The AFR data include expenditures reported by school districts to the Department of Education in the function codes listed below.

- 2110 – supervision of student services
- 2310 – board services
- 2320 – board treasurer services
- 2330 – tax assessment and collection services
- 2340 – staff relations and negotiation services
- 2350 – legal and accounting services
- 2360 – office of the superintendent
- 2370 – community relations services

- 2390 – other administration services
- 2500 – business support services

York County school districts were asked to provide information on expenditures associated with the categories below. Districts are not required to break out this information on their annual financial reports. The IFO evaluated the responses and estimated the aggregate amount for county districts.

- 2210 – supervision of educational media services
- 2410 – supervision of health services
- 2610 – supervision of operation and maintenance of plant services
- 2710 – supervision of student transportation services
- 2811 – supervision of student planning, research and evaluation services
- 2831 – supervision of information services
- 2841 – supervision of staff services
- 2850 – state and federal agency liaison services

Appendix D: Computation of Property Tax Reduction Allocations

The formula to distribute property tax reduction allocations to school districts under Special Session Act 1 of 2006 considers each district's student enrollment, residential property taxes, relative wealth and tax effort. The components of the formula are tied to specified fiscal years, and the values assigned to the components do not change over time. The allocation for an individual district may be subject to either a floor or a ceiling based on a percentage of the FY 2001-02 school property tax on residential properties. Such floors or ceilings may vary based on the amount of funding available for property tax relief in a given year. The total amount allocated to a school district is divided by the total number of approved homestead and farmstead properties within the district, which yields the amount of property tax relief for each homestead and farmstead property.

In FY 2012-13, the 15 York County school districts received \$17.7 million to be split among more than 106,000 homestead and farmstead properties. The homestead/farmstead tax relief ranged from \$108 per eligible property in Central York to \$490 per eligible property in York City. The weighted average for all county school districts was \$167. See Table D.1 for the allocations, number of homesteads and farmsteads and amount of tax relief per eligible property in each of the school districts.

The property tax relief allocation for a consolidated district was determined by recalculating the Act 1 funding formula using the characteristics of the new district. Those characteristics are obtained by aggregating individual school district data pursuant to Act 1 and recalculating various ratios and indices used in the formula.

In determining certain values that are either part of the formula directly or embedded in another calculation (e.g., the property tax reduction index), the following data elements in the fifteen individual districts were added together to arrive at a value for the consolidated district:

- Average daily membership and weighted average daily membership (FY 2003-04);
- Personal income valuation (consistent with calculation of FY 2004-05 MV/PI aid ratio);
- Market value (consistent with the calculation of FY 2004-05 MV/PI aid ratio);
- School district total taxes collected (consistent with the calculation of FY 2002-03 equalized mills);
- Estimated local revenue (2002); and
- Residential property tax collected (FY 2001-02).

The following data elements were computed for the consolidated district based on the consolidated data and the appropriate formula:

- MV/PI aid ratio (FY 2004-05);
- Equalized mills (FY 2002-03); and
- School tax ratio (FY 2002-03).

Based on the recomputed formula, the consolidated York County district would receive \$16.9 million in property tax relief allocations, a reduction of \$0.8 million compared to the amount the 15 individual districts actually received. The property tax relief for each homestead and farmstead property is \$159, a reduction of \$8 (-5 percent) compared to the average for the individual districts.

Table D.1
Property Tax Relief – Actual
(FY 2012-13)

School District	Allocation	Number of Homesteads/ Farmsteads	Amount Per Homestead/ Farmstead
York City	\$2,901,994	5,926	\$490
Northeastern York	1,284,013	6,408	200
Red Lion Area	1,896,366	10,549	180
South Eastern	993,279	5,582	178
Southern York County	1,059,108	6,150	172
Dover Area	1,276,364	7,606	168
Hanover Public	574,086	3,470	165
West York Area	1,060,123	6,452	164
South Western	1,118,566	7,418	151
Eastern York	727,224	5,606	130
Dallastown Area	1,382,443	10,947	126
Spring Grove Area	999,220	8,242	121
Northern York County	722,798	6,134	118
York Suburban	663,798	5,833	114
Central York	<u>1,064,479</u>	<u>9,897</u>	<u>108</u>
Total	17,723,860	106,220	167¹

¹ Weighted average of the 15 county school districts.

Source: Pennsylvania Department of Education. Computations by the IFO.

Appendix E: Impacts by School District

Table E.1
Change in Real Estate Tax Millage by Administrative Cost and EIT Scenario

Administrative Cost Scenario	Central York				Dallastown Area			
	FY 2012-13 Actual Millage: 17.760				FY 2012-13 Actual Millage: 22.260			
	EIT Scenario				EIT Scenario			
	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%
	<i>Change in Real Estate Tax Millage</i>				<i>Change in Real Estate Tax Millage</i>			
Scenario A - 25%	4.196	2.382	0.569	-1.244	-0.304	-2.118	-3.931	-5.744
Scenario B - 50%	3.904	2.091	0.277	-1.536	-0.596	-2.409	-4.223	-6.036
Scenario C - 75%	3.612	1.799	-0.015	-1.828	-0.888	-2.701	-4.515	-6.328
	<i>Percentage Change</i>				<i>Percentage Change</i>			
Scenario A - 25%	24%	13%	3%	-7%	-1%	-10%	-18%	-26%
Scenario B - 50%	22%	12%	2%	-9%	-3%	-11%	-19%	-27%
Scenario C - 75%	20%	10%	0%	-10%	-4%	-12%	-20%	-28%
Administrative Cost Scenario	Dover Area				Eastern York			
	FY 2012-13 Actual Millage: 21.000				FY 2012-13 Actual Millage: 19.350			
	EIT Scenario				EIT Scenario			
	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%
	<i>Change in Real Estate Tax Millage</i>				<i>Change in Real Estate Tax Millage</i>			
Scenario A - 25%	0.956	-0.858	-2.671	-4.484	2.606	0.792	-1.021	-2.834
Scenario B - 50%	0.664	-1.149	-2.963	-4.776	2.314	0.501	-1.313	-3.126
Scenario C - 75%	0.372	-1.441	-3.255	-5.068	2.022	0.209	-1.605	-3.418
	<i>Percentage Change</i>				<i>Percentage Change</i>			
Scenario A - 25%	5%	-4%	-13%	-21%	13%	4%	-5%	-15%
Scenario B - 50%	3%	-5%	-14%	-23%	12%	3%	-7%	-16%
Scenario C - 75%	2%	-7%	-16%	-24%	10%	1%	-8%	-18%
Administrative Cost Scenario	Hanover Public				Northeastern York			
	FY 2012-13 Actual Millage: 19.450				FY 2012-13 Actual Millage: 24.260			
	EIT Scenario				EIT Scenario			
	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%
	<i>Change in Real Estate Tax Millage</i>				<i>Change in Real Estate Tax Millage</i>			
Scenario A - 25%	2.506	0.692	-1.121	-2.934	-2.304	-4.118	-5.931	-7.744
Scenario B - 50%	2.214	0.401	-1.413	-3.226	-2.596	-4.409	-6.223	-8.036
Scenario C - 75%	1.922	0.109	-1.705	-3.518	-2.888	-4.701	-6.515	-8.328
	<i>Percentage Change</i>				<i>Percentage Change</i>			
Scenario A - 25%	13%	4%	-6%	-15%	-9%	-17%	-24%	-32%
Scenario B - 50%	11%	2%	-7%	-17%	-11%	-18%	-26%	-33%
Scenario C - 75%	10%	1%	-9%	-18%	-12%	-19%	-27%	-34%

Table E.1 (continued from previous page)

Northern York County										Red Lion Area			
FY 2012-13 Actual Millage: 14.920										FY 2012-13 Actual Millage: 22.389			
EIT Scenario										EIT Scenario			
Administrative Cost Scenario	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%					
<i>Change in Real Estate Tax Millage</i>					<i>Change in Real Estate Tax Millage</i>								
Scenario A - 25%	7.036	5.222	3.409	1.596	-0.433	-2.247	-4.060	-5.873					
Scenario B - 50%	6.744	4.931	3.117	1.304	-0.725	-2.539	-4.352	-6.165					
Scenario C - 75%	6.452	4.639	2.825	1.012	-1.017	-2.831	-4.644	-6.457					
<i>Percentage Change</i>					<i>Percentage Change</i>								
Scenario A - 25%	47%	35%	23%	11%	-2%	-10%	-18%	-26%					
Scenario B - 50%	45%	33%	21%	9%	-3%	-11%	-20%	-28%					
Scenario C - 75%	43%	31%	19%	7%	-5%	-13%	-21%	-29%					
South Eastern										South Western			
FY 2012-13 Actual Millage: 21.206										FY 2012-13 Actual Millage: 16.890			
EIT Scenario										EIT Scenario			
Administrative Cost Scenario	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%					
<i>Change in Real Estate Tax Millage</i>					<i>Change in Real Estate Tax Millage</i>								
Scenario A - 25%	0.750	-1.064	-2.877	-4.690	5.066	3.252	1.439	-0.374					
Scenario B - 50%	0.459	-1.355	-3.169	-4.982	4.774	2.961	1.147	-0.666					
Scenario C - 75%	0.166	-1.647	-3.461	-5.274	4.482	2.669	0.855	-0.958					
<i>Percentage Change</i>					<i>Percentage Change</i>								
Scenario A - 25%	4%	-5%	-14%	-22%	30%	19%	9%	-2%					
Scenario B - 50%	2%	-6%	-15%	-23%	28%	18%	7%	-4%					
Scenario C - 75%	1%	-8%	-16%	-25%	27%	16%	5%	-6%					
Southern York County										Spring Grove Area			
FY 2012-13 Actual Millage: 17.170										FY 2012-13 Actual Millage: 20.083			
EIT Scenario										EIT Scenario			
Administrative Cost Scenario	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%					
<i>Change in Real Estate Tax Millage</i>					<i>Change in Real Estate Tax Millage</i>								
Scenario A - 25%	4.786	2.972	1.159	-0.654	1.873	0.059	-1.754	-3.567					
Scenario B - 50%	4.494	2.681	0.867	-0.946	1.581	-0.232	-2.046	-3.859					
Scenario C - 75%	4.202	2.389	0.575	-1.238	1.289	-0.524	-2.338	-4.151					
<i>Percentage Change</i>					<i>Percentage Change</i>								
Scenario A - 25%	28%	17%	7%	-4%	9%	0%	-9%	-18%					
Scenario B - 50%	26%	16%	5%	-6%	8%	-1%	-10%	-19%					
Scenario C - 75%	24%	14%	3%	-7%	6%	-3%	-12%	-21%					

Table E.1 (continued from previous page)

		West York Area				York City			
		FY 2012-13 Actual Millage: 20.228				FY 2012-13 Actual Millage: 33.736			
Administrative Cost Scenario	EIT Scenario				EIT Scenario				
	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%	
	<i>Change in Real Estate Tax Millage</i>				<i>Change in Real Estate Tax Millage</i>				
Scenario A - 25%	1.728	-0.086	-1.899	-3.712	-11.780	-13.594	-15.407	-17.220	
Scenario B - 50%	1.436	-0.377	-2.191	-4.004	-12.072	-13.885	-15.699	-17.512	
Scenario C - 75%	1.144	-0.669	-2.483	-4.296	-12.364	-14.177	-15.991	-17.804	
	<i>Percentage Change</i>				<i>Percentage Change</i>				
Scenario A - 25%	9%	0%	-9%	-18%	-35%	-40%	-46%	-51%	
Scenario B - 50%	7%	-2%	-11%	-20%	-36%	-41%	-47%	-52%	
Scenario C - 75%	6%	-3%	-12%	-21%	-37%	-42%	-47%	-53%	
		York Suburban							
		FY 2012-13 Actual Millage: 20.712							
Administrative Cost Scenario	EIT Scenario								
	0.5%	1.0%	1.5%	2.0%					
	<i>Change in Real Estate Tax Millage</i>								
Scenario A - 25%	1.244	-0.570	-2.383	-4.196					
Scenario B - 50%	0.952	-0.861	-2.675	-4.488					
Scenario C - 75%	0.660	-1.153	-2.967	-4.780					
	<i>Percentage Change</i>								
Scenario A - 25%	6%	-3%	-12%	-20%					
Scenario B - 50%	5%	-4%	-13%	-22%					
Scenario C - 75%	3%	-6%	-14%	-23%					

Table E.2
Tax Changes for Selected Households ¹
Median Homestead and Median Earner ²

Administrative Cost Scenario	Central York EIT Scenario				Dallastown Area EIT Scenario			
	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%
	<i>Real Estate Tax Only</i>				<i>Real Estate Tax Only</i>			
Scenario A - 25%	\$553	\$292	\$31	-\$231	-\$78	-\$348	-\$617	-\$887
Scenario B - 50%	511	250	-11	-273	-121	-391	-661	-930
Scenario C - 75%	469	208	-54	-315	-165	-434	-704	-974
	<i>Real Estate & Earned Income Taxes</i>				<i>Real Estate & Earned Income Taxes</i>			
Scenario A - 25%	\$553	\$539	\$525	\$509	-\$78	-\$111	-\$142	-\$175
Scenario B - 50%	511	497	483	467	-121	-154	-186	-218
Scenario C - 75%	469	455	440	425	-165	-197	-229	-262
Administrative Cost Scenario	Dover Area EIT Scenario				Eastern York EIT Scenario			
	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%
	<i>Real Estate Tax Only</i>				<i>Real Estate Tax Only</i>			
Scenario A - 25%	\$125	-\$94	-\$313	-\$532	\$284	\$66	-\$152	-\$370
Scenario B - 50%	89	-129	-348	-567	249	31	-187	-405
Scenario C - 75%	54	-165	-384	-603	214	-4	-222	-440
	<i>Real Estate & Earned Income Taxes</i>				<i>Real Estate & Earned Income Taxes</i>			
Scenario A - 25%	-\$45	-\$52	-\$59	-\$66	\$284	\$265	\$247	\$228
Scenario B - 50%	-81	-87	-94	-101	249	230	212	193
Scenario C - 75%	-116	-123	-130	-137	214	195	177	158
Administrative Cost Scenario	Hanover Public EIT Scenario				Northeastern York EIT Scenario			
	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%
	<i>Real Estate Tax Only</i>				<i>Real Estate Tax Only</i>			
Scenario A - 25%	\$309	\$89	-\$130	-\$350	-\$234	-\$450	-\$667	-\$883
Scenario B - 50%	274	54	-166	-385	-269	-485	-702	-918
Scenario C - 75%	238	19	-201	-420	-304	-520	-736	-953
	<i>Real Estate & Earned Income Taxes</i>				<i>Real Estate & Earned Income Taxes</i>			
Scenario A - 25%	\$309	\$254	\$199	\$144	-\$234	-\$239	-\$245	-\$250
Scenario B - 50%	274	219	163	109	-269	-274	-280	-285
Scenario C - 75%	238	184	128	74	-304	-309	-314	-320

Table E.2 (continued from previous page)

Administrative Cost Scenario	Northern York County EIT Scenario				Red Lion Area EIT Scenario			
	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%
	<i>Real Estate Tax Only</i>				<i>Real Estate Tax Only</i>			
Scenario A - 25%	\$1,038	\$760	\$482	\$203	-\$38	-\$288	-\$537	-\$787
Scenario B - 50%	993	715	437	159	-78	-328	-577	-827
Scenario C - 75%	949	670	392	114	-119	-368	-618	-867
<i>Real Estate & Earned Income Taxes</i>				<i>Real Estate & Earned Income Taxes</i>				
Scenario A - 25%	\$914	\$884	\$853	\$821	-\$38	-\$70	-\$102	-\$134
Scenario B - 50%	869	839	808	777	-78	-110	-142	-174
Scenario C - 75%	825	794	763	732	-119	-150	-183	-214

Administrative Cost Scenario	South Eastern EIT Scenario				South Western EIT Scenario			
	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%
	<i>Real Estate Tax Only</i>				<i>Real Estate Tax Only</i>			
Scenario A - 25%	\$143	-\$156	-\$454	-\$752	\$746	\$476	\$206	-\$63
Scenario B - 50%	95	-204	-502	-801	703	433	163	-107
Scenario C - 75%	47	-252	-550	-849	659	389	120	-150
<i>Real Estate & Earned Income Taxes</i>				<i>Real Estate & Earned Income Taxes</i>				
Scenario A - 25%	\$143	\$100	\$58	\$16	\$746	\$710	\$673	\$638
Scenario B - 50%	95	52	10	-33	703	667	630	594
Scenario C - 75%	47	4	-38	-81	659	623	587	551

Administrative Cost Scenario	Southern York County EIT Scenario				Spring Grove Area EIT Scenario			
	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%
	<i>Real Estate Tax Only</i>				<i>Real Estate Tax Only</i>			
Scenario A - 25%	\$859	\$538	\$218	-\$103	\$217	-\$30	-\$277	-\$524
Scenario B - 50%	\$807	\$487	\$166	-\$154	\$177	-\$69	-\$317	-\$563
Scenario C - 75%	\$755	\$435	\$115	-\$206	\$138	-\$109	-\$356	-\$603
<i>Real Estate & Earned Income Taxes</i>				<i>Real Estate & Earned Income Taxes</i>				
Scenario A - 25%	\$697	\$646	\$596	\$545	\$217	\$200	\$183	\$166
Scenario B - 50%	645	595	544	494	177	161	143	127
Scenario C - 75%	593	543	493	442	138	121	104	87

Table E.2 (continued from previous page)

Administrative Cost Scenario	West York Area EIT Scenario				York City EIT Scenario			
	0.5%	1.0%	1.5%	2.0%	0.5%	1.0%	1.5%	2.0%
	<i>Real Estate Tax Only</i>				<i>Real Estate Tax Only</i>			
Scenario A - 25%	\$214	-\$5	-\$223	-\$441	-\$302	-\$400	-\$497	-\$595
Scenario B - 50%	\$178	-\$40	-\$258	-\$477	-\$318	-\$415	-\$513	-\$610
Scenario C - 75%	\$143	-\$75	-\$294	-\$512	-\$334	-\$431	-\$529	-\$626
<i>Real Estate & Earned Income Taxes</i>				<i>Real Estate & Earned Income Taxes</i>				
Scenario A - 25%	\$214	\$199	\$186	\$172	-\$302	-\$285	-\$268	-\$251
Scenario B - 50%	178	164	151	136	-318	-300	-284	-266
Scenario C - 75%	143	129	115	101	-334	-316	-300	-282

Administrative Cost Scenario	York Suburban EIT Scenario			
	0.5%	1.0%	1.5%	2.0%
<i>Real Estate Tax Only</i>				
Scenario A - 25%	\$123	-\$121	-\$365	-\$609
Scenario B - 50%	84	-160	-405	-649
Scenario C - 75%	44	-200	-444	-688
<i>Real Estate & Earned Income Taxes</i>				
Scenario A - 25%	\$123	\$127	\$131	\$136
Scenario B - 50%	84	88	91	96
Scenario C - 75%	44	48	52	57

¹ Values in the table represent the impact of changes to the real estate tax and the earned income tax on the median earner in the median homestead.

² For median homestead values, see Table 5.7. For median incomes, see Table 5.4.