

Property tax ceiling expected to drop

By Ed Mahon - emahon@centredaily.com

All five Centre County school districts passed preliminary budgets that included tax increases, but managed to stay below a cap mandated by the state. But doing so next year may prove more difficult.

The Act 1 index — which limits how much districts can raise taxes by without voter approval or applying for an exemption — is partially based on national income measure and the state's average weekly wage.

Both are expected to drop in the coming year.

“That will really curtail what districts can do, particularly if they're skating close to the edge now,” said William Hartman, a Penn State education professor and budgeting expert.

In Centre County, the index ranges from 4.1 percent in State College to 5.9 percent in Philipsburg- Osceola.

Hartman said it may drop as low as 3 percent for some districts.

Since Act 1 took effect in 2007, about six school districts sought permission from the voters to raise taxes above the index.

“Nobody has been successful through referendum,” said Dave Davare, director of research services for the Pennsylvania School Boards Association.

Act 1 has different rules for districts that want to raise taxes above the index in order to pay for construction. Such increases still need approval from voters, but the referendum can be held any time, not just in the primary election.

Davare said two of five districts that held a referendum on increases for construction spending have received approval. School board President Rick Madore hopes he can add State College to that list.

The district is contemplating high school construction that's expected to cost at least \$75 million. And while such a project probably will not begin for another three years, Madore said the district likely will not be able to fund it without a referendum.

“Honestly, I kind of feel like the community should be able to vote on it. It should be able to say, ‘Look, I’m behind this,’ ” Madore said. “... I think a referendum is a good thing. I know that they haven’t passed very much in Pennsylvania.”

But he said he he hopes the district’s facility master plan process, which included four community dialogues, would help persuade voters.

In Penns Valley, next year’s Act 1 cap is a concern this year.

School board President Sal Nicosia Jr. said that’s one of the reasons he was reluctant to eliminate two positions — including an elementary technology coach job for which the district didn’t find enough qualified applicants — that were budgeted in 2008-09 but never filled. District officials expected the money set aside for those jobs to go into the reserve fund.

Nicosia argued that both positions were part of the strategic plan so they should be filled and that they provided room in future budgets for staffing.

He said the Act 1 index “almost infers to boards, ‘You better take a little (tax) bite every year, because you just don’t know when you might need it.’ And I hate to operate that way. But it’s something we have to keep in mind.”