

March 11, 2002

Select Committee on Public Education Funding
Mario J. Civera, Chairman

Dear Mr. Chairman:

Please accept the following as **“Testimony on Act 50 of 1998 for the Dover Area School District”**:

Upon the passage of Act 50 of 1998 by the General Assembly, the Dover Area School Board requested that the administration in conjunction with the Dover Area School District Financial Advisory Committee review Act 50 of 1998 and its financial impact on the students and residents of the Dover community. In October of 1998, the FAC started the process to review Act 50 of 1998 and its impact on Dover.

Numerous presentations that involved reviewing the law, the financial impact on the Dover community, the application process for the homestead exemption, the cash management of the District along with the collection process for the Earned Income Tax, and the effect in future years for Dover were researched. This occurred over a time period that started in October 1998 and concluded on June 21, 1999 with the school board accepting the recommendation of the Local Tax Study Group.

The five members of the commission were chosen from the Financial Advisory Committee. We had one board member and four community figures. Of the four, one was a former board member, who was very vocal in his view that the public should choose, while another was the president of the local taxpayers association. When the school board was to name the members to the commission, one person from the audience asked to be considered to be a member. The school board agreed thereby establishing a Local Tax Study Group (not a commission – as Act 50 of 1998 states that five people shall serve as a commission). This appointment was made on April 19, 1999.

I met once, formally on May 24, 1999, with the commission. The majority members of the commission were members of the FAC and were involved in all the presentations given to that committee which spanned a time period of nine months. At the meeting on May 24, 1999, there was a consensus to report to the school board, not to place Act 50 on the ballot. The main reason for this position was the timing of the back-end referendum. If this option were needed, the question for the ballot needed to be at the election bureau 90 days before the primary, which meant the yearly budget would need to be adopted prior to receiving information on the state subsidy, which represents 25-30% of revenue

received by this district. The study group felt state subsidy information was vital in determining the local funding needed to operate this school district.

At the meeting of June 21, 1999 to report their findings, the group reversed their original recommendation and asked the school board to put Act 50 of 1998 on the ballot for the November election. The school board accepted the recommendation of the Local Tax Study Group on August 2, 1999 and voted to put Act 50 of 1998 on the ballot.

The election results were 1930 No and 1640 Yes. The number of people registered to vote was 12,161. 29% of the registered voters voted on this ballot question.

The public education efforts on the part of the school district were numerous. With the adoption of the 1998-99 General Fund Budget the Dover Area School District, an analysis of the Local Tax Reform proposal was presented and reviewed prior to adoption by the General Assembly.

Public education of the community of Dover started with a brief article about Act 50 of 1998, Local Tax Reform and the school board's interest in conducting a study of this subject in the district newsletter of May 1999.

In September 1999, a presentation was given to the Dover Area AARP. They requested a brief explanation to last no longer than 15 to 20 minutes. Copies of the presentation, the actual law, and interpretations from the Young Farmers' Association and the Assessors' Association of Pennsylvania were distributed.

A one-page newsletter, devoted entirely to Act 50 of 1998, was mailed out the beginning of October 1999 to each member of our community.

PSEA produced and mailed a newsletter to our community telling people to vote no on Act 50 of 1998.

Two public informational sessions on Act 50 of 1998 were held on October 21 and 27, 1999. We wanted information on Act 50 to be given to our electorate as close to Election Day as possible. We also chose a Thursday evening so we could invite and have our area legislators at the meetings to participate or just to listen to any comments. The presentations were an explanation of the law, not the school districts opinions on the financial effect this law would have on public education in Dover. Attendance for both evenings exceeded 200 people.

In addition to providing information to our electorate, we had numerous workshops for our Financial Advisory Committee and our school board members.

Throughout this year, we had two new candidates who took every opportunity they could to tell the people of Dover, through the news media, that Act 50 was a

good thing. They made public comments that the district was not doing anything about informing the community of this law. Needless to say, many board meetings included information to our board members on what was being done and how it was being communicated. A section of the board agenda includes a report by the Business Manager. Every month I had something on it – for a record that we were pro-active in the information we were providing our community.

Key to the lack of passage is still a mystery to me. I would hope that my outstanding public presentation was all-inclusive and answered all their unasked questions. Maybe they did not want to be a test case for this law. Maybe our stance to just inform and not force our opinion of this law on them convinced them that the outcome was far to high a price to pay for educating the students

I believe the proactive approach to informing our community of this tax helped. I do not think it was the sole reason. Asking the community if they would support an increase in the Earned Income Tax in exchange for the repeal of the so-called “nuisance” taxes and the reduction of residential property taxes through homestead exclusion was to confusing.

The questions people asked during the informational sessions made me believe that the information provided in the newsletter outlining the law was too technical; therefore, difficult to understand and they were fearful what would happen to education in Dover in the future, if we needed to go to the electorate for permission to increase millage. The statement made most during the public presentations was that this was just a tax shift -with no basis on one’s ability to pay.

Thank you for this opportunity allowing me to voice my interruption of the process used by Dover to implement this option to our community and the problems associated with this taxing option.

**Denise L. Russell
Business Manager**