

**Impact on the Cost and Financing  
of Government Services in the  
Host Municipalities of the  
Pennsylvania State System  
of Higher Education**

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CHAPTER 2  
A STATISTICAL ANALYSIS OF THE FISCAL IMPACT OF PENNSYLVANIA  
UNIVERSITIES ON HOST MUNICIPALITIES

When studies measure the economic impact of a university by analyzing a municipality or region before and after the establishment of a university, the benefits of a university far outweigh the costs. Universities are an economic boon to an area as well as a significant cultural contribution, a fact confirmed by numerous independent studies.<sup>1, 2, 3</sup> However, the analysis in this report highlights the annual fiscal costs imposed by the university on a municipality, which provides a more useful framework to use in discussing the Town/Gown fiscal relationships.

A fiscal comparison of college towns and similar municipalities contributes to finding practical ways for cities and universities to explore cost-sharing agreements, which may include payments-in-lieu-of-taxes or university contributions to municipal capital or program expenditures. The methodology for conducting an analysis of college town municipalities in Pennsylvania is based on a methodology used to compare California college towns to similar municipalities, which was published in the *Economic Development Journal* in 2004.<sup>4</sup>

The following steps outline the methodology:

- 1) A probit model was constructed using the 2000 U.S. Census data for 2,566 municipalities in Pennsylvania in order to form a control group of municipalities to compare with college town municipalities.
- 2) Using Department of Community and Economic Development (DCED) Financial Data from 2001-2003, a t-test of means was used to determine if there were significant differences between the college towns and their group of counterparts for the following budget items:
  - a. Earned income tax;
  - b. Total taxes;
  - c. Real estate tax;
  - d. Police;
  - e. Public Safety;
  - f. Parks and Recreation; and
  - g. Streets and Roads.

### Constructing the Comparison Group

Initially, 2000 U.S. Census data were collected on all incorporated cities in Pennsylvania, which created a dataset of 2,566 municipalities. Several parameters were used to define a “college town” or a municipality that had an institution of higher learning where the institution had enough prominence to plausibly impact the municipal budget. For the purposes of this study, only municipalities with four-year institutions were identified as a college town. First, municipalities with a population greater than 300,000 or less than 2,000 were eliminated. Pittsburgh and Philadelphia had populations over 300,000; both cities have multiple higher learning institutions and characteristics unique to large cities that make them difficult to compare to other municipalities in Pennsylvania. For example, the presence of other significant nonprofit institutions, which may produce similar effects on the municipal budget, would skew the results of a comparison. Similarly, small towns with populations less than 2,000 are less likely to have public service levels that make them suitable municipalities for a control group. Eliminating these outliers narrowed the dataset to 1,233 municipalities.

College towns with a student population that comprised less than 15 percent of the population were also eliminated. In order to complete this calculation, the number of students in undergraduate or graduate education as determined by the PA Department of Education was divided by the total population. Fifteen percent was used as a threshold level to distinguish municipalities with higher learning institutions that have a noted prominence in the community, leaving 1,172 municipalities in the dataset. Blake Gumprecht, author of *The American College Town* used 20 percent as the threshold level for defining a college town; in order to create a larger sample size, the methodology in this report used 15 percent.<sup>5, 6</sup>

One municipality, North East Borough, had a population of students that comprised over 16 percent of the total population; however, the municipality does not have a comparable four-year higher education institution and was eliminated from the sample. This elimination left 1,171 municipalities in the final dataset.

Using SAS software, the following data were used in the first run of the model (See attached output.):

- 1) Total population: Taken from the 2000 U.S. Census data;

- 2) Median family income: Taken from the 2000 U.S. Census data;<sup>a</sup>
- 3) Area of the city in square miles: Taken from the 2000 U.S. Census data;
- 4) Percentage of the population with a bachelors degree: Divided Educational Attainment Bachelor's Degree or Higher by the Total Population data from the 2000 U.S. Census;
- 5) Percent unemployed: Taken from the 2000 U.S. Census data;<sup>b</sup> and
- 6) Percent of renters: Divided renter occupied by total occupied housing data from the 2000 U.S. Census.

The final probit model included two variables that had a .05 level of significance: 1) median family income; and 2) percentage of renters. Municipalities with universities tended to have higher than average median family incomes in spite of a relatively large population of renters. The model generated the probability of a municipality being a college town based on these two significant variables. A cluster of five university towns had the five highest probabilities, ranging from .45 to .87. This cluster suggests that college town municipalities may exert a significant influence on these two municipal demographics.

The probability generated by the model for each municipality indicates the likelihood of that municipality hosting a four-year higher education institution based on the two significant variables. Comparison cities were then chosen according to how closely their probabilities matched each of the selected college towns. Comparison cities were also chosen based on their face validity. For example, some municipalities may not have the physical presence of a university building, but may offer entertainment venues or house a significant student population; these municipalities could skew the comparison by exhibiting some of the same fiscal effects as a college town and were not chosen for the control group. (Appendix A)

### T-Test of Means

After determining the control group of municipalities, 2001-2003 DCED financial data were used to compare revenues and expenditures per capita for the total population for a group of 20 college town municipalities and a group of 20 control municipalities. Revenue and

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<sup>a</sup> Median family income rather than household income was chosen in order to exclude households where multiple students lived as roommates.

<sup>b</sup> The unemployment rate for the population over 25 years old was used in the model.

expenditure categories that a student population would most likely affect were chosen for this comparison. The following budget items were compared between the two groups:

- 1) Earned income tax;
- 2) Real estate tax;
- 3) Total taxes,
- 4) Police;
- 5) Public safety;
- 6) Parks and recreation; and
- 7) Streets and roads.

Budget data from 2001 and 2002 were multiplied by 1.04 and 1.02, respectively, to adjust for inflation. The mean of the three years of financial data was divided by the 2000 Census population in order to calculate per capita revenues or expenditures. Using a three-year mean accounted for possible fluxes in municipal revenues and expenditures. DCED data did not include Morton, Norristown, Narbeth, New Wilmington or Kennett financial data for 2003. The data also did not include Bellevue, Ebensburg or Turtle Creek financial data for 2002 or Downingtown, Grove City or West Chester data for 2001. A two-year mean was used for all fiscal items for these boroughs. Incomplete DCED data were counted as “missing data” in the calculations. (See Appendix B.)

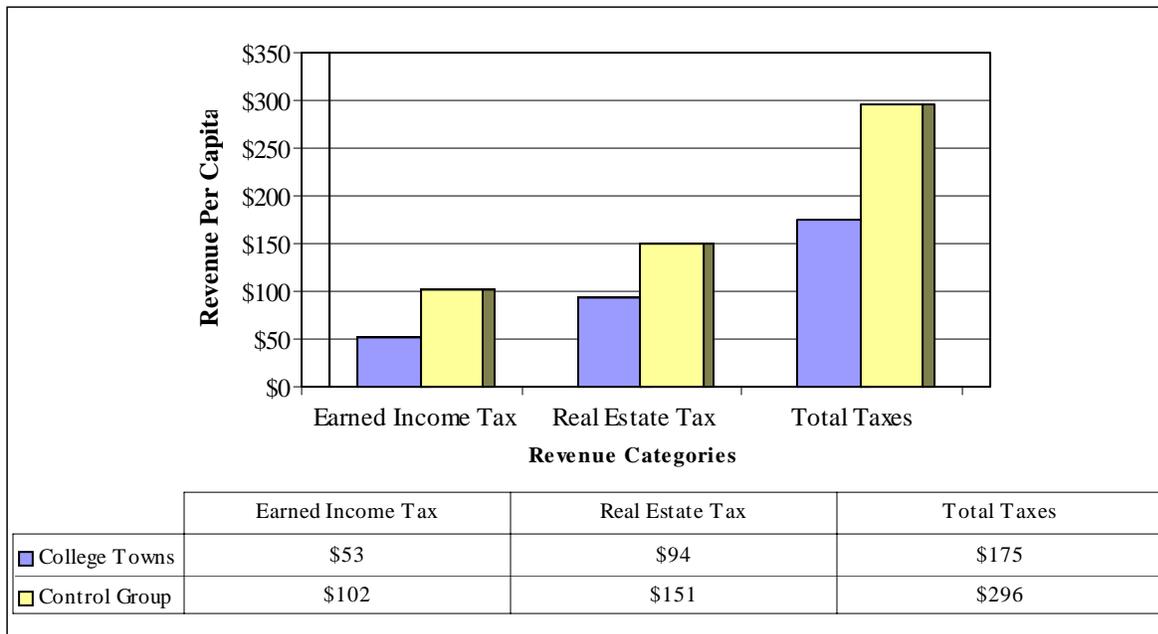
### Revenues

College town municipalities consistently collect less revenue per capita in earned income tax, real estate tax and total taxes than their municipal counterparts. The difference between the mean per capita revenues for earned income tax, per capita revenues for real estate tax and total taxes were significant at the .05 level of significance. (See Table 1-1 and Graph 2-1.)

**Table 2-1**  
**Per Capita Revenue**  
**In College Towns and Comparable Municipalities and Levels of Significance**

<u>Revenue Category</u>	<u>College Town Mean Per Capita</u>	<u>Control Group Mean Per Capita</u>	<u>Level of Significance</u>
Earned Income Tax	\$53	\$102	.03
Real Estate Tax	\$94	\$151	.01
Total Taxes	\$175	\$296	.00

**Graph 2-1**  
**Per Capita Revenue**  
**In College Towns and Comparable Municipalities**



\* All differences in means are significant at the .05 level.

Expenditures

A t-test of means for police, public safety, roads, and parks and recreation per capita expenditures found no significant difference between the college towns and their comparable municipalities. Though a small sample size may account for a lack of statistical significance, no clear pattern emerges in a review of the numerical output. A level of significance of .05 (a standard statistical level of significance) was used in this report. While the per capita mean is greater for the control group than in the college town group in the areas of police and roads, the per capita mean is greater for college towns in the areas of parks and recreation and public safety than for the comparable municipalities. (See Table 2-2.)

**Table 2-2**  
**Per Capita Expenditures**  
**In College Towns and Comparable Municipalities and Levels of Significance**

<u>Expenditure Category</u>	<u>College Town Mean Per Capita</u>	<u>Control Group Mean Per Capita</u>	<u>Level of Significance</u>
Police	\$101	\$137	.07
Public Safety	\$7	\$3	.41
Parks and Recreation	\$34	\$26	.56
Roads	\$79	\$88	.44

Only limited input was available for a public safety expenditure per capita comparison; only 12 municipalities in the control group and 11 in the college town group provided data. A lack of statistical significance may also be a result of the small sample size in the public safety category. In addition, data or expenditures may not include volunteer provided services.

Analysis

These findings indicate that while institutions of higher education bring an undisputed economic boon to a region or state, they may also adversely affect a municipality’s fiscal resources. Higher learning institutions do not contribute property tax due to their tax-exempt status, but they typically own a significant amount of property in a municipality. Second, a student population generally does not own property or contribute significant earned income tax

to the host municipality. These circumstances lead to less revenue for college town municipalities than municipalities that are comparable in median family income and percentage of renters.

**A t-test of means that compares per capita revenues between the control group and the college town group after eliminating the on-campus student population from the calculation found no significant difference between the two groups.** (See Appendix for T-test results.) This finding suggests that the presence of a student population likely contributes to the difference in per capita revenues (described in the previous section) between the two groups. College town municipalities likely collect less revenue than comparable municipalities because students often do not work or only work part-time, and earned income tax may not be credited to the host municipalities. Second, higher education institutions that have prominence in a municipality tend to own significant amounts of property, lowering the aggregate practical level of real estate taxes collected by the municipality. Both of these factors contribute to the difference in total taxes for the college town and control groups.

However, the presence of the student population did not significantly affect the expenditures of college town municipalities. There was no statistical difference between the college town group and the control group whether the student population was included or excluded in the per capita calculation. Several reasons provide an explanation. First, higher education institutions often provide a number of public services to the on-campus student population. Colleges and universities frequently provide security forces on campus to handle non-violent on-campus incidents and have adequate recreational facilities for the student population, which may explain why college towns do not significantly differ from their counterparts in the police and parks and recreation per capita expenditures.

Students also receive a percentage of these types of services from the host municipality. Students utilize local entertainment venues that are serviced by a municipal police force, recreational facilities serviced by the host municipality, and streets and roads throughout the municipality. However, the findings in this analysis do not show significant differences in expenditures for these categories, indicating that the students' usage does not have a significant fiscal impact. This impact may vary by college town municipality, depending on the level of usage of public services by the student population.

### Limitations

Several factors limit this analysis. First, constructing a control group requires a combination of statistics and commonsense knowledge about Pennsylvania municipalities. For example, Lock Haven City and New Hope Borough had similar probabilities, but the two municipalities lack face validity as a match because of their disparate figures for median family income and percentage of renters. Lock Haven City's renter population comprises 61 percent of the occupied households, and a median family income of \$28,619, while New Hope Borough's renter population comprises 39 percent of the occupied households and its median family income is over \$87,000. Turtle Creek Borough, however, also had a probability of .29 and similar figures to Lock Haven City, which made Turtle Creek a more suitable control. A large sample size offsets the limitations of the individual matching process, but college towns are limited in most states, which means that only a few states would be able to provide a sample size that would lend credibility to the results. Pennsylvania has a relatively high number of higher education institutions per capita, ranking twelfth among all 50 states in higher education institutions per capita, which allowed for this type of fiscal comparison.<sup>7</sup>

This analysis also lacks a comparison of fire expenditures due to limited data. DCED data do not accurately reflect the costs of fire protection in these municipalities and was not used in the comparison analysis. This follows principally from the fact that volunteer fire coverage has a minimal direct cost to most municipalities who do not have paid firefighters. Higher education institutions may have special fire equipment needs, such as a hazardous materials unit to deal with the potential of chemical fires or specific ladder trucks to accommodate high-rise dorm structures. Typically, higher education institutions do not host their own fire protection services, requiring the municipality to service the entire university community and university structures without adequate revenue to compensate for that service. Most state system schools described in the case studies were reported to be contributing funds to volunteer fire companies, but not to the host municipality.

This analysis provides a broad fiscal comparison of college towns and comparable municipalities, offering insight on the revenues and expenditures affected by the presence of a higher education institution. These comparisons do not provide exact figures for an individual municipality and university; rather, the analysis provides information that can be used at the state level or as a starting point to consider in an individual budget analysis.

## APPENDIX A

## APPENDIX A

The following tables show the selected college municipalities and the control municipalities.

<b><u>Host</u></b>	<b><u>Higher Learning Institution</u></b> <sup>1/</sup>	<b><u>Probability</u></b>
<b>Edinboro Borough</b>	<b>Edinboro University</b>	<b>0.55</b>
<b>West Chester Borough</b>	<b>West Chester University</b>	<b>0.54</b>
Radnor Township	Cabrini College	0.44
Clarion Borough	Clarion University	0.44
<b>Bloomsburg Town</b>	<b>Bloomsburg University</b>	<b>0.37</b>
<b>Lock Haven City</b>	<b>Lock Haven University</b>	<b>0.29</b>
Waynesburg Borough	Waynesburg College	0.25
Swarthmore Borough	Swarthmore College	0.22
Carlisle Borough	Dickinson College	0.22
Kutztown Borough	Kutztown University	0.21
Selinsgrove Borough	Susquehanna University	0.20
Mansfield Borough	Mansfield College	0.19
East Stroudsburg Borough	East Stroudsburg University	0.18
New Wilmington Borough	Westminster College	0.16
California Borough	California University	0.15
Shippensburg Township	Shippensburg University	0.11
Collegeville Borough	Ursinus College	0.11
Huntingdon Borough	Juniata College	0.08
<b>Millersville Borough</b>	<b>Millersville University</b>	<b>0.06</b>
Grove City Borough	Grove City College	0.05

<sup>1/</sup> Municipality may have more than one higher education institution

The following table shows the selected control municipalities.

<b><u>Control Town</u></b>	<b><u>Probability</u></b>
Dublin Borough	0.45
Fox Chapel Borough	0.44
Stroudsburg Borough	0.42
Bellevue Borough	0.41
New Hope Borough	0.32
Turtle Creek Borough	0.29
Narberth Borough	0.25
Morton Borough	0.24
Norristown Borough	0.21
Wormleysburg Borough	0.21
Downingtown Borough	0.20
Bridgeport Borough	0.19
Bellefonte Borough	0.19
Boyertown Borough	0.16
Sinking Spring Borough	0.15
Hanover Borough	0.11
Kennett Township	0.11
Ebensburg Borough	0.08
Yardley Borough	0.06
West Lampeter Township	0.05

**APPENDIX B**

**Probit Model Output**

```

Probit Procedure
Model Information
Data Set          WORK.REVISED7
Dependent Variable  Uni versity
Number of Observations  1171
Name of Distribution  Normal
Log Likelihood     -108.7210323

Number of Observations Read  1171
Number of Observations Used  1171
    
```

```

Class Level Information
Name          Levels  Values
Uni versity  2      0 1
    
```

```

Response Profile
Ordered Value  Uni versity  Total Frequency
1              0              37
2              1             1134
    
```

PROC PROBIT is modeling the probabilities of levels of Uni versity having LOWER Ordered Values in the response profile table.

Algori thm converged.

Type III Analysis of Effects

Effect	DF	Wald Chi-Square	Pr > Chi Sq
Total	1	0.5032	0.4781
F7	1	3.2052	0.0734
Medi an_Fami ly_Income	1	9.2028	0.0024
perba	1	0.0054	0.9415
perrent	1	59.6856	<.0001
densi ty	1	0.2822	0.5952
percent_unempl oyed	1	0.1270	0.7215

Probit Procedure  
Analysis of Parameter Estimates

Parameter	DF	Estimate	Standard Error	95% Confidence Limits		Chi - Square	Pr > Chi Sq
Intercept	1	-5.5811	0.6419	-6.8392	-4.3230	75.59	<.0001
Total	1	-0.0000	0.0000	-0.0000	0.0000	0.50	0.4781
F7	1	0.0195	0.0109	-0.0018	0.0408	3.21	0.0734
Medi an_Fami l y_I ncome	1	0.0000	0.0000	0.0000	0.0000	9.20	0.0024
perba	1	-0.2083	2.8386	-5.7718	5.3552	0.01	0.9415
perrent	1	7.2843	0.9429	5.4363	9.1323	59.69	<.0001
densi ty	1	-23.6209	44.4621	-110.765	63.5232	0.28	0.5952
percent_unempl oyed	1	-0.0177	0.0496	-0.1148	0.0795	0.13	0.7215

Probit Procedure

Model Information

Data Set	WORK.REVISED9	
Dependent Variable	University	University
Number of Observations	1171	
Name of Distribution	Normal	
Log Likelihood	-110.8518154	

Number of Observations Read	1171
Number of Observations Used	1171

Class Level Information

Name	Levels	Values
University	2	0 1

Response Profile

Ordered Value	University	Total Frequency
1	0	37
2	1	1134

PROC PROBIT is modeling the probabilities of levels of University having LOWER Ordered Values in the response profile table.

Algorithm converged.

Type III Analysis of Effects

Effect	DF	Wald Chi-Square	Pr > Chi Sq
Median_Family_Income	1	7.8417	0.0051
perba	1	0.0034	0.9535
perrent	1	63.6924	<.0001

Probit Procedure

Analysis of Parameter Estimates

Parameter	DF	Estimate	Standard Error	95% Confidence Limits		Chi-Square	Pr > Chi Sq
Intercept	1	-5.1537	0.5308	-6.1940	-4.1134	94.27	<.0001
Median_Family_Income	1	0.0000	0.0000	0.0000	0.0000	7.84	0.0051
perba	1	0.1568	2.6911	-5.1176	5.4312	0.00	0.9535
perrent	1	6.3561	0.7964	4.7951	7.9171	63.69	<.0001

```

Probit Procedure
Model Information
Data Set          WORK. REVI SED7
Dependent Variable  Uni versi ty
Number of Observations  1171
Name of Distribution  Normal
Log Likelihood     -110.8535132

Number of Observations Read  1171
Number of Observations Used  1171
    
```

```

Class Level Information
Name          Levels  Values
Uni versi ty      2    0 1
    
```

```

Response Profile
Ordered Value  Uni versi ty  Total Frequency
1              0              37
2              1             1134
    
```

PROC PROBIT is modeling the probabilities of levels of Uni versi ty having LOWER Ordered Values in the response profile table.

Algori thm converged.

```

Type III Analysis of Effects
Effect          DF      Chi-Square  Pr > Chi Sq
Medi an_Fami ly_Income  1      21.9850    <.0001
perrent         1      69.7377    <.0001
    
```

```

Probit Procedure
Analysis of Parameter Estimates
Parameter      DF Estimate  Standard Error  95% Confidence Limits  Chi-Square  Pr > Chi Sq
Intercept      1  -5.1627    0.5074    -6.1572  -4.1682    103.53    <.0001
Medi an_Fami ly_Income  1  0.0000    0.0000    0.0000  0.0000     21.98    <.0001
perrent        1  6.3695    0.7627    4.8745  7.8644     69.74    <.0001
    
```

```

Probit Procedure
Model Information
Data Set          WORK. REVI SED7
Dependent Variable  Uni versi ty
Number of Observations  1171
Name of Distribution  Normal
Log Likelihood     -108.7210323

Number of Observations Read  1171
Number of Observations Used  1171
    
```

Class Level Information

Name	Levels	Values
University	2	0 1

Response Profile

Ordered Value	University	Total Frequency
1	0	37
2	1	1134

PROC PROBIT is modeling the probabilities of levels of University having LOWER Ordered Values in the response profile table.

Algorithm converged.

Type III Analysis of Effects

Effect	DF	Wald Chi-Square	Pr > Chi Sq
Total	1	0.5032	0.4781
F7	1	3.2052	0.0734
Median_Family_Income	1	9.2028	0.0024
perba	1	0.0054	0.9415
perrent	1	59.6856	<.0001
density	1	0.2822	0.5952
percent_unemployed	1	0.1270	0.7215

Probit Procedure

Analysis of Parameter Estimates

Parameter	DF	Estimate	Standard Error	95% Confidence Limits		Chi-Square	Pr > Chi Sq
Intercept	1	-5.5811	0.6419	-6.8392	-4.3230	75.59	<.0001
Total	1	-0.0000	0.0000	-0.0000	0.0000	0.50	0.4781
F7	1	0.0195	0.0109	-0.0018	0.0408	3.21	0.0734
Median_Family_Income	1	0.0000	0.0000	0.0000	0.0000	9.20	0.0024
perba	1	-0.2083	2.8386	-5.7718	5.3552	0.01	0.9415
perrent	1	7.2843	0.9429	5.4363	9.1323	59.69	<.0001
density	1	-23.6209	44.4621	-110.765	63.5232	0.28	0.5952
percent_unemployed	1	-0.0177	0.0496	-0.1148	0.0795	0.13	0.7215

Probit Procedure

Model Information

Data Set	WORK.REVISED9
Dependent Variable	University
Number of Observations	1171
Name of Distribution	Normal
Log Likelihood	-110.8518154

Number of Observations Read	1171
Number of Observations Used	1171

Class Level Information

Name	Levels	Values
University	2	0 1

Response Profile

Ordered Value	University	Total Frequency
1	0	37
2	1	1134

PROC PROBIT is modeling the probabilities of levels of University having LOWER Ordered Values in the response profile table.

Algorithm converged.

Type III Analysis of Effects

Effect	DF	Wald Chi-Square	Pr > Chi Sq
Median_Family_Income	1	7.8417	0.0051
perba	1	0.0034	0.9535
perrent	1	63.6924	<.0001

Probit Procedure

Analysis of Parameter Estimates

Parameter	DF	Estimate	Standard Error	95% Confidence Limits		Chi-Square	Pr > Chi Sq
Intercept	1	-5.1537	0.5308	-6.1940	-4.1134	94.27	<.0001
Median_Family_Income	1	0.0000	0.0000	0.0000	0.0000	7.84	0.0051
perba	1	0.1568	2.6911	-5.1176	5.4312	0.00	0.9535
perrent	1	6.3561	0.7964	4.7951	7.9171	63.69	<.0001

Probit Procedure

Model Information

Data Set	WORK.REVISED7
Dependent Variable	University
Number of Observations	1171
Name of Distribution	Normal
Log Likelihood	-110.8535132

Number of Observations Read	1171
Number of Observations Used	1171

Class Level Information

Name	Levels	Values
University	2	0 1

Response Profile

Ordered Value	University	Total Frequency
1	0	37
2	1	1134

PROC PROBIT is modeling the probabilities of levels of University having LOWER Ordered Values in the response profile table.

Algorithm converged.

Type III Analysis of Effects

Effect	DF	Wald Chi-Square	Pr > Chi Sq
--------	----	-----------------	-------------

Medi an_Fami l y_Income	1	21. 9850	<. 0001
perrent	1	69. 7377	<. 0001

Probit Procedure

Analysis of Parameter Estimates

Parameter	DF	Estimate	Standard Error	95% Confidence Limits		Chi - Square	Pr > Chi Sq
Intercept	1	-5. 1627	0. 5074	-6. 1572	-4. 1682	103. 53	<. 0001
Medi an_Fami l y_Income	1	0. 0000	0. 0000	0. 0000	0. 0000	21. 98	<. 0001
perrent	1	6. 3695	0. 7627	4. 8745	7. 8644	69. 74	<. 0001



<b>T-Tests</b>					
<b>Variable</b>	<b>Method</b>	<b>Variances</b>	<b>DF</b>	<b>t Value</b>	<b>Pr &gt;  t </b>
EIT Per Capita	Pooled	Equal	38	2.30	0.0269
EIT Per Capita	Satterthwaite	Unequal	22.5	2.30	0.0309
Total Tax Per Capita	Pooled	Equal	38	3.75	0.0006
Total Tax Per Capita	Satterthwaite	Unequal	32.4	3.75	0.0007
Real Estate Tax Per Capita	Pooled	Equal	38	2.69	0.0107
Real Estate Tax Per Capita	Satterthwaite	Unequal	35.2	2.69	0.0110
Police Exp. Per Capita	Pooled	Equal	38	1.84	0.0732
Police Exp. Per Capita	Satterthwaite	Unequal	25.7	1.84	0.0769
Public Safety Exp. Per Capita	Pooled	Equal	38	-0.83	0.4132
Public Safety Exp. Per Capita	Satterthwaite	Unequal	20.6	-0.83	0.4175
Parks/Recreation Exp. Per Capita	Pooled	Equal	38	-0.59	0.5564
Parks/Recreation Exp. Per Capita	Satterthwaite	Unequal	37.4	-0.59	0.5564
Roads Exp. Per Capita	Pooled	Equal	38	0.78	0.4419
Roads Exp. Per Capita	Satterthwaite	Unequal	32	0.78	0.4428

<b>Equality of Variances</b>					
<b>Variable</b>	<b>Method</b>	<b>F</b>	<b>Den DF</b>	<b>F Value</b>	<b>Pr &gt; F</b>
EIT Per Capita	Folded F	19	19	10.75	<.0001
Total Tax Per Capita	Folded F	19	19	2.41	0.0619
Real Estate Tax Per Capita	Folded F	19	19	1.78	0.2195
Police Exp. Per Capita	Folded F	19	19	5.48	0.0005
Public Safety Exp. Per Capita	Folded F	19	19	23.20	<.0001
Parks/Recreation Exp. Per Capita	Folded F	19	19	1.28	0.6005
Roads Exp. Per Capita	Folded F	19	19	2.53	0.0493

**College Town and Control Comparison**

*The TTEST Procedure*

Statistics

Variable	College Town	N	Lower CL	Mean	Upper CL	Lower CL	Std Dev	Std Dev	Upper CL	Std Err	Minimum	Maximum
			Mean		Mean	Std Dev			Std Dev			
EIT Per Capita	0	20	59.115	101.93	144.75	69.577	91.49	133.63	20.458	0	408.57	
EIT Per Capita	1	20	39.631	52.692	65.753	21.223	27.907	40.76	6.2401	0	109.64	
EIT Per Capita	Diff (1-2)		5.943	49.241	92.54	55.275	67.636	87.168	21.388			
Total Tax Per Capita	0	20	239.02	295.73	352.43	92.142	121.16	176.96	27.092	152.11	695.72	
Total Tax Per Capita	1	20	138.27	174.77	211.26	59.299	77.975	113.89	17.436	58.946	441.74	
Total Tax Per Capita	Diff (1-2)		55.738	120.96	186.18	83.263	101.88	131.3	32.218			
Real Estate Tax Per Capita	0	20	115.49	150.79	186.09	57.356	75.42	110.16	16.864	30.058	329.68	
Real Estate Tax Per Capita	1	20	67.679	94.162	120.64	43.032	56.585	82.646	12.653	0	236.17	
Real Estate Tax Per Capita	Diff (1-2)		13.948	56.629	99.309	54.487	66.671	85.924	21.083			
Police Exp. Per Capita	0	20	98.912	136.5	174.08	61.073	80.307	117.29	17.957	0.9339	410.65	
Police Exp. Per Capita	1	20	84.466	100.52	116.57	26.079	34.292	50.087	7.668	50.882	170.93	
Police Exp. Per Capita	Diff (1-2)		-3.547	35.981	75.509	50.462	61.746	79.577	19.526			
Public Safety Exp. Per Capita	0	20	1.1475	3.0874	5.0274	3.1523	4.1451	6.0542	0.9269	0	14.393	
Public Safety Exp. Per Capita	1	20	-2.484	6.8593	16.203	15.183	19.964	29.16	4.4642	0	84.859	
Public Safety Exp. Per Capita	Diff (1-2)		-13	-3.772	5.4582	11.783	14.418	18.582	4.5594			
Parks/Recreation Exp. Per Capita	0	20	4.3215	25.748	47.174	34.816	45.781	66.867	10.237	1.9644	216.4	
Parks/Recreation Exp. Per Capita	1	20	14.894	33.862	52.83	30.822	40.529	59.195	9.0625	0.8735	159.16	
Parks/Recreation Exp. Per Capita	Diff (1-2)		-35.79	-8.114	19.563	35.333	43.235	55.72	13.672			
Roads Exp. Per Capita	0	20	67.024	88.316	109.61	34.598	45.494	66.448	10.173	19.798	213.49	
Roads Exp. Per Capita	1	20	65.605	78.981	92.357	21.735	28.58	41.743	6.3906	42.952	151.96	
Roads Exp. Per Capita	Diff (1-2)		-14.99	9.3352	33.655	31.047	37.99	48.961	12.014			

**Two Sample t Test for College Towns and Controls Minus the Student Population**  
*The TTEST Procedure*

**Statistics**

<b>Variable</b>	<b>College Town</b>	<b>N</b>	<b>Lower CL Mean</b>	<b>Mean</b>	<b>Upper CL Mean</b>	<b>Lower CL Std Dev</b>	<b>Std Dev</b>	<b>Upper CL Std Dev</b>	<b>Std Err</b>	<b>Minimum</b>	<b>Maximum</b>
<b>EIT Adj. Per Capita</b>	<b>0</b>	17	75.775	120.41	165.04	64.655	86.812	132.12	21.055	16.571	408.57
<b>EIT Adj. Per Capita</b>	<b>1</b>	18	65.375	82.053	98.731	25.166	33.537	50.277	7.9048	37.716	160.91
<b>EIT Adj. Per Capita</b>	<b>Diff (1-2)</b>		-6.413	38.356	83.125	52.479	65.064	85.643	22.005		
<b>Total Tax Adj. Per Capita</b>	<b>0</b>	20	239.02	295.73	352.43	92.142	121.16	176.96	27.092	152.11	695.72
<b>Total Tax Adj. Per Capita</b>	<b>1</b>	20	189.78	238.71	287.63	79.496	104.53	152.68	23.374	113.45	592.23
<b>Total Tax Adj. Per Capita</b>	<b>Diff (1-2)</b>		-15.42	57.021	129.46	92.474	113.15	145.83	35.782		
<b>Real Estate Tax Adj. Per Capita</b>	<b>0</b>	20	115.49	150.79	186.09	57.356	75.42	110.16	16.864	30.058	329.68
<b>Real Estate Tax Adj. Per Capita</b>	<b>1</b>	19	99.603	134.11	168.62	54.102	71.601	105.88	16.426	32.222	316.62
<b>Real Estate Tax Adj. Per Capita</b>	<b>Diff (1-2)</b>		-31.09	16.676	64.443	59.993	73.587	95.203	23.574		
<b>Police Exp. Adj. Per Capita</b>	<b>0</b>	20	98.997	136.54	174.09	61.01	80.224	117.17	17.939	1.8678	410.65
<b>Police Exp. Adj. Per Capita</b>	<b>1</b>	20	119.47	140.22	160.97	33.715	44.333	64.751	9.9131	68.482	242.42
<b>Police Exp. Adj. Per Capita</b>	<b>Diff (1-2)</b>		-45.16	-3.674	37.817	52.968	64.812	83.529	20.496		
<b>Public Safety Exp. Adj. Per Capita</b>	<b>0</b>	12	2.9019	5.5169	8.1318	2.9155	4.1156	6.9878	1.1881	0.097	14.393
<b>Public Safety Exp. Adj. Per Capita</b>	<b>1</b>	11	-3.581	15.107	33.796	19.437	27.819	48.82	8.3877	0.1097	89.654
<b>Public Safety Exp. Adj. Per Capita</b>	<b>Diff (1-2)</b>		-26.45	-9.591	7.2731	14.946	19.426	27.762	8.1091		

Variable	College Town	N	Statistics								
			Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Parks/Recreation Exp. Adj. Per Capita	0	20	4.3215	25.748	47.174	34.816	45.781	66.867	10.237	1.9644	216.4
Parks/Recreation Exp. Adj. Per Capita	1	20	17.627	47.348	77.069	48.294	63.504	92.753	14.2	1.4451	259.41
Parks/Recreation Exp. Adj. Per Capita	Diff (1-2)		-57.04	-21.6	13.837	45.24	55.357	71.342	17.505		
Roads Exp. Adj. Per Capita	0	20	67.024	88.316	109.61	34.598	45.494	66.448	10.173	19.798	213.49
Roads Exp. Adj. Per Capita	1	20	87.6	104.56	121.51	27.551	36.228	52.913	8.1007	46.608	203.73
Roads Exp. Adj. Per Capita	Diff (1-2)		-42.56	-16.24	10.087	33.607	41.123	52.998	13.004		

Variable	T-Tests				
	Method	Variiances	DF	t Value	Pr >  t
EIT Adj. Per Capita	Pooled	Equal	33	1.74	0.0906
EIT Adj. Per Capita	Satterthwaite	Unequal	20.4	1.71	0.1033
Total Tax Adj. Per Capita	Pooled	Equal	38	1.59	0.1193
Total Tax Adj. Per Capita	Satterthwaite	Unequal	37.2	1.59	0.1195
Real Estate Tax Adj. Per Capita	Pooled	Equal	37	0.71	0.4838
Real Estate Tax Adj. Per Capita	Satterthwaite	Unequal	37	0.71	0.4832
Police Exp. Adj. Per Capita	Pooled	Equal	38	-0.18	0.8587
Police Exp. Adj. Per Capita	Satterthwaite	Unequal	29.6	-0.18	0.8590
Public Safety Exp. Adj. Per Capita	Pooled	Equal	21	-1.18	0.2501
Public Safety Exp. Adj. Per Capita	Satterthwaite	Unequal	10.4	-1.13	0.2830
Parks/Recreation Exp. Adj. Per Capita	Pooled	Equal	38	-1.23	0.2248
Parks/Recreation Exp. Adj. Per Capita	Satterthwaite	Unequal	34.5	-1.23	0.2256
Roads Exp. Adj. Per Capita	Pooled	Equal	38	-1.25	0.2194
Roads Exp. Adj. Per Capita	Satterthwaite	Unequal	36.2	-1.25	0.2198

<b>T-Tests</b>						
<b>Variable</b>	<b>Method</b>	<b>Variances</b>	<b>DF</b>	<b>t Value</b>	<b>Pr &gt;  t </b>	
EIT Per Capita	Pooled	Equal	38	2.30	0.0269	
EIT Per Capita	Satterthwaite	Unequal	22.5	2.30	0.0309	
Total Tax Per Capita	Pooled	Equal	38	3.75	0.0006	
Total Tax Per Capita	Satterthwaite	Unequal	32.4	3.75	0.0007	
Real Estate Tax Per Capita	Pooled	Equal	38	2.69	0.0107	
Real Estate Tax Per Capita	Satterthwaite	Unequal	35.2	2.69	0.0110	
Police Exp. Per Capita	Pooled	Equal	38	1.84	0.0732	
Police Exp. Per Capita	Satterthwaite	Unequal	25.7	1.84	0.0769	
Public Safety Exp. Per Capita	Pooled	Equal	38	-0.83	0.4132	
Public Safety Exp. Per Capita	Satterthwaite	Unequal	20.6	-0.83	0.4175	
Parks/Recreation Exp. Per Capita	Pooled	Equal	38	-0.59	0.5564	
Parks/Recreation Exp. Per Capita	Satterthwaite	Unequal	37.4	-0.59	0.5564	
Roads Exp. Per Capita	Pooled	Equal	38	0.78	0.4419	
Roads Exp. Per Capita	Satterthwaite	Unequal	32	0.78	0.4428	

<b>Equality of Variances</b>						
<b>Variable</b>	<b>Method</b>	<b>F</b>	<b>Den DF</b>	<b>F Value</b>	<b>Pr &gt; F</b>	
EIT Per Capita	Folded F	19	19	10.75	<.0001	
Total Tax Per Capita	Folded F	19	19	2.41	0.0619	
Real Estate Tax Per Capita	Folded F	19	19	1.78	0.2195	
Police Exp. Per Capita	Folded F	19	19	5.48	0.0005	
Public Safety Exp. Per Capita	Folded F	19	19	23.20	<.0001	
Parks/Recreation Exp. Per Capita	Folded F	19	19	1.28	0.6005	
Roads Exp. Per Capita	Folded F	19	19	2.53	0.0493	

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<sup>1</sup> Appleseed Inc. (2003). *Engines of Economic Growth*.

<sup>2</sup> Beck, Roger, et al. (1995). "Economic impact studies of regional public colleges and universities". *Growth and Change*. 26:2:245-259.

<sup>3</sup> Sedway Group. (2004). UC Davis Economic Impact Study.

<sup>4</sup> Baker-Minkel, Karen, Moody, Jason and Kieser, Walter, "Town and gown," *Economic Development Journal*, p. 7-9. Fall 2004.

<sup>5</sup> Gumprecht, Blake. "The American college town". *The Geographical Review*. 93:1:51-80. January 2003.

<sup>6</sup> Gumprecht, Blake. "The American college town". *The Geographical Review*. 93:1:51-80. January 2003.

<sup>7</sup> Vey, Jennifer. "Higher education in Pennsylvania: A competitive asset for communities." The Brookings Institution December 2005.

Variable	College Town	N	Statistics								
			Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Parks/Recreation Exp. Adj. Per Capita	0	20	4.3215	25.748	47.174	34.816	45.781	66.867	10.237	1.9644	216.4
Parks/Recreation Exp. Adj. Per Capita	1	20	17.627	47.348	77.069	48.294	63.504	92.753	14.2	1.4451	259.41
Parks/Recreation Exp. Adj. Per Capita	Diff (1-2)		-57.04	-21.6	13.837	45.24	55.357	71.342	17.505		
Roads Exp. Adj. Per Capita	0	20	67.024	88.316	109.61	34.598	45.494	66.448	10.173	19.798	213.49
Roads Exp. Adj. Per Capita	1	20	87.6	104.56	121.51	27.551	36.228	52.913	8.1007	46.608	203.73
Roads Exp. Adj. Per Capita	Diff (1-2)		-42.56	-16.24	10.087	33.607	41.123	52.998	13.004		

## CHAPTER 3

### AREA WIDE COMPARISONS

#### Description

Within the Commonwealth of Pennsylvania, budgetary and fiscal comparisons are frequently made between municipalities that are located in the same geographical area. This comparison can be a substantive indicator because of the similar historical, political, and economic development of local municipalities in the Commonwealth. Pennsylvania has no unincorporated territory (land that is not part of a corporate municipality) and there are more than 2,500 municipalities in the Commonwealth.

Consequently it seems meaningful to analyze how each of the five host university municipalities compares to one or more of their own neighboring county municipalities.

#### Study Parameters

PEL decided to use the County in which the university municipalities were located as the geographic base to determine neighboring municipalities. The host municipalities are: Town of Bloomsburg (Columbia County), Edinboro Borough (Erie County), Lock Haven City (Clinton County), Millersville Borough (Lancaster County), and West Chester Borough (Chester County). PEL compared the host municipalities to the rest of the boroughs and cities within their respective counties. (Bloomsburg is the only town in Pennsylvania)

In Pennsylvania, smaller cities and boroughs are usually older mature settlements with population and development density that is much greater than in the neighboring townships. This difference is reflected in the scope of municipal services provided, as well as in the underlying available revenue resources utilized to pay for these services.

PEL compared defined municipal fiscal data for each host municipality to the average of the remaining cities and boroughs within their respective counties. The fiscal measures used were: Real Estate Tax per capita; Earned Income Tax per capita; Total Taxes per capita; and Police Expenditures per capita.

The data utilized for the comparative analysis was obtained from the Pennsylvania Department of Community and Economic Development (DCED) municipal financial statistics for 2003. The 2003 data were the latest available at the time the underlying research was conducted. Certain municipalities were not included if they had not submitted their data to

DCED or if there seemed to be extreme aberrations in the data presented. These exclusions were minor.

### Comparison Limitations

One of the primary limitations facing this comparative analysis is the relatively small sample size once townships were excluded within each county. Specifically, the sample sizes are as follows.

- West Chester Borough – 13 municipalities (Chester County)
- Lock Haven City – 7 municipalities (Clinton County)
- Bloomsburg Town – 7 municipalities (Columbia County)
- Edinboro Borough – 14 municipalities (Erie County)
- Millersville Borough – 18 municipalities (Lancaster County)

Related to the small data sets is the fact that no controls other than municipal type (city, borough, and town) were used. There was no attempt to duplicate the control measures as used in the Probit methodology.

### Comparative Results

Exhibit Area Wide Comparison 1 provides the results of the comparative “area” county calculations.

The relevant findings are:

#### Real Estate Tax Per Capita

- Lock Haven City, Bloomsburg Town, and West Chester Borough receive more in real estate taxes per capita than do the average of the boroughs and cities in their counties. Both Edinboro and Millersville receive less in these taxes than the average of their counterpart municipalities. Only the Lock Haven City difference is statistically significant at the .05 level.

#### Earned Income Tax Per Capita

- All the municipalities received less in earned income tax per capita than the average of the respective county boroughs and cities, except for Edinboro. It should be noted that Edinboro Borough is a “Home Rule” municipality and has a municipal Earned Income Tax rate of 1.5 percent, or three times the usual rate of 0.5 percent for this tax. From a budget standpoint, the Borough has made a decision to emphasize the EIT revenue source. From a statistical standpoint, however, only Edinboro’s difference in means is statistically significant, at the .05 level. Millersville Borough is significant at the .10 level. All the other differences in means are not statistically significant.

#### Total Taxes Per Capita

- The total tax per capita category results show all host municipalities (except for Millersville) with a higher total taxes per capita than the mean total taxes per capita of the comparative municipalities in each county. However, only Lock Haven’s result is statistically significant at the .05 level.

#### Police Expenditures Per Capita

- Expenditure patterns within Pennsylvania vary greatly among municipalities. The principal service function provided in most municipalities is police protection. Therefore, this expenditure item was selected for comparison between the host municipality and the other cities/boroughs in each county.
- In all cases police expenditures per capita were greater in the university host municipality than for the average of the remaining cities/boroughs in the county. However, only in Lock Haven are the results statistically significant at the .05 level of confidence.

#### Analysis

- Of the 20 statistical mean comparisons only four are statistically significant. They are Real Estate Taxes, Total Taxes, and Police Expenditures in the City of Lock Haven and the Earned Income Tax in Edinboro Borough. PEL believes that this lack of statistical significance is because of the small sample size used in each case.

- Also important is the fact that except for the geographic area there has been no attempt at controlling for commonality or standardization such as median family income levels or percentage of renter occupied units in an attempt to determine “like” municipalities.
- As to the reasons why certain Lock Haven City and Edinboro Borough results may be statistically significant, PEL has no definitive answers but does offer the following explanation:
  - The Borough of Edinboro as a Home Rule municipality has set its Earned Income Tax rate at 1.5 percent for the municipality. The rate set for non Home Rule municipalities is 0.5 percent. Therefore Edinboro has a rate that is three times that of non Home Rule municipalities. The decision to employ the 1.5 percent EIT rate by the Borough was based on budgetary and fiscal considerations in an effort to reduce its real estate tax rate.
  - The City of Lock Haven is a small city located within the most rural of the counties of any of the host entities; the revenue and expenditure conditions for this small urban city, especially in population density and levels of service delivery, are not really comparable to the boroughs within the county.

#### A Second Measure: Tax Burden on Hypothetical Household

In a number of its municipal studies, PEL has constructed a measure of tax burden on a hypothetical household in order to compare taxes from one municipality to another. The hypothetical burden measures the real estate tax, earned income tax, and occupational privilege tax for a household with two persons who are employed earning an income and owning a home valued at the median within the municipality. Comparing the sum of these taxes paid across municipalities provides an example of how the tax structure affects the “hypothetical household.”

PEL calculated this tax burden and compared it for the host municipality to the average hypothetical tax burdens of the remaining cities and boroughs in the respective counties.

Specifically, PEL calculated a 2003 Hypothetical Tax burden by summing the following:

Real Estate Tax – Obtained the median value of an owner-occupied home from the 2000 Census and adjusted it by the change in market value from 2000-2003 as determined by the Pennsylvania State Tax Equalization Board (STEB). This value was then adjusted for the county assessment ratio and multiplied by the applicable millage as shown in the 2003 DCED data.

Earned Income Tax – Multiplied the 2000 Census median household income by the Bureau of Labor Statistics change in the value of a dollar from 2000-2003 and multiplied by the EIT rate provided in DCED data.

Occupational Privilege Tax – Applied the rate for a municipality as reported by DCED and multiplied it by two individuals working within the municipality.

PEL then averaged these calculations for cities and boroughs within each county and compared this average to that of the similar measure for the host municipality.

#### Hypothetical Tax Burden Results

Exhibit Area Wide Comparison 2 provides the results between the average of tax burden of the cities/boroughs in each respective county to that for the host municipality. For all five cases, the host municipality had a higher tax burden than the county (city/borough) average. (Note that the data set of boroughs and cities included is the same as used in the prior per capita analysis.)

#### Hypothetical Tax Burden Analysis

Although the hypothetical results and rankings are interesting they generally are inconclusive. Once again only Lock Haven City is statistically significant at the 0.5 level. While the measure removes the per capita denomination and uses median value as a type of standard the sample size used is quite small. Therefore, serious analytical limitations are present. Further, as with the county per capita data, the sets compared do not control for median family income or renter occupancy as in the Probit model.

**EXHIBIT**  
*Area Wide Comparison 1*

Exhibit Areawide Comparison 1  
 Comparison of Host Municipalities to the Averages of the Remaining Cities and Boroughs in the County  
 For Selected 2003 Taxes Per Capita and Police Expenditures Per Capita

	Lock Haven <u>Means Difference</u>	Bloomsburg <u>Means Difference</u>	Edinboro <u>Means Difference</u>	West Chester <u>Means Difference</u>	Millersville <u>Means Difference</u>
Real Estate Tax Per Capita	(90.31)	(12.38)	28.35	(45.56)	22.85
Earned Income Tax Per Capita	15.46	28.44	(46.37)	11.94	30.26
Total Tax Per Capita	(84.28)	(28.04)	(18.96)	(46.27)	58.11
Police Expenditures Per Capita	(63.76)	(72.59)	(54.21)	(72.56)	(5.40)

Mean Difference is equal to the average of the variable for the cities and boroughs in each county less the same variable for the host municipality.

	Lock Haven <u>Probability</u>	Bloomsburg <u>Probability</u>	Edinboro <u>Probability</u>	West Chester <u>Probability</u>	Millersville <u>Probability</u>
Real Estate Tax Per Capita	<b>0.0046</b>	0.7984	0.6842	0.4623	0.6621
Earned Income Tax Per Capita	0.2973	0.3598	<b>0.0032</b>	0.8963	0.0995
Total Tax Per Capita	<b>0.0074</b>	0.2949	0.8618	0.6605	0.3046
Police Expenditures Per Capita	<b>0.0230</b>	0.1656	0.3613	0.4064	0.9412

Variables are significant if the probability is equal to or less than 0.05.

**EXHIBIT**  
*Area Wide Comparison 2*

Exhibit Areawide Comparison 2  
 Comparison of Host Municipalities to the Averages of the Remaining Cities and Boroughs in the County  
 For 2003 Hypothetical Tax Burden

<u>Host Municipality</u>	Mean Difference <sup>1/</sup> Hypothetical Tax Burden In Dollars <hr style="border: 0.5px solid black;"/>
Lock Haven	(337.80)
Bloomsburg	(71.14)
Edinboro	(301.70)
West Chester	(99.87)
Millersville	(50.66)
<u>Host Municipality</u>	Probability <u>2/</u> <hr style="border: 0.5px solid black;"/>
Lock Haven	0.0031
Bloomsburg	0.5959
Edinboro	0.1003
West Chester	0.5975
Millersville	0.5921

<sup>1/</sup> Mean Difference is equal to the average of the variable for the cities and boroughs in each county less the same variable for the host municipality.

<sup>2/</sup> Variables are significant if the probability is equal to or less than 0.05.

APPENDIX—AREAWIDE 1  
West Chester

Appendix Area Wide 1  
West Chester Borough

**Two Sample t Test for 'Imported data from 'West Chester''**

*The TTEST Procedure*

Statistics

Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Real Estate Per Capita	0	13	74.762	109.7	144.63	41.457	57.814	95.435	16.035	0	213
Real Estate Per Capita	1	1	.	155.26	.	.	.	.	.	155.26	155.26
Real Estate Per Capita	Diff (1-2)		-176.3	-45.56	85.16	41.457	57.814	95.435	59.996		
Real Estate Adj. Per Capita	0	13	75.963	111.49	147.02	42.161	58.795	97.055	16.307	0	213.76
Real Estate Adj. Per Capita	1	1	.	191.69	.	.	.	.	.	191.69	191.69
Real Estate Adj. Per Capita	Diff (1-2)		-213.1	-80.2	52.739	42.161	58.795	97.055	61.014		
EIT Per Capita	0	13	93.864	146.07	198.27	61.95	86.391	142.61	23.96	70.369	366.46
EIT Per Capita	1	1	.	134.13	.	.	.	.	.	134.13	134.13
EIT Per Capita	Diff (1-2)		-183.4	11.94	207.27	61.95	86.391	142.61	89.652		
EIT Adj. Per Capita	0	13	95.228	148.45	201.68	63.158	88.076	145.39	24.428	70.621	369.96
EIT Adj. Per Capita	1	1	.	165.6	.	.	.	.	.	165.6	165.6
EIT Adj. Per Capita	Diff (1-2)		-216.3	-17.15	181.99	63.158	88.076	145.39	91.401		
Total Tax Per Capita	0	13	223.31	283.13	342.96	70.996	99.006	163.43	27.459	165.37	556.68
Total Tax Per Capita	1	1	.	329.41	.	.	.	.	.	329.41	329.41
Total Tax Per Capita	Diff (1-2)		-270.1	-46.27	177.59	70.996	99.006	163.43	102.74		
Total Tax Adj. Per Capita	0	13	226.51	287.7	348.89	72.615	101.26	167.16	28.086	165.37	562.01
Total Tax Adj. Per Capita	1	1	.	406.71	.	.	.	.	.	406.71	406.71

## Appendix Area Wide 1 West Chester Borough

Variable	College	N	Statistics								
			Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
<b>Total Tax Adj. Per Capita</b>	<b>Diff (1-2)</b>		-348	-119	109.96	72.615	101.26	167.16	105.09		
<b>(Real Estate +EIT) Per Capita</b>	<b>0</b>	13	195.59	255.77	315.95	71.413	99.588	164.39	27.621	129.94	527.47
<b>(Real Estate +EIT) Per Capita</b>	<b>1</b>	1	.	289.39	.	.	.	.	.	289.39	289.39
<b>(Real Estate +EIT) Per Capita</b>	<b>Diff (1-2)</b>		-258.8	-33.62	191.55	71.413	99.588	164.39	103.35		
<b>(Real Estate EIT) Adj. Per Capita</b>	<b>0</b>	13	198.43	259.94	321.46	72.999	101.8	168.04	28.234	129.94	532.52
<b>(Real Estate +EIT) Adj. Per Capita</b>	<b>1</b>	1	.	357.3	.	.	.	.	.	357.3	357.3
<b>(Real Estate +EIT) Adj. Per Capita</b>	<b>Diff (1-2)</b>		-327.5	-97.35	132.82	72.999	101.8	168.04	105.64		
<b>Adj. Exp less debt Per Capita</b>	<b>0</b>	13	366.5	553.24	739.98	221.6	309.02	510.12	85.708	184.23	1111.4
<b>Adj. Exp less debt Per Capita</b>	<b>1</b>	1	.	842.19	.	.	.	.	.	842.19	842.19
<b>Adj. Exp less debt Per Capita</b>	<b>Diff (1-2)</b>		-987.7	-289	409.76	221.6	309.02	510.12	320.69		
<b>Police Per Capita</b>	<b>0</b>	13	85.127	134.24	183.35	58.275	81.267	134.15	22.539	0	279.42
<b>Police Per Capita</b>	<b>1</b>	1	.	206.8	.	.	.	.	.	206.8	206.8
<b>Police Per Capita</b>	<b>Diff (1-2)</b>		-256.3	-72.56	111.19	58.275	81.267	134.15	84.335		
<b>Other PS Per Capita</b>	<b>0</b>	13	0.0464	1.2354	2.4243	1.4109	1.9676	3.2479	0.5457	0	7.136
<b>Other PS Per Capita</b>	<b>1</b>	1	.	0	.	.	.	.	.	0	0
<b>Other PS Per Capita</b>	<b>Diff (1-2)</b>		-3.213	1.2354	5.6841	1.4109	1.9676	3.2479	2.0418		
<b>Adj. Exp less debt Adj. Per Capita</b>	<b>0</b>	13	372.54	561.98	751.42	224.8	313.49	517.49	86.947	184.23	1122.1
<b>Adj. Exp less debt Adj. Per Capita</b>	<b>1</b>	1	.	1039.8	.	.	.	.	.	1039.8	1039.8

## Appendix Area Wide 1 West Chester Borough

### Statistics

Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Adj. Exp less debt Adj. Per Capita	Diff (1-2)		-1187	-477.8	230.98	224.8	313.49	517.49	325.33		
Police Adj. Per Capita	0	13	86.391	136.46	186.52	59.41	82.849	136.76	22.978	0	284.26
Police Adj. Per Capita	1	1	.	255.33	.	.	.	.	.	255.33	255.33
Police Adj. Per Capita	Diff (1-2)		-306.2	-118.9	68.458	59.41	82.849	136.76	85.977		
Other PS Adj. Per Capita	0	13	0.0509	1.262	2.473	1.4371	2.0041	3.3083	0.5558	0	7.2504
Other PS Adj. Per Capita	1	1	.	0	.	.	.	.	.	0	0
Other PS Adj. Per Capita	Diff (1-2)		-3.269	1.262	5.7934	1.4371	2.0041	3.3083	2.0798		

### T-Tests

Variable	Method	Variances	DF	t Value	Pr >  t
Real Estate Per Capita	Pooled	Equal	12	-0.76	0.4623
Real Estate Per Capita	Satterthwaite	Unequal	0	.	.

## Appendix Area Wide 1 West Chester Borough

T-Tests						
Variable	Method	Variances	DF	t Value	Pr >  t	
Real Estate Adj. Per Capita	Pooled	Equal	12	-1.31	0.2133	
Real Estate Adj. Per Capita	Satterthwaite	Unequal	0	.	.	
EIT Per Capita	Pooled	Equal	12	0.13	0.8963	
EIT Per Capita	Satterthwaite	Unequal	0	.	.	
EIT Adj. Per Capita	Pooled	Equal	12	-0.19	0.8543	
EIT Adj. Per Capita	Satterthwaite	Unequal	0	.	.	
Total Tax Per Capita	Pooled	Equal	12	-0.45	0.6605	
Total Tax Per Capita	Satterthwaite	Unequal	0	.	.	
Total Tax Adj. Per Capita	Pooled	Equal	12	-1.13	0.2796	
Total Tax Adj. Per Capita	Satterthwaite	Unequal	0	.	.	
(Real Estate +EIT) Per Capita	Pooled	Equal	12	-0.33	0.7505	
(Real Estate +EIT) Per Capita	Satterthwaite	Unequal	0	.	.	
(Real Estate +EIT) Adj. Per Capita	Pooled	Equal	12	-0.92	0.3749	
(Real Estate +EIT) Adj. Per Capita	Satterthwaite	Unequal	0	.	.	
Adj. Exp less debt Per Capita	Pooled	Equal	12	-0.90	0.3853	
Adj. Exp less debt Per Capita	Satterthwaite	Unequal	0	.	.	
Police Per Capita	Pooled	Equal	12	-0.86	0.4064	
Police Per Capita	Satterthwaite	Unequal	0	.	.	
Other PS Per Capita	Pooled	Equal	12	0.61	0.5564	

## Appendix Area Wide 1 West Chester Borough

### T-Tests

Variable	Method	Variances	DF	t Value	Pr >  t
Other PS Per Capita	Satterthwaite	Unequal	0	.	.
Adj. Exp less debt Adj. Per Capita	Pooled	Equal	12	-1.47	0.1676
Adj. Exp less debt Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Police Adj. Per Capita	Pooled	Equal	12	-1.38	0.1920
Police Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Other PS Adj. Per Capita	Pooled	Equal	12	0.61	0.5553
Other PS Adj. Per Capita	Satterthwaite	Unequal	0	.	.

### Equality of Variances

Variable	Method	Num DF	Den DF	F Value	Pr > F
Real Estate Per Capita	Folded F	12	0	.	.
Real Estate Adj. Per Capita	Folded F	12	0	.	.
EIT Per Capita	Folded F	12	0	.	.

## Appendix Area Wide 1 West Chester Borough

### Equality of Variances

Variable	Method	Num DF	Den DF	F Value	Pr > F
EIT Adj. Per Capita	Folded F	12	0	.	.
Total Tax Per Capita	Folded F	12	0	.	.
Total Tax Adj. Per Capita	Folded F	12	0	.	.
(Real Estate +EIT)Per Capita	Folded F	12	0	.	.
(Real Estate +EIT) Adj. Per Capita	Folded F	12	0	.	.
Adj. Exp less debt Per Capita	Folded F	12	0	.	.
Police Per Capita	Folded F	12	0	.	.
Other PS Per Capita	Folded F	12	0	.	.
Adj. Exp less debt Adj. Per Capita	Folded F	12	0	.	.
Police Adj. Per Capita	Folded F	12	0	.	.
Other PS Adj. Per Capita	Folded F	12	0	.	.

Appendix Area Wide 1  
West Chester Borough

**Two Sample t Test for 'Imported data from 'Chester Calc''**

*The TTEST Procedure*

**Statistics**

Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Total Hypo Tax	0	13	484.29	591.51	698.73	127.24	177.43	292.9	49.211	309.3	962.45
Total Hypo Tax	1	1	.	691.38	.	.	.	.	.	691.38	691.38
Total Hypo Tax	Diff (1-2)		-501.1	-99.87	301.32	127.24	177.43	292.9	184.13		

**T-Tests**

Variable	Method	Variances	DF	t Value	Pr >  t
Total Hypo Tax	Pooled	Equal	12	-0.54	0.5975
Total Hypo Tax	Satterthwaite	Unequal	0	.	.

**Equality of Variances**

Variable	Method	Num DF	Den DF	F Value	Pr > F
Total Hypo Tax	Folded F	12	0	.	.

APPENDIX—AREAWIDE 1  
Bloomsburg

Appendix Area Wide 1  
Bloomsburg Town

**Two Sample T Test for 'Imported data from Bloomsburg'**

*The TTEST Procedure*

Statistics

Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Real Estate Per Capita	0	5	11.528	62.939	114.35	24.807	41.405	118.98	18.517	15.44	114.32
Real Estate Per Capita	1	1	.	75.319	.	.	.	.	.	75.319	75.319
Real Estate Per Capita	Diff (1-2)		-138.3	-12.38	113.55	24.807	41.405	118.98	45.357		
Real Estate Adj. Per Capita	0	5	15.01	65.765	116.52	24.49	40.876	117.46	18.281	15.44	114.32
Real Estate Adj. Per Capita	1	1	.	99.277	.	.	.	.	.	99.277	99.277
Real Estate Adj. Per Capita	Diff (1-2)		-157.8	-33.51	90.811	24.49	40.876	117.46	44.778		
EIT Per Capita	0	5	39.26	70.519	101.78	15.083	25.176	72.343	11.259	45.47	111.99
EIT Per Capita	1	1	.	42.02	.	.	.	.	.	42.02	42.02
EIT Per Capita	Diff (1-2)		-48.07	28.499	105.07	15.083	25.176	72.343	27.578		
EIT Adj. Per Capita	0	5	42.944	74.367	105.79	15.162	25.307	72.722	11.318	45.47	111.99
EIT Adj. Per Capita	1	1	.	55.386	.	.	.	.	.	55.386	55.386
EIT Adj. Per Capita	Diff (1-2)		-57.99	18.982	95.952	15.162	25.307	72.722	27.723		
Total Tax Per Capita	0	5	120.52	146.91	173.3	12.734	21.254	61.075	9.5051	127.86	173.55
Total Tax Per Capita	1	1	.	174.95	.	.	.	.	.	174.95	174.95
Total Tax Per Capita	Diff (1-2)		-92.68	-28.04	36.608	12.734	21.254	61.075	23.283		
Total Tax Adj. Per Capita	0	5	132.19	154.51	176.84	10.773	17.981	51.668	8.0412	132.98	173.55
Total Tax Adj. Per Capita	1	1	.	230.6	.	.	.	.	.	230.6	230.6
Total Tax Adj. Per Capita	Diff (1-2)		-130.8	-76.09	-21.4	10.773	17.981	51.668	19.697		

## Appendix Area Wide 1 Bloomsburg Town

### Statistics

Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
<b>(Real Estate +EIT) Per Capita</b>	<b>0</b>	5	103.93	133.46	162.99	14.248	23.781	68.337	10.635	103.21	159.79
<b>(Real Estate +EIT) Per Capita</b>	<b>1</b>	1	.	117.34	.	.	.	.	.	117.34	117.34
<b>(Real Estate +EIT) Per Capita</b>	<b>Diff (1-2)</b>		-56.21	16.119	88.448	14.248	23.781	68.337	26.051		
<b>(Real Estate +EIT) Adj. Per Capita</b>	<b>0</b>	5	114.91	140.13	165.35	12.168	20.309	58.36	9.0825	113.11	159.79
<b>(Real Estate +EIT) Adj. Per Capita</b>	<b>1</b>	1	.	154.66	.	.	.	.	.	154.66	154.66
<b>(Real Estate +EIT) Adj. Per Capita</b>	<b>Diff (1-2)</b>		-76.3	-14.53	47.238	12.168	20.309	58.36	22.248		
<b>Adj. Exp less debt Per Capita</b>	<b>0</b>	5	185.6	238.98	292.35	25.755	42.986	123.52	19.224	185.46	290.65
<b>Adj. Exp less debt Per Capita</b>	<b>1</b>	1	.	306.89	.	.	.	.	.	306.89	306.89
<b>Adj. Exp less debt Per Capita</b>	<b>Diff (1-2)</b>		-198.7	-67.92	62.825	25.755	42.986	123.52	47.089		
<b>Police Per Capita</b>	<b>0</b>	5	-8.526	40.052	88.63	23.44	39.123	112.42	17.496	0	87.987
<b>Police Per Capita</b>	<b>1</b>	1	.	112.64	.	.	.	.	.	112.64	112.64
<b>Police Per Capita</b>	<b>Diff (1-2)</b>		-191.6	-72.59	46.401	23.44	39.123	112.42	42.857		
<b>Other PS Per Capita</b>	<b>0</b>	5	-1.309	0.9063	3.1215	1.0689	1.7841	5.1266	0.7979	0	4.0783
<b>Other PS Per Capita</b>	<b>1</b>	1	.	8.4391	.	.	.	.	.	8.4391	8.4391
<b>Other PS Per Capita</b>	<b>Diff (1-2)</b>		-12.96	-7.533	-2.107	1.0689	1.7841	5.1266	1.9543		
<b>Adj. Exp less debt Adj. Per Capita</b>	<b>0</b>	5	211.89	250.16	288.44	18.468	30.825	88.577	13.785	214.96	290.65
<b>Adj. Exp less debt Adj. Per Capita</b>	<b>1</b>	1	.	404.51	.	.	.	.	.	404.51	404.51
<b>Adj. Exp less debt Adj. Per Capita</b>	<b>Diff (1-2)</b>		-248.1	-154.3	-60.59	18.468	30.825	88.577	33.767		
<b>Police Adj. Per Capita</b>	<b>0</b>	5	-8.992	42.529	94.051	24.861	41.494	119.24	18.557	0	90.326

## Appendix Area Wide 1 Bloomsburg Town

### Statistics

Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Police Adj. Per Capita	1	1	.	148.47	.	.	.	.	.	148.47	148.47
Police Adj. Per Capita	Diff (1-2)		-232.1	-105.9	20.259	24.861	41.494	119.24	45.455		
Fire Adj. Per Capita	0	5	-2.986	16.675	36.335	9.4867	15.834	45.5	7.0812	5.669	44.439
Fire Adj. Per Capita	1	1	.	16.45	.	.	.	.	.	16.45	16.45
Fire Adj. Per Capita	Diff (1-2)		-47.93	0.2245	48.383	9.4867	15.834	45.5	17.345		
Other PS Adj. Per Capita	0	5	-1.443	0.9869	3.4173	1.1727	1.9573	5.6244	0.8753	0	4.4697
Other PS Adj. Per Capita	1	1	.	11.123	.	.	.	.	.	11.123	11.123
Other PS Adj. Per Capita	Diff (1-2)		-16.09	-10.14	-4.183	1.1727	1.9573	5.6244	2.1441		

### T-Tests

Variable	Method	Variiances	DF	t Value	Pr >  t
Real Estate Per Capita	Pooled	Equal	4	-0.27	0.7984
Real Estate Per Capita	Satterthwaite	Unequal	0	.	.
Real Estate Adj. Per Capita	Pooled	Equal	4	-0.75	0.4958
Real Estate Adj. Per Capita	Satterthwaite	Unequal	0	.	.

## Appendix Area Wide 1 Bloomsburg Town

### T-Tests

Variable	Method	Variances	DF	t Value	Pr >  t
EIT Per Capita	Pooled	Equal	4	1.03	0.3598
EIT Per Capita	Satterthwaite	Unequal	0	.	.
EIT Adj. Per Capita	Pooled	Equal	4	0.68	0.5311
EIT Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Total Tax Per Capita	Pooled	Equal	4	-1.20	0.2949
Total Tax Per Capita	Satterthwaite	Unequal	0	.	.
Total Tax Adj. Per Capita	Pooled	Equal	4	-3.86	0.0181
Total Tax Adj. Per Capita	Satterthwaite	Unequal	0	.	.
(Real Estate +EIT) Per Capita	Pooled	Equal	4	0.62	0.5696
(Real Estate +EIT) Per Capita	Satterthwaite	Unequal	0	.	.
(Real Estate +EIT) Adj. Per Capita	Pooled	Equal	4	-0.65	0.5493
(Real Estate +EIT) Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Adj. Exp less debt Per Capita	Pooled	Equal	4	-1.44	0.2227
Adj. Exp less debt Per Capita	Satterthwaite	Unequal	0	.	.
Police Per Capita	Pooled	Equal	4	-1.69	0.1656
Police Per Capita	Satterthwaite	Unequal	0	.	.
Other PS Per Capita	Pooled	Equal	4	-3.85	0.0182
Other PS Per Capita	Satterthwaite	Unequal	0	.	.
Adj. Exp less debt Adj. Per Capita	Pooled	Equal	4	-4.57	0.0103
Adj. Exp less debt Adj. Per Capita	Satterthwaite	Unequal	0	.	.

## Appendix Area Wide 1 Bloomsburg Town

### T-Tests

Variable	Method	Variances	DF	t Value	Pr >  t
Police Adj. Per Capita	Pooled	Equal	4	-2.33	0.0802
Police Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Fire Adj. Per Capita	Pooled	Equal	4	0.01	0.9903
Fire Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Other PS Adj. Per Capita	Pooled	Equal	4	-4.73	0.0091
Other PS Adj. Per Capita	Satterthwaite	Unequal	0	.	.

### Equality of Variances

Variable	Method	Num DF	Den DF	F Value	Pr > F
Real Estate Per Capita	Folded F	4	0	.	.
Real Estate Adj. Per Capita	Folded F	4	0	.	.
EIT Per Capita	Folded F	4	0	.	.
EIT Adj. Per Capita	Folded F	4	0	.	.
Total Tax Per Capita	Folded F	4	0	.	.
Total Tax Adj. Per Capita	Folded F	4	0	.	.
(Real Estate +EIT) Per Capita	Folded F	4	0	.	.

## Appendix Area Wide 1 Bloomsburg Town

### Equality of Variances

Variable	Method	Num DF	Den DF	F Value	Pr > F
(Real Estate +EIT) Adj. Per Capita	Folded F	4	0	.	.
Adj. Exp less debt Per Capita	Folded F	4	0	.	.
Police Per Capita	Folded F	4	0	.	.
Other PS Per Capita	Folded F	4	0	.	.
Adj. Exp less debt Adj. Per Capita	Folded F	4	0	.	.
Police Adj. Per Capita	Folded F	4	0	.	.
Fire Adj. Per Capita	Folded F	4	0	.	.
Other PS Adj. Per Capita	Folded F	4	0	.	.

Appendix Area Wide 2  
Bloomsburg Town

**Two Sample t Test for 'Imported data from 'Columbia Calc''**

*The TTEST Procedure*

**Statistics**

Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Total Hypo Tax	0	7	196.31	306.25	416.2	76.603	118.88	261.77	44.931	207.25	546.1
Total Hypo Tax	1	1	.	377.4	.	.	.	.	.	377.4	377.4
Total Hypo Tax	Diff (1-2)		-382.1	-71.14	239.82	76.603	118.88	261.77	127.08		

**T-Tests**

Variable	Method	Variances	DF	t Value	Pr >  t
Total Hypo Tax	Pooled	Equal	6	-0.56	0.5959
Total Hypo Tax	Satterthwaite	Unequal	0	.	.

**Equality of Variances**

Variable	Method	Num DF	Den DF	F Value	Pr > F
Total Hypo Tax	Folded F	6	0	.	.

APPENDIX—AREAWIDE 1  
Lock Haven

Appendix Area Wide 1  
Lock Haven City

**Two Sample t Test for 'Imported data from 'Lock Haven''**  
*The TTEST Procedure*

Variable	College	N	Statistics		Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
			Lower CL Mean	Mean							
Real Estate Per Capita	0	7	31.096	48.887	66.678	12.396	19.237	42.36	7.2707	25.187	75.326
Real Estate Per Capita	1	1	.	139.19	.	.	.	.	.	139.19	139.19
Real Estate Per Capita	Diff (1-2)		-140.6	-90.31	-39.99	12.396	19.237	42.36	20.565		
Real Estate Adj. Per Capita	0	7	31.752	49.503	67.255	12.369	19.194	42.267	7.2548	25.187	75.326
Real Estate Adj. Per Capita	1	1	.	174.45	.	.	.	.	.	174.45	174.45
Real Estate Adj. Per Capita	Diff (1-2)		-175.2	-124.9	-74.74	12.369	19.194	42.267	20.52		
EIT Per Capita	0	7	42.2	53.923	65.646	8.1681	12.676	27.913	4.791	34.691	66.655
EIT Per Capita	1	1	.	38.461	.	.	.	.	.	38.461	38.461
EIT Per Capita	Diff (1-2)		-17.7	15.462	48.62	8.1681	12.676	27.913	13.551		
EIT Adj. Per Capita	0	7	43.302	54.476	65.65	7.7855	12.082	26.605	4.5666	34.691	66.655
EIT Adj. Per Capita	1	1	.	48.203	.	.	.	.	.	48.203	48.203
EIT Adj. Per Capita	Diff (1-2)		-25.33	6.2738	37.879	7.7855	12.082	26.605	12.916		
Total Tax Per Capita	0	7	96.961	115.35	133.74	12.813	19.884	43.786	7.5155	91.239	143.07
Total Tax Per Capita	1	1	.	199.63	.	.	.	.	.	199.63	199.63
Total Tax Per Capita	Diff (1-2)		-136.3	-84.28	-32.26	12.813	19.884	43.786	21.257		
Total Tax Adj. Per Capita	0	7	99.519	116.61	133.69	11.906	18.476	40.685	6.9831	99.415	143.46

Appendix Area Wide 1  
Lock Haven City

Variable	College	N	Statistics								Minimum	Maximum
			Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err			
Total Tax Adj. Per Capita	1	1	.	250.19	.	.	.	.	.	.	250.19	250.19
Total Tax Adj. Per Capita	Diff (1-2)		-181.9	-133.6	-85.26	11.906	18.476	40.685	19.751			
(Real Estate +EIT)Per Capita	0	7	87.1	102.81	118.52	10.946	16.987	37.406	6.4203	80.413	122.32	
(Real Estate +EIT) Per Capita	1	1	.	177.65	.	.	.	.	.	177.65	177.65	
(Real Estate +EIT) Per Capita	Diff (1-2)		-119.3	-74.84	-30.41	10.946	16.987	37.406	18.159			
(Real Estate +EIT) Adj. Per Capita	0	7	89.252	103.98	118.71	10.261	15.924	35.066	6.0188	80.598	122.32	
(Real Estate +EIT) Adj. Per Capita	1	1	.	222.65	.	.	.	.	.	222.65	222.65	
(Real Estate +EIT) Adj. Per Capita	Diff (1-2)		-160.3	-118.7	-77.02	10.261	15.924	35.066	17.024			
Adj. Exp less debt Per Capita	0	7	106.19	177.75	249.32	49.866	77.384	170.4	29.248	129.75	348.34	
Adj. Exp less debt Per Capita	1	1	.	358.31	.	.	.	.	.	358.31	358.31	
Adj. Exp less debt Per Capita	Diff (1-2)		-383	-180.6	21.87	49.866	77.384	170.4	82.727			
Police Per Capita	0	7	-3.009	15.185	33.378	12.676	19.672	43.319	7.4353	0	55.117	
Police Per Capita	1	1	.	78.947	.	.	.	.	.	78.947	78.947	
Police Per Capita	Diff (1-2)		-115.2	-63.76	-12.3	12.676	19.672	43.319	21.03			
Other PS Per Capita	0	7	-0.014	0.0096	0.033	0.0163	0.0253	0.0558	0.0096	0	0.067	
Other PS Per Capita	1	1	.	5.4034	.	.	.	.	.	5.4034	5.4034	
Other PS Per Capita	Diff (1-2)		-5.46	-5.394	-5.328	0.0163	0.0253	0.0558	0.0271			
Adj. Exp less debt Adj. Per Capita	0	7	108.95	179.63	250.3	49.244	76.419	168.28	28.884	130.05	348.34	

Appendix Area Wide 1  
Lock Haven City

Statistics

Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Adj. Exp less debt Adj. Per Capita	1	1	.	449.06	.	.	.	.	.	449.06	449.06
Adj. Exp less debt Adj. Per Capita	Diff (1-2)		-469.3	-269.4	-69.54	49.244	76.419	168.28	81.695		
Police Adj. Per Capita	0	7	-2.825	15.35	33.524	12.663	19.651	43.273	7.4274	0	55.117
Police Adj. Per Capita	1	1	.	98.943	.	.	.	.	.	98.943	98.943
Police Adj. Per Capita	Diff (1-2)		-135	-83.59	-32.19	12.663	19.651	43.273	21.008		
Other PS Adj. Per Capita	0	7	-0.014	0.0096	0.0331	0.0164	0.0254	0.0559	0.0096	0	0.0672
Other PS Adj. Per Capita	1	1	.	6.7721	.	.	.	.	.	6.7721	6.7721
Other PS Adj. Per Capita	Diff (1-2)		-6.829	-6.762	-6.696	0.0164	0.0254	0.0559	0.0272		

T-Tests

Variable	Method	Variances	DF	t Value	Pr >  t
Real Estate Per Capita	Pooled	Equal	6	-4.39	0.0046

Appendix Area Wide 1  
Lock Haven City

T-Tests					
Variable	Method	Variances	DF	t Value	Pr >  t
Real Estate Per Capita	Satterthwaite	Unequal	0	.	.
Real Estate Adj. . Per Capita	Pooled	Equal	6	-6.09	0.0009
Real Estate Adj. . Per Capita	Satterthwaite	Unequal	0	.	.
EIT Per Capita	Pooled	Equal	6	1.14	0.2973
EIT Per Capita	Satterthwaite	Unequal	0	.	.
EIT Adj. Per Capita	Pooled	Equal	6	0.49	0.6444
EIT Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Total Tax Per Capita	Pooled	Equal	6	-3.96	0.0074
Total Tax Per Capita	Satterthwaite	Unequal	0	.	.
Total Tax Adj. Per Capita	Pooled	Equal	6	-6.76	0.0005
Total Tax Adj. Per Capita	Satterthwaite	Unequal	0	.	.
(Real Estate +EIT) Per Capita	Pooled	Equal	6	-4.12	0.0062
(Real Estate +EIT) Per Capita	Satterthwaite	Unequal	0	.	.
(Real Estate +EIT) Adj. Per Capita	Pooled	Equal	6	-6.97	0.0004
(Real Estate +EIT) Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Adj. Exp less debt Per Capita	Pooled	Equal	6	-2.18	0.0718
Adj. Exp less debt Per Capita	Satterthwaite	Unequal	0	.	.
Police Per Capita	Pooled	Equal	6	-3.03	0.0230
Police Per Capita	Satterthwaite	Unequal	0	.	.

## Appendix Area Wide 1 Lock Haven City

### T-Tests

Variable	Method	Variances	DF	t Value	Pr >  t
Other PS Per Capita	Pooled	Equal	6	-199.17	<.0001
Other PS Per Capita	Satterthwaite	Unequal	0	.	.
Adj. Exp less debt Adj. Per Capita	Pooled	Equal	6	-3.30	0.0164
Adj. Exp less debt Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Police Adj. Per Capita	Pooled	Equal	6	-3.98	0.0073
Police Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Other PS Adj. Per Capita	Pooled	Equal	6	-249.03	<.0001
Other PS Adj. Per Capita	Satterthwaite	Unequal	0	.	.

### Equality of Variances

Variable	Method	Num DF	Den DF	F Value	Pr > F
Real Estate Per Capita	Folded F	6	0	.	.
Real Estate Adj. Per Capita	Folded F	6	0	.	.
EIT Per Capita	Folded F	6	0	.	.
EIT Adj. Per Capita	Folded F	6	0	.	.
Total Tax Per Capita	Folded F	6	0	.	.
Total Tax Adj. Per Capita	Folded F	6	0	.	.
(REAL ESTATE +EIT) Per Capita	Folded F	6	0	.	.
(REAL ESTATE +EIT) Adj. Per Capita	Folded F	6	0	.	.

Appendix Area Wide 1  
Lock Haven City

Equality of Variances

Variable	Method	Num DF	Den DF	F Value	Pr > F
Adj. Exp less debt Per Capita	Folded F	6	0	.	.
Police Per Capita	Folded F	6	0	.	.
Other PS Per Capita	Folded F	6	0	.	.
Adj. Exp less debt Adj. Per Capita	Folded F	6	0	.	.
Police Adj. Per Capita	Folded F	6	0	.	.
Other PS Adj. Per Capita	Folded F	6	0	.	.

Appendix Area Wide 2  
Lock Haven City

**Two Sample t Test for 'Imported data from 'Clinton Calc''**

*The TTEST Procedure*

Statistics

Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Total Hypo Tax	0	7	249.43	310.86	372.29	42.8	66.419	146.26	25.104	240.03	411.97
Total Hypo Tax	1	1	.	648.69	.	.	.	.	.	648.69	648.69
Total Hypo Tax	Diff (1-2)		-511.6	-337.8	-164.1	42.8	66.419	146.26	71.004		

T-Tests

Variable	Method	Variances	DF	t Value	Pr >  t
Total Hypo Tax	Pooled	Equal	6	-4.76	0.0031
Total Hypo Tax	Satterthwaite	Unequal	0	.	.

Equality of Variances

Variable	Method	Num DF	Den DF	F Value	Pr > F
Total Hypo Tax	Folded F	6	0	.	.

APPENDIX—AREAWIDE 1  
Edinboro

Appendix Area Wide 1  
Edinboro Borough

**Two Sample t Test for 'Imported data from Edinboro'**

*The TTEST Procedure*

Statistics

Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Real Estate Per Capita	0	14	36.98	74.957	112.93	47.684	65.775	105.97	17.579	15.859	237.71
Real Estate Per Capita	1	1	.	46.633	.	.	.	.	.	46.633	46.633
Real Estate Per Capita	Diff (1-2)		-118.8	28.325	175.41	47.684	65.775	105.97	68.084		
Real Estate Adj. Per Capita	0	14	36.548	76.44	116.33	50.088	69.091	111.31	18.465	15.859	251.96
Real Estate Adj. Per Capita	1	1	.	65.434	.	.	.	.	.	65.434	65.434
Real Estate Adj. Per Capita	Diff (1-2)		-143.5	11.006	165.51	50.088	69.091	111.31	71.516		
EIT Per Capita	0	14	58.561	65.743	72.926	9.0179	12.439	20.04	3.3245	46.081	89.527
EIT Per Capita	1	1	.	112.11	.	.	.	.	.	112.11	112.11
EIT Per Capita	Diff (1-2)		-74.18	-46.37	-18.55	9.0179	12.439	20.04	12.876		
EIT Adj. Per Capita	0	14	58.737	66.351	73.965	9.5605	13.188	21.246	3.5246	46.081	92.697
EIT Adj. Per Capita	1	1	.	157.31	.	.	.	.	.	157.31	157.31
EIT Adj. Per Capita	Diff (1-2)		-120.5	-90.96	-61.47	9.5605	13.188	21.246	13.651		
Total Tax Per Capita	0	14	106.48	151.22	195.96	56.179	77.494	124.85	20.711	70.189	336.32
Total Tax Per Capita	1	1	.	170.18	.	.	.	.	.	170.18	170.18
Total Tax Per Capita	Diff (1-2)		-192.3	-18.96	154.33	56.179	77.494	124.85	80.214		
Total Tax Adj. Per Capita	0	14	106.07	153.4	200.74	59.438	81.989	132.09	21.912	70.189	356.47

Appendix Area Wide 1  
Edinboro Borough

Statistics											
Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Total Tax Adj. Per Capita	1	1	.	238.8	.	.	.	.	.	238.8	238.8
Total Tax Adj. Per Capita	Diff (1-2)		-268.7	-85.39	97.952	59.438	81.989	132.09	84.867		
(Real Estate +EIT) Per Capita	0	14	97.757	140.7	183.64	53.92	74.377	119.82	19.878	70.117	325.17
(Real Estate +EIT) Per Capita	1	1	.	158.74	.	.	.	.	.	158.74	158.74
(Real Estate +EIT) Per Capita	Diff (1-2)		-184.4	-18.04	148.28	53.92	74.377	119.82	76.987		
(Real Estate +EIT) Adj. Per Capita	0	14	97.281	142.79	188.3	57.142	78.822	126.99	21.066	70.117	344.65
(Real Estate +EIT) Adj. Per Capita	1	1	.	222.75	.	.	.	.	.	222.75	222.75
(Real Estate +EIT) Adj. Per Capita	Diff (1-2)		-256.2	-79.96	96.304	57.142	78.822	126.99	81.589		
Adj. Exp less debt Per Capita	0	14	145.42	304.17	462.92	199.32	274.95	442.95	73.483	106.55	1150.5
Adj. Exp less debt Per Capita	1	1	.	234.28	.	.	.	.	.	234.28	234.28
Adj. Exp less debt Per Capita	Diff (1-2)		-544.9	69.89	684.73	199.32	274.95	442.95	284.6		
Police Per Capita	0	14	15.459	44.475	73.491	36.433	50.255	80.963	13.431	0	134.32
Police Per Capita	1	1	.	98.685	.	.	.	.	.	98.685	98.685
Police Per Capita	Diff (1-2)		-166.6	-54.21	58.17	36.433	50.255	80.963	52.019		
Other PS Per Capita	0	14	0.002	0.6704	1.3389	0.8393	1.1577	1.8651	0.3094	0	3.6962
Other PS Per Capita	1	1	.	0	.	.	.	.	.	0	0
Other PS Per Capita	Diff (1-2)		-1.918	0.6704	3.2593	0.8393	1.1577	1.8651	1.1984		
Adj. Exp less debt Adj. Per Capita	0	14	147.22	307.87	468.52	201.71	278.24	448.25	74.362	106.55	1153.1

Appendix Area Wide 1  
Edinboro Borough

Statistics

Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Adj. Exp less debt Adj. Per Capita	1	1	.	328.74	.	.	.	.	.	328.74	328.74
Adj. Exp less debt Adj. Per Capita	Diff (1-2)		-643.1	-20.87	601.33	201.71	278.24	448.25	288		
Police Adj. Per Capita	0	14	15.452	45.343	75.233	37.53	51.769	83.402	13.836	0	142.37
Police Adj. Per Capita	1	1	.	138.47	.	.	.	.	.	138.47	138.47
Police Adj. Per Capita	Diff (1-2)		-208.9	-93.13	22.634	37.53	51.769	83.402	53.586		
Other PS Adj. Per Capita	0	14	0.0059	0.6763	1.3466	0.8417	1.161	1.8704	0.3103	0	3.6962
Other PS Adj. Per Capita	1	1	.	0	.	.	.	.	.	0	0
Other PS Adj. Per Capita	Diff (1-2)		-1.92	0.6763	3.2725	0.8417	1.161	1.8704	1.2018		

T-Tests

Variable	Method	Variances	DF	t Value	Pr >  t
Real Estate Per Capita	Pooled	Equal	13	0.42	0.6842

## Appendix Area Wide 1 Edinboro Borough

T-Tests					
Variable	Method	Variances	DF	t Value	Pr >  t
Real Estate Per Capita	Satterthwaite	Unequal	0	.	.
Real Estate Adj. Per Capita	Pooled	Equal	13	0.15	0.8801
Real Estate Adj. Per Capita	Satterthwaite	Unequal	0	.	.
EIT Per Capita	Pooled	Equal	13	-3.60	0.0032
EIT Per Capita	Satterthwaite	Unequal	0	.	.
EIT Adj. Per Capita	Pooled	Equal	13	-6.66	<.0001
EIT Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Total Tax Per Capita	Pooled	Equal	13	-0.24	0.8168
Total Tax Per Capita	Satterthwaite	Unequal	0	.	.
Total Tax Adj. Per Capita	Pooled	Equal	13	-1.01	0.3327
Total Tax Adj. Per Capita	Satterthwaite	Unequal	0	.	.
(Real Estate +EIT) Per Capita	Pooled	Equal	13	-0.23	0.8184
(Real Estate +EIT) Per Capita	Satterthwaite	Unequal	0	.	.
(Real Estate +EIT) Adj. Per Capita	Pooled	Equal	13	-0.98	0.3450
(Real Estate +EIT) Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Adj. Exp less debt Per Capita	Pooled	Equal	13	0.25	0.8098
Adj. Exp less debt Per Capita	Satterthwaite	Unequal	0	.	.
Police Per Capita	Pooled	Equal	13	-1.04	0.3163
Police Per Capita	Satterthwaite	Unequal	0	.	.

## Appendix Area Wide 1 Edinboro Borough

### T-Tests

Variable	Method	Variances	DF	t Value	Pr >  t
Other PS Per Capita	Pooled	Equal	13	0.56	0.5854
Other PS Per Capita	Satterthwaite	Unequal	0	.	.
Adj. Exp less debt Adj. Per Capita	Pooled	Equal	13	-0.07	0.9433
Adj. Exp less debt Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Police Adj. Per Capita	Pooled	Equal	13	-1.74	0.1058
Police Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Other PS Adj. Per Capita	Pooled	Equal	13	0.56	0.5832
Other PS Adj. Per Capita	Satterthwaite	Unequal	0	.	.

### Equality of Variances

Variable	Method	Num DF	Den DF	F Value	Pr > F
Real Estate Per Capita	Folded F	13	0	.	.
Real Estate Adj. Per Capita	Folded F	13	0	.	.
EIT Per Capita	Folded F	13	0	.	.
EIT Adj. Per Capita	Folded F	13	0	.	.
Total Tax Per Capita	Folded F	13	0	.	.
Total Tax Adj. Per Capita	Folded F	13	0	.	.
(Real Estate +EIT) Per Capita	Folded F	13	0	.	.
(Real Estate +EIT) Adj. Per Capita	Folded F	13	0	.	.

Appendix Area Wide 1  
Edinboro Borough

Equality of Variances

Variable	Method	Num DF	Den DF	F Value	Pr > F
Adj. Exp less debt Per Capita	Folded F	13	0	.	.
Police Per Capita	Folded F	13	0	.	.
Other PS Per Capita	Folded F	13	0	.	.
Adj. Exp less debt Adj. Per Capita	Folded F	13	0	.	.
Police Adj. Per Capita	Folded F	13	0	.	.
Other PS Adj. Per Capita	Folded F	13	0	.	.

Appendix Area Wide 2  
Edinboro Borough

**Two Sample t Test for 'Imported data from 'Erie Calc''**

*The TTEST Procedure*

**Statistics**

Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Total Hypo Tax	0	14	275.61	370.72	465.82	119.41	164.71	265.36	44.021	204	849.46
Total Hypo Tax	1	1	.	672.38	.	.	.	.	.	672.38	672.38
Total Hypo Tax	Diff (1-2)		-670	-301.7	66.667	119.41	164.71	265.36	170.49		

**T-Tests**

Variable	Method	Variances	DF	t Value	Pr >  t
Total Hypo Tax	Pooled	Equal	13	-1.77	0.1003
Total Hypo Tax	Satterthwaite	Unequal	0	.	.

**Equality of Variances**

Variable	Method	Num DF	Den DF	F Value	Pr > F
Total Hypo Tax	Folded F	13	0	.	.

APPENDIX—AREAWIDE 1  
Millersville

Appendix Area Wide 1  
Millersville Borough

**Two Sample t Test for 'Imported data from Millersville\$'**  
*The TTEST Procedure*

Variable	College	N	Statistics								
			Lower CL Mean	Upper CL Mean	Lower CL Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum		
Real Estate Per Capita	0	18	84.536	109.41	134.27	37.526	50.009	74.971	11.787	17.912	245.53
Real Estate Per Capita	1	1	.	86.553	.	.	.	.	.	86.553	86.553
Real Estate Per Capita	Diff (1-2)		-85.55	22.853	131.25	37.526	50.009	74.971	51.38		
Real Estate Adj. Per Capita	0	18	86.636	113.32	139.99	40.257	53.648	80.426	12.645	18.124	262.8
Real Estate Adj. Per Capita	1	1	.	126.36	.	.	.	.	.	126.36	126.36
Real Estate Adj. Per Capita	Diff (1-2)		-129.3	-13.05	103.24	40.257	53.648	80.426	55.118		
EIT Per Capita	0	18	69.672	78.08	86.487	12.686	16.906	25.345	3.9849	33.382	96.808
EIT Per Capita	1	1	.	47.819	.	.	.	.	.	47.819	47.819
EIT Per Capita	Diff (1-2)		-6.386	30.261	66.908	12.686	16.906	25.345	17.37		
EIT Adj. Per Capita	0	18	72.098	80.23	88.361	12.27	16.352	24.514	3.8541	33.776	96.808
EIT Adj. Per Capita	1	1	.	69.812	.	.	.	.	.	69.812	69.812
EIT Adj. Per Capita	Diff (1-2)		-25.03	10.418	45.862	12.27	16.352	24.514	16.8		
Total Tax Per Capita	0	18	181.31	207.89	234.46	40.096	53.434	80.105	12.594	63.608	321.99
Total Tax Per Capita	1	1	.	149.78	.	.	.	.	.	149.78	149.78
Total Tax Per Capita	Diff (1-2)		-57.71	58.11	173.93	40.096	53.434	80.105	54.898		
Total Tax Adj. Per Capita	0	18	186.3	214.55	242.8	42.635	56.818	85.178	13.392	64.359	344.63
Total Tax Adj. Per Capita	1	1	.	218.66	.	.	.	.	.	218.66	218.66
Total Tax Adj. Per Capita	Diff (1-2)		-127.3	-4.114	119.05	42.635	56.818	85.178	58.375		
(Real Estate +EIT) Per Capita	0	18	162.54	187.49	212.43	37.643	50.164	75.204	11.824	51.294	293.13
(Real Estate +EIT) Per Capita	1	1	.	134.37	.	.	.	.	.	134.37	134.37
(Real Estate +EIT) Per Capita	Diff (1-2)		-55.62	53.114	161.85	37.643	50.164	75.204	51.539		
(Real Estate +EIT) Adj. Per Capita	0	18	166.97	193.54	220.12	40.096	53.434	80.106	12.595	51.9	313.74
(Real Estate +EIT) Adj. Per Capita	1	1	.	196.17	.	.	.	.	.	196.17	196.17
(Real Estate +EIT) Adj. Per Capita	Diff (1-2)		-118.5	-2.627	113.2	40.096	53.434	80.106	54.899		
Adj. Exp less debt Per Capita	0	18	265.37	380.29	495.21	173.41	231.1	346.44	54.47	114.23	1120.7
Adj. Exp less debt Per Capita	1	1	.	238.68	.	.	.	.	.	238.68	238.68
Adj. Exp less debt Per Capita	Diff (1-2)		-359.3	141.62	642.54	173.41	231.1	346.44	237.43		
Police Per Capita	0	18	77.758	112.68	147.61	52.701	70.232	105.29	16.554	18.887	343.05
Police Per Capita	1	1	.	118.08	.	.	.	.	.	118.08	118.08
Police Per Capita	Diff (1-2)		-157.6	-5.398	146.84	52.701	70.232	105.29	72.156		

Appendix Area Wide 1  
Millersville Borough

Variable	College	N	Statistics								
			Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Other PS Per Capita	0	18	-0.211	1.5706	3.3518	2.6877	3.5818	5.3696	0.8442	0	12.571
Other PS Per Capita	1	1	.	0	.	.	.	.	.	0	0
Other PS Per Capita	Diff (1-2)		-6.193	1.5706	9.3346	2.6877	3.5818	5.3696	3.6799		
Adj. Exp less debt Adj. Per Capita	0	18	273.84	392.65	511.46	179.28	238.92	358.17	56.313	115.58	1134.4
Adj. Exp less debt Adj. Per Capita	1	1	.	348.45	.	.	.	.	.	348.45	348.45
Adj. Exp less debt Adj. Per Capita	Diff (1-2)		-473.7	44.198	562.08	179.28	238.92	358.17	245.46		
Police Adj. Per Capita	0	18	79.552	116.74	153.94	56.121	74.79	112.12	17.628	19.11	367.17
Police Adj. Per Capita	1	1	.	172.39	.	.	.	.	.	172.39	172.39
Police Adj. Per Capita	Diff (1-2)		-217.8	-55.65	106.47	56.121	74.79	112.12	76.839		
Other PS Adj. Per Capita	0	18	-0.204	1.5921	3.3885	2.7107	3.6124	5.4155	0.8514	0	12.662
Other PS Adj. Per Capita	1	1	.	0	.	.	.	.	.	0	0
Other PS Adj. Per Capita	Diff (1-2)		-6.238	1.5921	9.4224	2.7107	3.6124	5.4155	3.7114		

Appendix Area Wide 1  
Millersville Borough

<b>T-Tests</b>					
<b>Variable</b>	<b>Method</b>	<b>Variiances</b>	<b>DF</b>	<b>t Value</b>	<b>Pr &gt;  t </b>
Real Estate Per Capita	Pooled	Equal	17	0.44	0.6621
Real Estate Per Capita	Satterthwaite	Unequal	0	.	.
Real Estate Adj. Per Capita	Pooled	Equal	17	-0.24	0.8157
Real Estate Adj. Per Capita	Satterthwaite	Unequal	0	.	.
EIT Per Capita	Pooled	Equal	17	1.74	0.0995
EIT Per Capita	Satterthwaite	Unequal	0	.	.
EIT Adj. Per Capita	Pooled	Equal	17	0.62	0.5434
EIT Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Total Tax Per Capita	Pooled	Equal	17	1.06	0.3046
Total Tax Per Capita	Satterthwaite	Unequal	0	.	.
Total Tax Adj. Per Capita	Pooled	Equal	17	-0.07	0.9446
Total Tax Adj. Per Capita	Satterthwaite	Unequal	0	.	.
(Real Estate +EIT) Per Capita	Pooled	Equal	17	1.03	0.3172
(Real Estate +EIT) Per Capita	Satterthwaite	Unequal	0	.	.
(Real Estate +EIT) Adj. Per Capita	Pooled	Equal	17	-0.05	0.9624
(Real Estate +EIT) Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Adj. Exp less debt Per Capita	Pooled	Equal	17	0.60	0.5587
Adj. Exp less debt Per Capita	Satterthwaite	Unequal	0	.	.
Police Per Capita	Pooled	Equal	17	-0.07	0.9412
Police Per Capita	Satterthwaite	Unequal	0	.	.
Other PS Per Capita	Pooled	Equal	17	0.43	0.6749
Other PS Per Capita	Satterthwaite	Unequal	0	.	.
Adj. Exp less debt Adj. Per Capita	Pooled	Equal	17	0.18	0.8592
Adj. Exp less debt Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Police Adj. Per Capita	Pooled	Equal	17	-0.72	0.4788
Police Adj. Per Capita	Satterthwaite	Unequal	0	.	.
Other PS Adj. Per Capita	Pooled	Equal	17	0.43	0.6733
Other PS Adj. Per Capita	Satterthwaite	Unequal	0	.	.

Appendix Area Wide 1  
 Millersville Borough

Equality of Variances					
Variable	Method	Num DF	Den DF	F Value	Pr > F
Real Estate Per Capita	Folded F	17	0	.	.
Real Estate Adj. Per Capita	Folded F	17	0	.	.
EIT Per Capita	Folded F	17	0	.	.
EIT Adj. Per Capita	Folded F	17	0	.	.
Total Tax Per Capita	Folded F	17	0	.	.
Total Tax Adj. Per Capita	Folded F	17	0	.	.
(Real Estate +EIT) Per Capita	Folded F	17	0	.	.
(Real Estate +EIT) Adj. Per Capita	Folded F	17	0	.	.
Adj. Exp less debt Per Capita	Folded F	17	0	.	.
Police Per Capita	Folded F	17	0	.	.
Other PS Per Capita	Folded F	17	0	.	.
Adj. Exp less debt Adj. Per Capita	Folded F	17	0	.	.
Police Adj. Per Capita	Folded F	17	0	.	.
Other PS Adj. Per Capita	Folded F	17	0	.	.

Appendix Area Wide 2  
Millersville Borough

**Two Sample t Test for 'Imported data from 'Lancaster Calc''**

*The TTEST Procedure*

**Statistics**

Variable	College	N	Lower CL Mean	Mean	Upper CL Mean	Lower CL Std Dev	Std Dev	Upper CL Std Dev	Std Err	Minimum	Maximum
Total Hypo Tax	0	18	448.49	493.39	538.29	67.751	90.288	135.35	21.281	357.51	699.31
Total Hypo Tax	1	1	.	544.04	.	.	.	.	.	544.04	544.04
Total Hypo Tax	Diff (1-2)		-246.4	-50.66	145.05	67.751	90.288	135.35	92.762		

**T-Tests**

Variable	Method	Variances	DF	t Value	Pr >  t
Total Hypo Tax	Pooled	Equal	17	-0.55	0.5921
Total Hypo Tax	Satterthwaite	Unequal	0	.	.

**Equality of Variances**

Variable	Method	Num DF	Den DF	F Value	Pr > F
Total Hypo Tax	Folded F	17	0	.	.

## CHAPTER 4 CASE STUDIES

### Introduction

For this report, two statistical approaches have been used to examine the impact that major universities have on host municipalities. The first approach, a Probit model, compared 20 university municipalities to similar communities without universities. The second statistical approach compared each of the five host municipalities to the average of various fiscal parameters for cities and boroughs within their respective counties.

In addition, individual case studies of the fiscal implications of service levels in the five host university communities were prepared by PEL. For this, PEL solicited data from each of the municipalities and each of the respective universities. PEL also met with municipal officials (generally the manager, police chief, code enforcement officer) in order to obtain their views on the fiscal and related impacts of the university's presence in the municipality. PEL also met with officials of each university to discuss the specific areas of fiscal impact and general town and gown relationships between the university and the host municipality.

PEL believes that wherever possible data in quantitative terms is most beneficial. Unfortunately, numerous quantitative measures were either not available or the cost to gather such data was prohibitive. An example of the data PEL attempted to gather by questionnaire is attached as Exhibit Questionnaire-1.

PEL also reviewed available municipal data including applicable financial statements, audits, assessments, EIT collections, and comprehensive plans.

With respect to the Universities, PEL found useful data in the State University System Fact Book (2004 and 2005) supplemented by sections from each University's Master/Comprehensive Plans as available on the University's Website and as provided by the University in the interview sessions.

Finally, 2000 Census statistics were used to provide an over all demographic and income background of the host communities.

## **Exhibit Questionnaire – 1**



<b>Municipalities Are Asked to Provide (cont'd)</b>			
	<b>Year</b>	<b>Available</b>	<b>Not Available</b>
<b>Budgeted Personnel by Position and Number All Departments (Electronic And Hard Copy)</b>			
	2000		
	2001		
	2002		
	2003		
	2004		
	2005		
<b>Audit Reports 2000-2004 [For 2004 When Available] (Hard Copy)</b>			
	2002		
	2003		
	2004		
<b>All Tax Rates 2000-2005 (R.E., 511 etc.) Include Amusement/Admissions if Applicable (Electronic and Hard Copy)</b>			
	2000		
	2001		
	2002		
	2003		
	2004		
	2005		
<b>Any Payments In Lieu Of Taxes By University</b>			
	2000		
	2001		
	2002		
	2003		
	2004		
	2005		

<b>Municipalities Are Asked to Provide (cont'd)</b>			
	<b>Year</b>	<b>Available</b>	<b>Not Available</b>
Any Other Special Payments Contributions By University (Hard Copy)			
	2000		
	2001		
	2002		
	2003		
	2004		
	2005		
Collective Bargaining Agreements Covering Latest Two Contract Periods: Police, Fire, EMS, Public Works (Hard Copy)			
Municipal Comprehensive Plan Latest (Hard Copy)			
<b>Municipalities Are Asked to Provide From Their Tax Collector:</b>			
[OPT] EMS Collected by Number of Receipts and Total For All Payers			
	2000		
	2001		
	2002		
	2003		
	2004		
When Available	2005		
[OPT] EMS Collected by Number of Receipts and Total Payers Attributed to University			
	2000		
	2001		
	2002		
	2003		
	2004		
When Available	2005		
Amusement/Admission Receipts from University			
	2000		
	2001		
	2002		
	2003		
	2004		

<b>Municipalities Are Asked to Provide (cont'd)</b>			
	<b>Year</b>	<b>Available</b>	<b>Not Available</b>
<b>For Each Year EIT Collected By Income Distribution Total Municipality—Similar to Census Distribution (Electronic and Hard Copy)</b>			
	2000		
	2001		
	2002		
	2003		
	2004		
<b>EIT Collected by Income Distribution Attributed to University Employees Living in a Municipality (Electronic and Hard Copy)</b>			
	2000		
	2001		
	2002		
	2003		
	2004		
<b>Revenue Totals Attributable to University Purchased Utilities, e.g., Sewer, Water, Electric, and Gas</b>			
	2000		
	2001		
	2002		
	2003		
	2004		
<b>Any Cooperative Agreements with University, e.g., Police, Fire, Code</b>			
<b>Any Inter Municipal Cooperative Agreements with Surrounding Municipalities Relative to University</b>			
<b>Universities Will Be Asked to Provide:</b>			
<b>Number of Students Living On Campus [Dorms, Apartments Etc.] (Electronic and Hard Copy)</b>			
	2000		
(Clarify how the University classifies students housed in fraternities, sororities, and co-operative.)	2001		
	2002		
	2003		

	2004		
<b>Universities Will be Asked to Provide (cont'd):</b>			
	<b>Year</b>	<b>Available</b>	<b>Not Available</b>
Number of Students Living in Municipality Off Campus(Electronic and Hard Copy)			
	2000		
(Clarify how the University classifies students housed in fraternities, sororities, and co-operative.)	2001		
	2002		
	2003		
	2004		
Number of Students Whose Permanent Address is the Municipality (Electronic and Hard Copy)			
	2000		
(Possible use of commute distance to calculate student usage of roads and parking demand)	2001		
	2002		
	2003		
	2004		
Number of Employees Living in the Serviced Municipality by Category if Possible [Faculty, Etc] (Electronic and Hard Copy)			
	2000		
	2001		
	2002		
	2003		
	2004		
University Total Payroll Distribution by Dollars (Electronic and Hard Copy)			
	2003		
	2004		
University Payroll Distribution by Dollars for Residents of the Host Municipality (Electronic and Hard Copy)			
	2003		
	2004		
	2005		
List of All Real University Property in Host Municipality Tax Exempt and Taxable (Hard Copy)			

	2005		
<b>Universities Will be Asked to Provide (cont'd):</b>			
	<b>Year</b>	<b>Available</b>	<b>Not Available</b>
Estimated Market Value Of Real Property in Host Municipality (Hard Copy)			
	2000		
	2001		
	2002		
	2003		
	2004		
	2005		
Development Plans Within the Host Municipality and Contiguous Municipalities (Hard Copy)			
	Latest		
Cooperative Agreements with Municipality (Hard Copy)			
	Latest		
Cooperative Agreements with Surrounding Municipalities (Hard Copy)			
	Latest		
Other Yet to be Determined e.g. Revenues Expenditures by Group In/Out Municipality			

## Municipal Service Levels Discussion—Criteria Factors

### Normal Operations

- There needs to be some measure of municipal services given to both University and University students living off campus.
- These measures are particularly critical for:
  - Police
  - Ambulance (if municipal function)
  - Fire (if municipal function)
  - Code Enforcement
  - Other big service areas
- Goal—is to determine the percent of each relevant municipal. department’s costs measured by time (man hours/or like parameter) incurred because of the university or university students off campus.

### Issues

- Are there data readily available to measure such service allocations?
- If data are not readily available is there a data base that could be accessed?
- Could a sampling procedure be used to get at these parameters
- Has the University provided in kind contributions to the normal service delivery?
- Can these be measured?

### Special Costs Related to University

- Beyond the normal services functions does the municipality incur special university related costs?
- Are these costs reimbursed by the University, by others?
- Can these costs be specific and measured?
- Has the municipality incurred costs for special equipment i.e., special fire apparatus, EMS equipment, etc.?
- Have these been reimbursed by the University and/or others.

## CHAPTER 4—SECTION 1

### CASE STUDIES

#### West Chester Borough

Located in southeastern Pennsylvania, West Chester Borough is the county seat of Chester County. West Chester is approximately 25 miles west of Philadelphia and 92 miles southeast of Harrisburg. Although West Chester retains a small town atmosphere, it is an urban center in the heart of the Philadelphia metro area. The communities which immediately surround it generally have a suburban composition. The Borough encompasses approximately 1.8 square miles.

#### Population Characteristics

Between 1990 and 2000 West Chester Borough experienced a decrease in population from 18,041 to 17,861, a decline of 180 or 1.0 percent. Chester County's population increased from 376,396 in 1990 to 433,501 in 2000, an increase 57,105 or 15.2 percent. (See Exhibit 1.)

In 1990, West Chester Borough had 10,022.8 persons per square mile; in 2000 the population per square mile decreased by 100 or 1.0 percent to 9,922.8 persons per square mile. Chester County persons per square mile grew by 75.5 or 15.2 percent from 497.9 to 573.4. (See Exhibit 2.)

The number of individuals residing in group quarters in West Chester Borough decreased from 3,410 in 1990 to 3,383 in 2000, a decline 27 or 0.8 percent. In 1990 18.9 percent of West Chester Borough's total population resided in group quarters, and in 2000 it remained at 18.9 percent. In 1990, 3.4 percent of the County's population resided in group quarters and remained at 3.4 percent in 2000. (See Exhibit 3.)

The high percentage of Borough residents living in group quarters reflects university students living in university housing located in the Borough.

The primary component of West Chester Borough's population, "household population" (the population exclusive of those residing in group quarters) decreased from 14,631 in 1990 to 14,478 in 2000, a decline of 153 people or 1.0 percent. In 1990, household population represented 81.1 percent of West Chester Borough's total population remained at 81.1 percent in 2000. The household population in Chester County in 1990 represented 96.6 percent of the county's total population and remained at 96.6 percent in 2000. (See Exhibit 4.)

In 2000, 13.4 percent of the population in West Chester Borough was under 18 years of age, 77.6 percent was between the ages of 18 and 64, and 9.0 percent was age 65 and over.

West Chester Borough's 2000 population under the age of 18 (13.4 percent) was below the County's total of 26.2 percent. The proportion of the Borough's population in the 18-64 age group (77.6 percent) was above that of the County (62.1 percent), and the proportion of West Chester Borough's population age 65 and older (9.0 percent) was below the County (11.7 percent). In 2000, the median age in West Chester Borough was 24.6 (down from 25.3 in 1990); the County median age was 36.9 (up from 33.8 in 1990). In the Commonwealth, the median age in 2000 was 38.0 (up from 35.0 in 1990). (See Exhibit 4A and Exhibit 4B.)

In 2000, West Chester Borough had 3,600 persons or 20.2 percent of its population in the 18 to 21 years of age category. The corresponding County percentage is only 3.7 percent. This difference is attributed primarily to the West Chester University students. The younger median age of the Borough reflects those in the 18 to 20 category located at the University. Thus, both the percentage of persons in group quarters and the percentage of population in the 18 to 21 age group is skewed because of university students.

U.S. Census Bureau estimates that as of July 2004 the population of West Chester Borough had decreased by 160 persons or 0.9 percent since 2000. The County's population is estimated to have increased by 32,294 or 7.4 percent during this period. (See Exhibit 5.)

### Housing Units

In 2000, the Borough had 2,331 owner-occupied housing units, a decline of 74 from 2,405 in 1990. The number of renter-occupied units in the Borough in 2000 totaled 3,934 an increase of 229 units or 6.2 percent over the 3,750 renter-occupied units in 1990. The percentage of renter units was 60.1 percent of the total housing units, an increase from the 1990 percentage of 57.4 percent. This large percentage of renter-occupied units is mentioned as a cause for concern in West Chester Borough's Urban Center Revitalization Plan because of the perception that renter-occupied units tend to be less stable than owner-occupied units. Based on discussions with municipal officials, students comprise a large part of the renter occupied units. (See discussion under Code Enforcement below.)

For the County in 2000, owner-occupied housing was 73.5 percent compared with 71.2 percent in 1990. For County renter-occupied units the relevant numbers are 22.9 percent in 2000

and 24.3 percent in 1990. There is a significance difference between the Borough and the County in the percentage of renter-occupied housing units. (See Exhibit 6, 7, and 8.)

The median value for Borough owner-occupied housing in 2000 was \$140,400 an increase from the 1990 value of \$116,300 or 20.7 percent. In the County, the median value of owner-occupied housing for 2000 was \$182,500, compared to the 1990 value of \$155,900, an increase of 17.1 percent. (See Exhibit 6.)

### Income Measures

In 1990, the per capita income in West Chester Borough was \$13,082. By 2000 it had increased by \$5,991 or 45.8 percent to \$19,073. The County's per capita income in 2000 was \$31,627 an increase of \$11,206 or 53.5 percent from \$20,601 in 1990. (See Exhibit 9.)

Proportionally, the Borough's per capita income for 2000 was 60.3 percent of the per capita income for the County.

Median household income for the Borough in 2000 was \$37,803 an increase from \$31,262 in 1990. The County median household income for 2000 was \$65,295 an increase of \$45,642 from 1990. The percentage of Borough's median household income to the County was 57.9 percent. (See Exhibit 10.)

Median family income for the Borough in 2000 was \$51,018, an increase from \$39,351 in 1990. For the county median family income was \$76,916 in 2000, an increase from \$52,325 in 1990. The ratio of the Borough to the County for the 2000 median family income was 66.3 percent. (See Exhibit 11.)

The ratio of median family income of the Borough to the County should be greater than the median household income ratio because student income is not generally included in the family income measure but is included in household income. For example, students not living in group quarters would be in the household group data set. This, in fact, seems to be the case with the difference in percentages.

### West Chester Borough Operational Profile

Compared to many other boroughs in the Commonwealth, West Chester Borough is a dynamic, and affluent municipality. Reasons for this include a location in the affluent and growing suburban Philadelphia area, the preservation and marketing of its history and period

architecture, a very aggressive downtown revitalization program, and the role played by the University in the cultural, educational, and economic vitality of the region.

The Borough is governed under a Home Rule Charter. It has seven council members who appoint a Borough Manager. The Borough also has an elected Mayor who has the right of veto over Borough legislation and who may vote in order to break a tie vote of Council.

The Manager is in charge of all administrative activities of the Borough except for the Police Department. The Police Department and the Police Chief are supervised by the Mayor.

The Borough provides police and fire coverage, code enforcement, refuse collection and disposal, sewer collection and treatment, storm waste collection, street and road maintenance and cleaning, parks facilities, and recreation programs. Because of the high traffic flow and related parking issues, the Borough has built and maintained a number of parking garages, as well as various meter and residential permit parking plans.

#### Police Department

In 2005 the Police Department had 45 sworn officers, including the Chief of Police. The budgeted salary expenditure for these officers was approximately \$2.8 million. The sworn officers were complemented by about ten support staff, whose base wages totaled just over \$375,000. The number of sworn officers has decreased from 2001, when the Urban Center Revitalization Plan listed 51 sworn officers. (See Table West Chester - Police 1 for departmental complement.)

In addition to providing police coverage to the Borough, West Chester Police also provides coverage under a contract for services to East Bradford Township. The Department dedicates about six officers of its total to provide this coverage.

#### Fire Department

Fire Service in the Borough is provided through the West Chester Fire Department which is comprised of three separate volunteer fire companies: First West Chester Fire Company, the Goodwill Fire Company, and the Fame Fire Company.

Each company owns its buildings but the equipment is owned by the Borough and includes five engines and a ladder truck. In addition to providing service to the Borough, the Fire Department provides coverage to all or parts of various neighboring townships. The

Volunteer Companies have about 120 members. According to the comprehensive plan, the average response to a call is 13 volunteers with 62 firefighters responding to a structure fire.

#### Public Works

The Public Works Department maintains and repairs the Borough's streets. About 28 miles of streets are owned by the Borough, six miles are owned by the Commonwealth, and there are about 11 miles of Borough-owned alleys. In addition, the Department collects refuse and maintains the parks throughout the municipality. To carry out these functions the Department retains about 35 full-time employees at a 2005 budgeted cost of \$1.301 million.

#### Sewer Service

The Borough owns and operates about 40 miles of sewer lines in the municipality as well as related connectors (in excess of 4,000 connections) and more than four pumping stations. In addition, the Borough operates one treatment plant and purchases treatment capacity at another. The Borough employs about 19 people to maintain the sewer service at a base wage cost in 2005 of just over \$805,000.

#### Parking Facilities and Control

Available and convenient parking is a critical issue in the Borough. The "shortage" of parking spaces results in part from the historical street configuration of the Borough, its position as the County seat and the center of County services, and the need for student parking. To address this situation, the Borough has engaged in an aggressive parking violation enforcement campaign, and has instituted a parking permit program especially in the off-campus student rental housing area. In addition, the Borough operates three parking garages; two of which were built in cooperation with the University and are used for university related parking. In order to administer and staff a parking system the Borough employed approximately nine persons at a base wage cost of just over \$319,000 in the 2005 budget.

#### Code Enforcement

The Borough has initiated a strong code enforcement and inspection program with the goals of regulating the high renter occupancy, preserving the historical integrity of various

neighborhoods, and to provide safety for its resident tenants. The Code Enforcement function is carried out by a staff of about five employees at a 2005 budget wage cost of approximately \$232,000.

#### Recreation

The Borough has full-time personnel to carry out its recreational programs. These positions are supplemented with part-time employees. For 2005, the budgetary cost for the full-time employees wages was about \$124,000.

#### Management and Finance

The Borough retains six employees (including the Borough Manager) to provide overall financial and management direction. The 2005 budgeting wage cost for this function was approximately \$329,000.

#### Borough of West Chester's Fiscal Status (2004 Audit)

##### Governmental Funds

The 2004 Audit enumerates four major governmental funds: the General Fund, the Capital Operating Revenue Fund, the Highway Aid Fund, and the Capital Improvement Fund. The latter three funds utilize grants and other sources for roads/streets as well as capital improvements. Exhibit West Chester-Finance 1.1 provides the Balance Sheet. Exhibit West Chester-Finance 1.2 provides the Statement of Revenues, Expenditures, and changes in Fund Balances.

In summary the 2004 General Fund relevant items are:

Revenues:	\$9.810 million
Expenditures:	(12.086) million
Net Other Sources:	<u>1.649 million</u>
Net Change in Fund Balance	(626) million
Fund Balance Beginning Year	<u>0.979 million</u>
Fund Balance End of Year	\$ 0.352 million

- For 2004 there was more than a half million dollar reduction in fund balance.
- Total revenues were utilized to cover about 81 percent of General Fund Expenditures in 2004.
- Total Tax Revenue supported approximately 49 percent of General Fund Expenditures
- Net Other Sources paid for approximately 14 percent of 2004 General Fund Expenditures. This category is comprised of transfers from the other governmental funds and from the Sewer and Parking enterprise funds.
- Fines, forfeits and costs paid for approximately 10 percent of total General Fund expenditures.
- Charges for Services contributed approximately 15 percent toward expenditures. Within this category police service contracts and fire protection contracts to other municipalities make up almost 8 percent of the total charges for services.
- Public Safety expenditures (excluding employee fringe benefits) account for almost 40 percent of total 2004 General Fund expenditures.
- Spending for police services amounts to about 32 percent of Public Safety Expenditures, with Housing Code Enforcement, Fire, and Parking, respectively, in the 2 to 2.5 percent range of the total Public Safety Expenditures.

- The second largest expenditure category after public safety is insurance and employee benefits, which comprise almost 17 percent of total expenditures. Much of this cost could be attributed to Public Safety if benefits were allocated by department.
- Public Works make up about 18 percent of total expenditures.
- The remaining categories of total expenditures are: General Government at nine percent; Culture and Recreation at nine percent and Debt Service at seven percent.

### Taxes and Tax Base

Total taxes, amounting to \$5.881 million, provide only 49 percent of General Fund Expenditures and 60 percent of total General Fund revenues (excluding other sources). Total tax revenue is the largest single revenue source for the General Fund. For 2004, the following factors are important:

- The Real Estate Tax for 2004 (current and delinquent) totaled about 48 percent of total taxes. Current real estate taxes for 2004 were levied at 4.44 mills on an assessed valuation of \$617 million.
- The Earned Income Tax generated about 40 percent of total tax revenue. The earned income tax is levied on the earned income of municipal residents at the rate of one-half percent. The tax is also levied on those who work in the Borough and do not have a tax in their municipality of residence. Residents of the Borough who work in Philadelphia pay their earned income tax to the City of Philadelphia and not the Borough pursuant to the Sterling Act.

- Other Borough Tax revenues as a percent of total tax revenue:

<u>Category</u>	<u>%</u>
Real Estate Transfer Tax (Deed Tax)	7.0
Occupational Privilege Tax (OPT)	3.0
Amusement Tax	≥ 1.0
Business Privilege/Mercantile Tax	3.0

A small proportion of total tax revenue is received from business activity under the Business Privilege and Mercantile Tax. This is a result of a tax cap of \$150 for each business. Consequently, an increase in sales of an individual business does not result in additional revenue to the Borough and growth is limited to the creation of new enterprises.

Prior to 2005, the OPT was levied at \$10 per employee in the Borough regardless of their residence. Of the \$10 levied, \$5 was retained by the Borough and \$5 was remitted to the school district. Beginning in 2005 the OPT Tax was replaced with the Emergency and Municipal Service Tax (EMST) at a rate of \$52, with the Borough retaining \$47 and \$5 remitted to the School District.

The tax revenue sources of the Borough remain quite limited. One of the principal goals mentioned in the Urban Center Revitalization Plan was to enhance the Borough’s tax base and tax revenue stream. Real estate tax base growth is limited since the Borough has little available land for development. Only if significant redevelopment were to occur would taxable assessed value of real property increase in the Borough.

The Borough can generate additional real estate tax revenue by increasing the rates of taxation, however this action creates a competitive disadvantage with adjacent communities.

Proprietary (Enterprise) Funds

The 2004 Audit for Borough lists two Enterprises Funds which account for business type services provided to Borough residents. These Funds are the Sewer Fund and the Parking Fund. Detailed information for these Funds from the 2004 audit is provided as Exhibits West Chester-Finance 2.1 and 2.2.

Each of these Funds is utilized to account for the Sewer Services and Parking Operations. These operations are generally structured so that that the revenue produced through charges for services cover expenses, including interest expense and depreciation.

In summary format below:

<u>Borough of West Chester</u>	<u>Sewer Fund</u>	<u>Parking Fund</u>
Operating Income	\$ 607,628	\$ 786,321
Total Nonoperating Rev. (Exp.)	(322,140)	579,308
Transfer Out	<u>580,000</u>	<u>395,000</u>
Change in Net Assets	\$ (294,512)	\$ 970,629
Net Assets Beg. of Year	<u>19,276,789</u>	<u>1,959,206</u>
Net Assets End of Year	\$18,982,277	\$2,929,835

The revenue derived through charge for services should be sufficient to meet income before transfers. If not indirect transfers from other sources would be necessary to meet the deficiency. Both Enterprise Funds provided transfers to the General Fund. For the six-year history between 1999 and 2004, transfers from the Enterprise Funds to the General Fund ranged between \$560,000 to \$580,000 from the Sewer Fund and between \$375,000 to \$395,000 from the Parking Fund. The transfer from the Parking Fund was to increase significantly in the 2005 budget.

Case Study—West Chester University Profile

Introduction

West Chester University’s “Main Campus” (North Campus) is located in the southern section of West Chester Borough with some areas located in West Goshen Township. The “Southern Campus,” comprised of the Health and Physical Education Complex, playing fields, university stadium, and a student housing complex is located in West Goshen and East Bradford Townships. The Southern Campus is approximately one mile from the main campus.

According to the Borough’s Comprehensive Plan, the University occupies 388 acres with 97 acres located within the Borough, about nine percent of the Borough’s total area.

West Chester University was founded in 1871 as a Normal School to train teachers. In 1927 it became a four-year teachers’ college. In 1960 it became West Chester State College and

subsequently became West Chester University. It is one of the 14 Pennsylvania state owned universities.

### Enrollment

Exhibit 12 provides enrollments for the spring of 2003 through 2005, and for the fall of 2002 through 2004. Exhibit 13 presents various differentiations of the 2004 fall enrollment by undergraduate/graduate; female/male; full-time/part-time; Pennsylvania resident/non resident; and minority/nonminority.

Exhibit 14 lists the top three Pennsylvania counties of residence for West Chester students.

Exhibit 15 converts the 2004 enrollment to full-time equivalents (FTE) for the fall of 2004. The original 12,822 enrollment is a full-time equivalent enrollment of 10,740.

- Full-time students total about 9,900 or 77 percent of total enrollment. However, almost 3,500 students are from Chester County and many may be commuter students.
- Female students outnumber male students by a 1.7 multiple.
- Almost 89 percent of students are Pennsylvania residents.

### Student/Faculty Ratio and Cost Per Full-time Equivalent Student

The student-faculty ratio has increased from the period 1999-00 through 2003-04. Exhibit 16 provide the yearly ratios and related statistics.

Exhibit 17 provides the cost per full-time equivalent student for West Chester University as well as similar costs for the state system as a whole. For the period, FTE costs increased from \$11,763 in 1999-00 to \$13,111 in 2003-04, an increase of about 2.8 percent per year.

### Facilities

The physical assets of West Chester University are depicted in Exhibit 18. These data are compared to the state system as a whole. These data includes the physical education fields, stadium, and apartment complex in the South Campus located in West Goshen and East Bradford Township. The dorm capacity is 3,535 students, which is set as an upper limit “resident on campus students” as of the fall 2004.

### University Employment

An important regional economic benefit provided by the University is employment. Exhibit 19 depicts the number of full-time salaried and hourly employees for both West Chester University and for the state system.

### Case Study—West Chester Town and Gown Relationship

#### Key Areas/Issues

The intricate relationship between the University and the Borough makes it difficult to examine the role that the University plays in the fiscal structure of the Borough. The key municipal/university relationships which affect the fiscal status of the Borough are borough revenue sources, public safety response and service, off-campus housing, parking, and infrastructure development.

- Statistical Deficiency

The *State Fact Book for 2005* indicates that the University enrollment in 2004 was 12,822 students. University provided data for 2004 indicates 4,010 students were university residents and 8,812 students live either in or outside the Borough. The University did not provide data on how many of those 8,812 students reside within the Borough. The inability to determine where these students reside places a significant burden on analyzing major fiscal issues affecting the Borough.

#### Revenue

- Real Estate Tax Revenue

The University is a tax-exempt institution and pays no real estate tax to the Borough. The Borough's 2003 real estate assessments are shown in Exhibit 20. Total assessed valuation for 2003 was approximately \$857.8 million. Of this total, the exempt valuation was \$248.2 million with the University's assessed valuation at \$91.9 million. The University owns just over one-third of the total tax-exempt valuation, and approximately 11 percent of the total municipal valuation. The University's share of assessed valuation is relatively low compared to the common view that the University dominates non-assessed property. Some possible explanations are:

1. West Chester is the county seat and therefore has a number of tax-exempt county government parcels.
2. The Borough is also the home of a number of nontaxable properties such as hospitals, public and private schools, etc.
3. Tax Exempt parcels are not normally assessed and therefore their true assessed value that reflects improvements or changes in use may not be accurately measured and will result in a lower percentage of the total assessment base.

#### Payments in Lieu of Taxes

Although not required by law to pay real estate taxes, some nontaxable entities make payments-in-lieu-of-taxes (PILOT). These payments are a method of compensation to the municipality for the municipal provided services.

With respect to the West Chester University and indeed for the entire State System of Higher Education (SSHE), University officials have told PEL that no such payments are made. Further, PEL has been told that the SSHE legal counsel has issued an opinion that because the University System is part of the Commonwealth, and because there is no specific state legislature authority for in-lieu-of payments, the University is precluded from making such in-lieu-of payments. (This position was also expressed by the other university representatives.)

#### Other Payments

West Chester University does, however, make contributions to the municipality for the volunteer fire company of between \$2,500-\$3,325 annually.

#### University Employees and Tax Payments

- Tax Contributors

The University has reported in 2004 it had 232 employees living in the Borough consisting of 78 faculty and 154 other staff. The total number of full-time salaried and hourly employees as given in the State Data Book is 1,238. Thus, about 19 percent of these full-time salaried and university employees would pay some combination of real estate tax, and/or earned income tax, to the Borough.

The large majority of University employees do not live in the Borough. In fact, the tax resources provided to the surrounding communities would appear to be substantially larger than to the Borough.

As a cross reference the Borough also provided data on the number of university employees who are Borough residents. For 2003 this number was 273, and for 2004 was 239. Although somewhat different than the University's count, the numbers are generally comparable.

- Earned Income Tax (EIT)

According to data provided by the Borough, EIT collections from University employees for 2003 totaled \$99,734 and total Borough EIT collections were about \$2.397 million. The Borough received about four percent of its total EIT from University employees in 2003.

Students pay EIT to their "home" municipality. Since students usually list their place of parental/family residence as their permanent address, earnings derived from a student's university employment does not go to the host municipality unless the host municipality is the students listed domicile. (Note: 2003 data was used because only one-half year of 2004 EIT data were available.)

- Occupational Privilege Tax (OPT)

The Occupational Privilege Tax is paid by all persons who are employed within the Borough. For 2003, 1,277 persons employed by the University were reported for OPT payment purposes. The tax payment equals \$12,770, one-half of which was remitted to the school district.

For 2003 the total OPT collected from University employees for the Borough amounted to \$142,116 (nine percent of the total Borough OPT). The corresponding percentage for 2004 was approximately eight percent.

- 2005—Emergency and Municipal Service Tax (EMST)

The OPT tax was “transformed” into a new tax, the Emergency and Municipal Service Tax (EMST) by the State Legislature in late 2004. The tax limit can be as high as \$52 per employee with \$5 paid to the school district and the remainder to the Borough. For 2005, the Borough enacted the full \$52 per employee. (Various tax forgiveness features are possible depending on income levels).

The principal focus of the new tax was to provide additional revenue to pay for certain municipal services from those employed in the Borough. The EMST is applicable to students and other employees who work at the University but who are not Borough residents for other tax purposes. For 2005, the Borough received approximately \$\*municipal\*. If the number of university employees held at about the same rate as 2004 the amount attributed to the University would be approximately \_\_\_\_ thousand. This is before any income level forgiveness was applied based upon the Borough’s ordinance.

#### Police/Crime Service Issues:

The police department has 45 sworn officers approximately six of whom cover East Bradford Township. The University has 20 sworn police officers and approximately another 20 security officers.

Under Pennsylvania law, the University officers have full police powers including the right to fully prosecute offenders. Interpretations by the SSHE’s legal counsel as communicated to PEL by University officials, permit University police to have primary jurisdiction only on the University campus. Further, nonprimary jurisdiction cannot generally be utilized in nearby off-campus areas with municipality. Assistance in emergency cases, however, is permissible when requested by Borough police.

There is at present no written “municipal cooperation services agreement” between the Borough and the University police. There had been a prior agreement but with mutual aid “agreement” the advent of Acts 48, and Section D of the Municipal Police Jurisdiction Act and the SSHE’s interpretation, the University believes that such an agreement is no longer warranted. (See below for further discussion of this issue.)

According to the Urban Center Revitalization Plan, crime calls in 2001 were 19,233. Exhibit West Chester - Police 2 provides a breakdown of crime for 2001 by classification.

From the Borough's police chief perspective, a significant portion of the drunkenness, disorderly, and like crimes are related to the 18-21 year category.

From late August of 2005 through January 1, 2006, the Borough's police department carried out a special program called "Operation Vigilance". During this period, 550 persons were arrested who were between the ages of 18 to 26 and were not known as criminal offenders. During the same period, total persons arrested for all age groups was \*municipal\*. Thus the percentage of Operational Vigilance arrests was \_\_\_\_\_. See Exhibit West Chester -Police 3.

The largest percentage of arrests dealt with alcohol and disorderly conduct. In fact, alcohol and disorderly conduct comprise 89 percent of the arrests.

The Police Chief believes that these incidents place an added demand on the Department's response effort and manpower. In an effort to address this issue, the Chief in 2004 requested that three university officers pair with three municipal officers to conduct bike patrols in the "trouble spot areas." The proposal was rejected based on the State System's interpretation of Act 48 and the Statewide Municipal Police Jurisdiction legislation.

### Fire Calls

For the period of January 1 through November 11, 2005, there were 642 fire calls for the Borough. Of this number, calls to the student neighborhood were 118 or 18.38 percent. The exact number of calls to the University itself was not available.

### Code Enforcement/Housing

As previously mentioned, there is significant concern about the large number of rental housing units within the Borough. There is additional concern that these units be maintained in conformance with the applicable building and other safety codes. The Borough has put into place a significant code enforcement program to ensure that the rental units meet the code standards.

According to Borough officials, there seems to have been a significant improvement in the maintenance and care of the rental structures since these codes and enforcement were implemented.

Exhibit West Chester-Housing 1 provides 2005 counts for rental units in the Borough. Of the total 4,769 rental units enumerated by the Borough, 1,934 are student units comprising just over 40 percent of all rental units.

An important issue to the Borough is the increase in the number of rental units. University officials believe that because of the opening of new student housing on the South Campus as well as other new student rental housing in West Goshen there will not be a significant increase in the number of off campus student rentals and the demand for conversion of single family housing to rental units within the Borough.

#### Parking:

Vehicle parking is a significant problem in the Borough. It is particularly acute in the University area and in the peripheral student housing sector. The parking problem has escalated because of the conversion of single family housing to multi unit apartments which have multiple vehicles.

The Borough has attempted to use its zoning power for parking control. In addition, a permit parking program was instituted during the 1970s. At present, Borough officials estimate 1,200 parking permits are issued with approximately 80 percent in the University related housing areas. About 20 percent of the permits are in the central business district.

The Borough and the University have cooperated in the building of the Sharpless and Matlack Parking structures (totaling over 880 spaces). These parking facilities have been a positive factor in providing relief to the parking demand. The building of a new parking facility off the western part of the North Campus is presently under discussion.

#### Infrastructure/Sewers:

The Borough provides sewer service to the University. Over time, the University has assisted with various financial arrangements to aid in sewer service improvements which have benefited the University. In addition, the University as a major sewer user provides part of the general revenue stream for sewer collection and treatments.

For 2004, sewer charges for the University were approximately \$223,300 or 5.3 percent of the Borough total. Total charge for sewer from all sources per the 2004 audit was about \$4.2 million.

Other Areas:

According to both the Borough and University officials, there is a generally a cooperative spirit between the Borough and the University. There are periodic Town and Gown meetings at which various issues are discussed. Recently, there was vocal opposition by Borough residents to the proposed transfer of Church Street to the University to better integrate the campus and enhance pedestrian flow.

The street is used essentially as a part of the campus and if private interests can be accommodated, an abandonment to the University should not be rejected out of hand.

The acquisition of taxable parcels by the University decreases further the taxable resources for the municipality and should generally be limited. In like manner, any University action which would promote further conversion of single-family units to multi unit rentals does not seem to be in the best interest of the Borough.

## EXHIBITS

Exhibit West Chester - Finance 1.1

Borough of West Chester  
 Balance Sheet  
 Governmental Funds  
 December 31, 2004

	Major Funds			
	General Fund	Capital Operating Reserve Fund	Highway Aid Fund	Capital Improvement Fund
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 585,976	\$ 308,635	\$ 84,631	\$ 103,812
Investments	-	11,106,225	-	-
Accounts Receivable, Net	127,730	29,664	-	7,875
Taxes Receivable, Net	100,789	-	-	-
Due from Other Funds	15,064	-	-	5,921
<u>TOTAL ASSETS</u>	<u>\$ 829,559</u>	<u>\$ 11,444,524</u>	<u>\$ 84,631</u>	<u>\$ 117,608</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 239,331	-	\$ 13,223	\$ 26,640
Accrued Wages Payable	24,468	-	-	-
Due to Other Funds	126,773	-	-	-
Deferred Revenues	86,925	-	-	-
<u>TOTAL LIABILITIES</u>	<u>477,497</u>	<u>-</u>	<u>13,223</u>	<u>26,640</u>
<u>FUND BALANCES</u>				
Reserved For Specific Purposes	-	11,444,524	71,408	90,968
Unreserved	352,062	-	-	-
<u>TOTAL FUND BALANCES</u>	<u>352,062</u>	<u>11,444,524</u>	<u>71,408</u>	<u>90,968</u>
<u>TOTAL LIABILITIES and FUND BALANCES</u>	<u>\$ 829,559</u>	<u>\$ 11,444,524</u>	<u>\$ 84,631</u>	<u>\$ 117,608</u>

For Notes to Financial Statements - See Complete Audit

## Exhibit West Chester - Finance 1.2

Borough of West Chester  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2004

	Major Funds			
	General Fund	Capital Operating Reserve Fund	Highway Aid Fund	Capital Improvement Fund
<b>REVENUES</b>				
Taxes	\$ 5,880,820	-	-	-
Licenses and Permits	783,846	-	-	-
Fines, Forfeits, and Costs	1,189,526	-	-	-
Interest, Dividends, and Rents	13,807	579,806	1,933	37,260
Intergovernmental Revenues	135,253	-	243,562	649,619
Charges for Services-Fees	1,767,001	-	-	7,500
Miscellaneous	40,342	-	9,419	-
<b>TOTAL REVENUES</b>	<b>9,810,595</b>	<b>579,806</b>	<b>254,914</b>	<b>694,379</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Government	1,117,224	-	-	60,802
Public Safety	4,798,813	-	-	608,050
Public Works - Highway and Sts.	1,494,150	-	179,215	1,386,333
Public Works - Sanitation	693,992	-	-	-
Culture and Recreation	1,117,643	-	-	773,404
Insurance, Benefits, Payroll, Taxes	2,033,045	-	-	-
Miscellaneous	-	17,793	-	-
<b>Debt Service:</b>				
Principal	587,804	-	-	-
Interest and Other Charges	243,242	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>12,085,913</b>	<b>17,793</b>	<b>179,215</b>	<b>2,828,589</b>
<b>EXCESS (DEFICIENCY) of</b>				
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(2,275,318)</b>	<b>562,013</b>	<b>75,699</b>	<b>(2,134,210)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from General Sale of Fixed Assets	30,252	-	-	-
Proceeds of General Long-Term Debt	-	-	-	762,500
Proceeds of Tax/ Revenue Anticipation Notes	1,100,000	-	-	-
Repayment of Tax/ Revenue Anticipation Notes	(1,100,000)	-	-	-
Refunds of Prior Year Expenditures	273,347	-	-	-
Refunds of Prior Year Revenues	(42,222)	-	-	-
Realized Losses	-	(101,698)	-	-
Unrealized Losses	-	(260,496)	-	-
Transfers In	1,387,467	-	-	1,025,146

## Exhibit West Chester - Finance 1.2

Borough of West Chester  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2004

	Major Funds			
	General Fund	Capital Operating Reserve Fund	Highway Aid Fund	Capital Improvement Fund
Transfers Out	-	(1,270,146)	(66,000)	(101,467)
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>1,648,844</u>	<u>(1,632,340)</u>	<u>(66,000)</u>	<u>1,686,179</u>
<u>NET CHANGE in FUND BALANCES</u>	(626,474)	(1,070,327)	9,699	(448,031)
<u>FUND BALANCE - Beginning of Year</u>	978,536	12514851	61,709	538,999
<u>FUND BALANCE - End of Year</u>	<u>\$ 352,062</u>	<u>\$ 11,444,524</u>	<u>\$ 71,408</u>	<u>\$ 90,968</u>

For Notes to Financial Statements - See Complete Audit

## Exhibit West Chester - Finance 2.1

Borough of West Chester  
Statement of Net Assets  
Proprietary Funds  
December 31, 2004

	Business Type Activities Enterprise Funds	
	Sewer Fund	Parking Fund
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 480,276	\$ 576,753
Cash and Cash Equivalents Restricted	396,299	870,003
Accounts Receivable, Net	331,741	91,311
Note Receivable	65,458	-
Due From Other Funds	120,474	3,500
<u>Total Current Assets</u>	1,394,248	1,541,567
Noncurrent Assets:		
Note Receivable	248,841	-
Land	140,780	510,397
Capital Assets, Net	20,613,132	15,592,226
Deferred Charges	24,795	162,470
<u>Total Noncurrent Assets</u>	21,027,548	16,265,093
<u>TOTAL ASSETS</u>	22,421,796	17,806,660
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	112,611	473,445
Accrued Liabilities	96,991	58,113
Bonds Payable	527,563	383,000
Due to Other Funds	1,670	16,516
<u>Total Current Liabilities</u>	738,835	931,074
Noncurrent Liabilities:		
Compensated Absences	110,683	14,751
Bonds Payable	2,590,001	13,931,000
<u>Total Noncurrent Liabilities</u>	2,700,684	13,945,751
<u>TOTAL LIABILITIES</u>	3,439,519	14,876,825
<u>NET ASSETS</u>		

Invested in Capital Assets, Net of Related Debt	17,636,348	918,620
Restricted - Debt Service	396,299	-
Unrestricted	949,630	2,011,215
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u>	<u>18,982,277</u>	<u>2,929,835</u>
<u>TOTAL LIABILITIES and</u> <u>NET ASSETS</u>	<u>22,421,796</u>	<u>17,806,660</u>

For Notes to Financial Statements - See Complete Audit

Exhibit West Chester - Finance 2.2

Borough of West Chester  
 Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Proprietary Funds  
 Year ended December 31, 2004

	Business Type Activities Enterprise Funds	
	Sewer Fund	Parking Fund
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 4,194,869	\$ 1,852,142
Other	-	73,151
<u>TOTAL OPERATING REVENUES</u>	<u>4,194,869</u>	<u>1,925,293</u>
<u>OPERATING EXPENSES</u>		
Administration	214,711	172,736
Salaries and Wages	905,094	236,838
Employee Benefits	339,654	55,543
Materials and Supplies	173,876	401
Utilities	263,496	87,088
Fuel	20,980	-
Sluge Removal	584,820	-
Repairs and Maintenance	147,804	293,986
Other	25,845	-
Depreciation	881,755	285,316
Amortization	29,206	7,064
<u>TOTAL OPERATING REVENUES (EXPENSES)</u>	<u>3,587,241</u>	<u>1,138,972</u>
<u>OPERATING INCOME</u>	<u>607,628</u>	<u>786,321</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Income	34,390	5,868
Interest Expense	(356,530)	(590,398)
Bid Contribution	-	(85,000)
Reimbursements on Construction Project Costs	-	1,248,838
<u>TOTAL NONOPERATING REVENUES (EXPENSES)</u>	<u>(322,140)</u>	<u>579,308</u>
<u>INCOME BEFORE TRANSFERS</u>	<u>285,488</u>	<u>1,365,629</u>
Transfers Out	(580,000)	-395,000
<u>CHANGE in NET ASSETS</u>	<u>(294,512)</u>	<u>970,629</u>
<u>NET ASSETS -BEGINNING OF YEAR</u>	<u>19,276,789</u>	<u>1,959,206</u>
Prior Period Adjustment	-	-
<u>NET ASSETS -Beginning of Year Restated</u>	<u>19,276,789</u>	<u>1,959,206</u>
<u>NET ASSETS - END OF YEAR</u>	<u>18,982,277</u>	<u>2,929,835</u>

For Notes to Financial Statements - See Complete Audit

Exhibit West Chester - Housing 1

Borough of West Chester

Rental Housing Units  
Borough Data Count 2005

	<u>Count</u>	<u>% of Total</u>
Non Student Rental Units		
Licensed Apartment Units	2,678	0.57
Licensed Rooming Units	67	0.01
Student Rental Units		
Licensed Apartment Units	1,762	0.38
Licensed Rooming Units	172	0.04
Total Student and Non Student		
Licensed Apartment Units	4,440	0.95
Licensed Rooming Units	239	0.05
Grand Total	4,679	1.00

Source: Borough of West Chester Report from Manager

Exhibit West Chester - Police 2

Borough of West Chester

Crime Data 2001

<u>Offense</u>	<u>Total Number</u>
Forcible Rape	3
Robbery	29
Aggravated Assault	46
Burglary	14
Larceny-Theft	62
Motor Vehicle Theft	9
Other Assaults - Not Aggravated	239
Arson	1
Forgery and Counterfeiting	12
Fraud	5
Stolen Property	2
Vandalism	57
Weapons, Possession	7
Sex Offenses	6
Drug Sale - All	50
Drug Possession - All	139
DUI	165
Liquor Law	417
Drunkenness	307
Disorderly Conduct	262
Vagrancy	2

Source: Borough of West Chester Urban Revitalization Plan Table 8

Exhibit West Chester - Police 3

Borough of West Chester

Arrests for Period 08/22/05 to 01/01/2006  
Age Group 18-26 Years (Excludes Known Criminals)

<u>Offense</u>	<u>Total Number</u>
Underage	118
Public Drunkenness	159
Noise	75
Harassment	18
Disorderly Conduct	113
Criminal Mischief	14
Open Container	13
False ID	63
Assault	8
DUI	23
Robbery	36
Drugs	6
Weapons	12
Scattering Rubbish	1
RSP	5
Theft	2
Terroristic Threats	12
Resisting Arrest	4
Burglary	2
Furnishing Alcohol	6
Corrupting Minors	1
Total	<u>692</u>

Source: Borough of West Chester Chief Press Release

## CHAPTER 4—SECTION 2

### CASE STUDIES

#### Town of Bloomsburg

Located in East Central Pennsylvania the Town of Bloomsburg is the county seat of Columbia County. Bloomsburg is approximately 137 miles northwest of Philadelphia and 77 miles northeast Harrisburg. Bloomsburg is a small town in a rural setting, although the area does include some industrial sites. The Town encompasses approximately 4.4 square miles. It is the largest in terms of square miles of the host municipalities examined in these case studies.

#### Population Characteristics

Between 1990 and 2000 the Town of Bloomsburg experienced a decrease in population from 12,439 to 12,375—a decline of 64 or 0.5 percent. Columbia County’s population increased from 63,202 in 1990 to 64,151 in 2000, an increase of 949 or 1.5 percent. (See Exhibit 1.)

In 1990 Bloomsburg had 2,827.0 persons per square mile; in 2000 it decreased by 14.5 persons per square mile or 0.5 percent to 2,812.5. The County’s density grew by 2.0 persons per square mile or 1.5 percent from 130.2 to 132.1 persons per square mile. (See Exhibit 2.)

The number of individuals residing in group quarters in the Town of Bloomsburg decreased from 3,195 in 1990 to 3,003 in 2000, a decrease of 192 (6 percent). In 1990, 25.7 percent of Bloomsburg’s total population resided in group quarters. In 2000, group quarter’s population fell to 24.3 percent. In 1990, 5.8 percent of the county’s population resided in group quarters; in 2000 this population increased slightly to 5.9 percent. (See Exhibit 3.)

The high percentage of Town residents living in group quarters reflects students living in university housing located within the Town.

The primary component of Bloomsburg’s population—“household population” (that is, the population exclusive of those residing in group quarters) increased from 9,244 in 1990 to 9,372 in 2000, 128 people or 1.4 percent. In 1990 household population represented 74.3 percent of the Town’s total population. By 2000 the proportion had increased to 75.7 percent. The household population in Columbia County in 1990 represented 94.2 percent of the county’s total population and decreased to 94.1 percent in 2000. (See Exhibit 4.)

In 2000, 12.3 percent of the population in the Town of Bloomsburg was under 18 years of age, 76.8 percent was between the ages of 18 and 64, and 11.0 percent was age 65 and over.

The Town's 2000 population under the age of 18 (12.3 percent) was below the County's figure (20.8 percent). The proportion of the Town's population in the 18-64 age group (76.8 percent) was above that of the County (63.3 percent), and the proportion of Bloomsburg's population age 65 and older (11.0 percent) was also below the County (15.9 percent). In 2000, the median age in Bloomsburg was 22.4 (down slightly from 23.0 in 1990); in the County the median age was 37.5 (up from 34.1 in 1990). Statewide, the median age in 2000 was 38.0 (up from 35.0 in 1990). See Exhibit 4-A and Exhibit 4-B.

In 2000 the Town of Bloomsburg had 3,202 persons or 25.9 percent of its population in the 18 to 21 years of age category. The County percentage was 7.6 percent. The percentage of people in group quarter persons and the percentage of population in the 18 to 21 age group reflects the presence of university students residing in the Town.

For the Town of Bloomsburg the U.S. Census Bureau estimates that, as of July 2004, population had increased by 430 persons or 3.5 percent over 2000. The County's population is estimated to have risen by 864 or 1.3 percent during this same period. (See Exhibit 5.)

### Housing Units

In 2000 Bloomsburg had 1,602 owner-occupied housing units, a decline from 1,753 in 1990. The number of renter-occupied units in 2000 totaled 2,478 an increase of 305 units or 14.0 percent over the 2,173 units in 1990. The percentage of renter units was 56.3 percent, an increase from the 1990 percentage of 51.8 percent. Renter-occupied units make up the majority of occupied units and the percentage has increased over the decade. Students comprise a large part of the renter occupied group. (See discussion under Code Enforcement below.) The Columbia County statistics for owner-occupied units were 65.0 percent in 2000 and 67.0 percent in 1990. For the County, renter-occupied units were 24.8 percent in 2000 and 24.8 percent in 1990. (See Exhibits 6, 7, and 8.)

The median value the Town's owner-occupied housing in 2000 was \$86,000, an increase from the 1990 value of \$55,000 or 56.4 percent. The respective values for the County were a median value for 2000 of \$87,300 compared to the 1990 median value of \$54,800, an increase of 59.3 percent. (See Exhibit 6.)

### Income Measures

In 1990 the Town of Bloomsburg's per capita income was \$9,571. By 2000 per capita income had increased by \$3,248 or 33.9 percent to \$12,819. The County's per capita income in 2000 was \$16,973 an increase of \$6,014 or 54.9 percent from \$10,959 in 1990. (See Exhibit 9.)

The ratio of the per capita income of the Town to that of the County for 2000 was 75.5 percent.

Median household income for Bloomsburg in 2000 was \$24,868 an increase from \$20,871 in 1990. The County's median household income for 2000 was \$34,094 an increase of \$9,883 over \$24,211 in 1990. The ratio of the Town's median household income to that for the County is 72.9 percent. (See Exhibit 10.)

Median Family income for the Town in 2000 was \$39,806, an increase of \$11,074 or 38.5 percent from the \$28,732 in 1990. The County median family income was \$41,398 in 2000 and \$29,355 in 1990. The ratio of the Town to County for the 2000 median family income was 96.2 percent. (See Exhibit 11.)

The median family income ratio of Town to County should be higher than the corresponding median household income ratio because lower student income is not generally included in the family income, but is included in the household group income. For example, students not living in group quarters would be in the household group data set. The town to county median family income ratio of 96.2 percent is about 23 percent greater than 72.9 ratio for household income. Student income plays a large role in determining Bloomsburg's income statistics.

### Town of Bloomsburg Operational Profile

The Town of Bloomsburg appears to PEL to be well managed, has manufacturing employment opportunities, features a small town ambiance, and possesses a major fairground. The University has a significant cultural, educational, and economic impact on the Town.

Bloomsburg is the only "Town" in Pennsylvania and follows special legislation for its governmental functions. The Town Council, the governing body is made up of six members plus a presiding officer, the Mayor. The terms for the Mayor and Council Members are four years with three council members elected every two years. The Mayor presides at all meetings, participates in debate, and has a vote on all issues. The Mayor does not have veto power. All

officials are elected at-large. The Town has a Manager to manage the daily administration of the Town's government.

The Town provides police and fire coverage; code enforcement; sewer collection and treatment (in conjunction with the Sewer Authority); storm water collection; street and road maintenance; parks and recreation facilities and programs. Refuse collection and disposal are carried out by private haulers. The Town has a recycling program which is governed by Town ordinance.

### Police Department

In 2005 the Police Department had a sworn officer compliment of 15 full-time officers including the Chief of Police, and about 12 part-time officers. The sworn officers were assisted by three civilian employees who performed clerical functions and one full-time and one part-time employee who enforce parking regulations. The total budgeted wages for these police personnel were approximately \$785,000 in 2005. The number of total personnel for police operations has increased over the past few years, especially in the part-time category. See Bloomsburg-Police1.

### Fire Department

Fire Service in the Township is provided through the Bloomsburg Fire Department which is comprised of four consolidated volunteer fire companies: Friendship, Rescue, Winona and Liberty. The consolidated company operates from the new (2000) joint fire complex on Market Street. Although the Town provides some minor compensation to the volunteers; the principal Town payments are utilized for the payment of fire hydrant fees and equipment maintenance, as well as the contribution of Firemen Relief money to the consolidated company. The fire equipment is owned by the Town and the Building is owned by the Volunteer Company. For 2005 the Borough budgeted about \$144,000 from its General Fund for fire operations. The Town also raises about \$45,000 to \$50,000 per year from non-General Fund tax revenue and it accumulates funds to make major equipment purchases. In 2004, approximately \$780,000 was spent for fire apparatus.

### Public Works

The Public Works Department maintains and repairs the Borough's streets and alleys. In addition, the Department maintains the sewer and storm water collection system (in conjunction with the Municipal Authority) and maintains the parks throughout the Town. The Department retains about 10 full-time employees at a 2005 budgeted cost of just about \$358,000.

Although the Town maintains the Sewer lines located in the municipality as well as related connectors, the Sewer Authority owns and operates the treatment plant and reimbursing the Town for the manpower costs related to maintaining the system.

### Parking Facilities and Control

As with West Chester (but not to the same high degree), parking is an issue within the Town. The parking shortage in the Town's results from the Town's position as the County seat and as the host for the University. There are no parking garages located in the downtown although Bloomsburg does maintain a number of surface lots.

### Code Enforcement

Because of the high rate of renter occupancy in the Town's older buildings and neighborhoods, the Town has initiated a strong code enforcement and inspection program. The code enforcement function is carried out by a staff of two full-time employees at a 2005 budgeted wage cost of approximately \$70,000.

### Recreation

The Town does not budget for recreational personnel but does allocate funds for park maintenance.

### Management and Finance

The Borough retains five employees (including the Borough Manager and Downtown Manager as well as clerical employees) to provide overall financial and management direction. The 2005 budgeted wage cost for this function was approximately \$173,000. In addition, an elected tax collector is also compensated for services.

Recycling

The Town of Bloomsburg maintains a recycling program for the Town and the surrounding area. The financing accounting and reporting for this major program is handled under the Recycling Enterprise Fund. In 2005, five full-time employees and one part-time employee were budgeted to provide this service.

Town of Bloomsburg’s Fiscal Status (2004 Audit)

Governmental Funds

The 2004 Audit lists 5 major governmental funds: General Fund, Fire Fund, Capital Fund, UDAG Repayment Fund, and Daycare Debt Fund. The latter three funds provide and utilize grants and other sources for capital programs as well as the operation of specialized programs. Exhibit Bloomsburg-Finance 1.1 provides the Balance Sheet for 2004. Exhibit Bloomsburg-Finance 1.2 provides the Statement of Revenues, Expenditures, and Changes in Fund Balances.)

The 2004 General Fund in summary format:

Revenues:	\$3.343 million
Expenditures:	(3.485) million
Net Other Sources:	<u>0.311 million</u>
Net Change in Fund Balance	0.169 million
Fund Balance Beginning Year	<u>0.469 million</u>
Fund Balance End of Year	<u><u>\$0.638 million</u></u>

- For 2004 there was a \$169,000 increase in fund balance.
- Revenue paid for 96 percent of General Fund Expenditures in 2004.
- Total General Fund Tax Revenue paid for approximately 53 percent of General Fund Expenditures.

- Net Other Sources paid for approximately nine percent of 2004 General Fund Expenditures. This category is primarily transfers from the other funds and prior year expenditure refunds.
- Fines, forfeits and costs paid for approximately 13 percent of total General Fund expenditures.
- Charges for services paid for approximately 13 percent of total expenditures. Parking meter revenue and permits as well as rental inspections and licenses make up approximately 70 percent of this category.
- Intergovernmental revenue, primarily state contributions to pension expenditures and volunteer fire relief contributions, comprised approximately 14 percent of expenditures.
- Public Safety expenditures accounted for approximately 52 percent of total 2004 General Fund expenditures. Within the public safety expenditures category, police expenses total about 95 percent, with Housing Code Enforcement and Fire making up the difference. (This does not include fire equipment purchased from the fire fund.).
- Public Works, both street and combined sewer, and General Fund capital expenditures make up about 24 percent of expenditures.

Finally, the remaining expenditures were General Government, 22 percent, and Community Development Culture and Recreation 13 percent. (Debt service like the fire equipment, library contributions and street lighting expenditures were paid for out of separate funds.)

#### Taxes and Tax Base

General Fund total taxes, approximately \$1.844 million, paid for only 53 percent of General Fund expenditures and amount to 55 percent of revenues (excluding other sources). Total taxes were the largest single revenue source for the General Fund.

- General Fund Real Estate Tax current and delinquent in 2004 was 34.4 percent of total General Fund taxes. Real estate taxes for 2004 were levied at 5.16 mills on an assessed valuation of \$124 million.

- The Earned Income Tax (EIT) generated about 29 percent of total tax revenue. The earned income tax is levied on earned income of municipal residents at the rate of one-half percent for the Town. The earned income tax is also levied on those who work in the Town and do not have an EIT tax in their municipality of residence.

Bloomsburg obtains significant tax dollars from other Act 511 Taxes. In particular, Bloomsburg derives revenue from an admission tax and the Gross Receipts Tax.

The admission tax at eight percent of ticket price is levied on amusements shows, plays, and fairground activities within the Town. (Bloomsburg has one of the largest fairs in the Commonwealth.) In addition, 1.5 mills of tax are levied on gross receipts of retail sales within the Town and a one mill tax is levied on gross receipts of wholesale transactions.

Bloomsburg has no cap on the dollar value of sales per vendor upon which the millage can be applied. For 2004, about \$362,000 was generated in gross receipts taxes and \$159,000 was generated in admission taxes.

<u>Town of Bloomsburg</u>	<u>Proportion of Revenue</u>
Real Estate Transfer Tax	5 percent
Occupational Privilege Tax (OPT)	2 percent
Admission Tax	9 percent
Business Privilege/Mercantile Tax	20 percent
Per Capita Tax	less than 1 percent

In 2004 the Occupational Privilege Tax (OPT) was levied at \$10 per employee in the Borough regardless of their residence. Of the \$10 levied per employed person, \$5 was retained by the Borough and \$5 went to the school district. The OPT tax was replaced with the Emergency and Municipal Services Tax beginning in 2005. A \$38 rate was set by Bloomsburg of which the municipality retains \$33 and \$5 was remitted to the school district.

Total Taxes All Funds

Bloomsburg levies real estate tax for other than General Fund purposes. In 2004 the Town levied tax revenues as follows:

<u>Category</u>	<u>Total Taxes</u> <u>(millions)</u>	<u>Real Estate</u>		<u>% of All</u> <u>Fund Taxes</u>
		<u>Taxes</u> <u>(millions)</u>	<u>Real Estate</u> <u>Millage</u>	
General Fund	\$1.844	0.635	5.159	85.90
Debt Service Fund	0.110	0.110	0.895	5.12
Fire Fund	0.047	0.047	0.380	2.19
Street Lighting Fund	0.119	0.119	0.968	5.54
Library Fund	<u>0.027</u>	<u>0.027</u>	<u>0.216</u>	<u>1.26</u>
<b>TOTAL</b>	<b>\$2.147</b>	<b>\$0.938</b>	<b>7.618</b>	<b>100.00</b>

The total tax burden on residents of Bloomsburg for 2004 was \$2.147 million.

These other real estate taxes are used to pay for streetlights, debt service and the Town contribution to the public library. Only the real estate tax levied for the Fire fund is used for major fire fighting capital acquisitions.

Because of the Town’s Gross Receipts Tax and Admission Tax, Bloomsburg has more tax flexibility than other host municipalities. However, both the Gross Receipts Tax and Admission Tax have shown little growth over the last few years. Bloomsburg is an older developed municipality and any substantial increases in the real estate tax would depend on either reassessment or an increase in the tax millage.

Proprietary Enterprise Funds

The 2004 audit for the Town lists one enterprise fund the Recycling Fund, which accounts for business type services provided to Town residents. Detailed information for this fund from the 2004 audit is provided as Exhibit Bloomsburg-Finance 2.1 and Bloomsburg-Finance 2.2.

The Recycling Fund was used to account on a “business basis” for the recycling operation carried on by the Town. The operation was structured so that the charge for service together with grants were sufficient to meet expenses including depreciation. Although this is a major fund, the relationship to the cost of general governmental operation and its relationship to the University was not significant.

In contrast, the Municipal Authority’s operation is considered a discrete component unit of the Town for financial purposes. The primary function of the Municipal Authority is the collection and treatment of sewage within the Town (including the University) and surrounding areas. Financial data for the Municipal Sewer Authority is provided in Exhibit Bloomsburg-Finance 3.1 and Exhibit Bloomsburg-Finance 3.2.

The change in net assets for 2004 was (\$2,000), based on charges of close to \$1.6 million and expenses of \$1.8 million. Non-operating income amounted to about \$118,000.

The Municipal Authority makes payments to the General Fund to cover certain sewer maintenance service costs.

## Case Study—Bloomsburg University Profile

### Introduction

Bloomsburg University's Main Campus is located in the northern section of the Town of Bloomsburg and includes residence halls, academic buildings, library, administrative buildings, and student services. The Upper Campus (a short distance from the Main Campus) is comprised of two student apartment complexes, athletic fields, major parking areas and a maintenance service facility.

According to the State System Factbook 2005, the University occupies 282 acres, all located in the Town. (Some land owned by the Student Foundation is located in Scott Township.)

Bloomsburg University was founded in 1839 as the Bloomsburg Literary Institute. About 30 years later it became a normal school to train teachers. In 1916 the normal school was purchased by the state. Subsequently, it became Bloomsburg State Teachers College and then Bloomsburg University. It is now one of the 14 Pennsylvania state owned universities.

### Enrollment

Exhibit 12 provides current enrollments for the fall of 2002 through 2004 and spring of 2003 through 2005. Exhibit 13 presents various breakdowns of the 2004 enrollment by undergraduate/graduate; female/male; full-time/part-time; Pennsylvania resident/non-resident and minority/non-minority.

Exhibit 14 lists the top three Pennsylvania resident counties for Bloomsburg University students.

Finally, Exhibit 15 converts the 2004 enrollment to full-time equivalents (FTE) for the fall of 2004. The original 8,304 enrollment converts to a full-time equivalent count of 7,620.

- Full-time students total about 7,368 or 88.7 percent of the total enrollment. Of this number, almost 900 students are from Columbia County and may be commuter students.
- Females are about 1.6 times more numerous than males.
- Nearly 90 percent are Pennsylvania residents.

### Student/Faculty Ratio and Cost Per Full-time Equivalent Student

The student faculty ratio has increased from the period 1999-2000 through 2003-04. Exhibit 16 depicts the yearly ratios.

Exhibit 17 depicts the cost per full-time equivalent student for Bloomsburg University as well as similar costs for the state system as a whole. FTE costs increased from \$11,219 in 1999-2000 to \$13,107 in 2003-04, an increase of about 4 percent per year over the period.

### Facilities

A description of the physical assets of Bloomsburg University is contained in Exhibit 18. The various data is also compared to the state system as a whole. The data includes the physical education, fields stadium, and the apartment complex in the Upper Campus. The dorm capacity is 2,868, which sets an upper limit “resident on campus” students as of the fall 2004. The replacement cost of the University’s assets provides an estimated assessed valuation of the University’s property.

### University Employment

Exhibit 19 depicts the number of full-time of salaried and hourly employees for both Bloomsburg University and the state system.

## BLOOMSBURG TOWN AND GOWN RELATIONSHIPS

PEL staff met with both Bloomsburg Town and Bloomsburg University officials. The areas of concern which impacted on the fiscal situation of the Town were revenue sources, public safety response and service, off-campus housing, and infrastructure development. Parking and parking enforcement, although important, was not as critical an issue as in West Chester.

### Student Number and Required Services.

The *State Fact Book* for 2005 indicates that for Bloomsburg University fall 2004 enrollment was 8,304 students. University data indicated that for 2004 approximately 3,100 were resident students, and 5,204 students lived off campus. Further, University data indicated that about 2,900 students lived in the Town. Approximately 1,200 students were defined as having unknown addresses and 1,036 students were listed as commuters.

The data provided by Bloomsburg University was the most comprehensive residential student data received from any of the institutions in the case studies.

Therefore, approximately 2,900 resident students need to be provided with basic municipal services. It is also quite possible that some of the approximately 1,200 students in the unknown category may also reside within the Town.

### Revenue

- Real Estate Tax Revenue

Bloomsburg University as part of the State System is a tax-exempt state-owned educational institution and pays no real estate tax. Exhibit 20 indicates that the 2003 Town of Bloomsburg total assessed valuation was about \$200.3 million. Of this total, the exempt valuation was \$76.7 million and \$46.7 million of this is attributed to the University. The University comprises over 60 percent of the total tax-exempt valuation and about 23 percent of the total assessed valuation. These percentages are significantly higher than the same percentages in West Chester Borough which were 33 percent and 11 percent respectively. Nearly all of Bloomsburg University, excluding some of the University Foundation's parcels, are in the Town.

### Payments In Lieu of Taxes (PILOTS)

Based on the general policy and legal interpretation of the SSHE no payments in lieu of taxes were made by the University to the Town.

### Other Payments

Bloomsburg University made contributions to the Town for the purchase of fire equipment/apparatus and/or the new fire headquarters. Between 1994 and 2005 the University made payments of just over \$381,000 to help improve Fire protection in the Town and to the University. Of this total, approximately \$63,000 was provided in 2004 and 2005.

### University Employees and Tax Payments

- Tax Contributors

The University reported for 2004 that it had 213 employees living in Bloomsburg. The 2005 State Data Book indicates that the number of full-time salaried and hourly University employees in the fall of 2004 was 881. Approximately 24 percent of University employees lived within the Town. These resident employees would be subject to the Real Estate Tax and to the earned income tax. Individuals who own property would pay the property taxes directly, renters would pay the property tax as part of their rental cost.

- Earned Income Tax (EIT)

The University reported that for 2004, its employees residing in the Borough received about \$11.5 million in compensation compared to a total payroll payment of about \$76.1 million. About 15 percent of the employee payroll would be subject to the earned income tax in the Town.

From the Town's perspective the \$11.5 million in payroll to Town residents should equal \$57,500 in EIT revenue. For 2004, the Town reported EIT collections of approximately \$458,000. Approximately 12.5 percent of the Town's direct EIT collection appears to be derived from University Employees.

The Town's Tax Collector has indicated that for the years 2000 through 2004 about \$313,000 of the \$2.724 million of the Town's EIT was collected from University employees.

This equates to 11.5 percent and is comparable to the estimate obtained from University data. University employees were important contributors to the municipal real estate tax revenue and EIT revenue, but the majority of University employees and Earned Income Tax were paid to other communities.

- Occupational Privilege Tax (OPT)

The Occupational Privilege Tax is paid by all persons who are employed within the Town. According to data provided by Town's Tax Collector for the years 2000 through 2004, the Town received about \$251,600 in OPT or about \$50,000 per year. At \$5.00 per taxpayer, (which the Town retains) the total estimated number of taxpayers was about 10,000.

The Town's Tax Collector estimated that the OPT collected for the University employees was \$69,585 for the five year period. In percentage terms, about 27.7 percent of the total OPT came from the University employees.

- 2005—Emergency and Municipal Service Tax (EMST)

As previously mentioned, the state legislature initiated a new tax, the Emergency and Municipal Service Tax (EMST) replacing the OPT. The tax limit can be as high as \$52 per employee with the first \$5 remitted to the school district and the remainder to the Town. For 2005, the Town enacted the EMST at \$38 per employee.

For 2005, the Town received approximately \$223,000 in EMST revenue. University employees accounted for approximately \$49,000 of this amount, or about 22 percent of the total being paid by University employees. PEL found that the EMST percentage of total taxes, 22 percent in 2005, was less than the applicable percentage for the former OPT of 27.7 percent.

#### Police/Crime Service Issues:

As previously mentioned, the Town of Bloomsburg's police department has about 15 full-time and 12 part-time sworn officers. The University has 17 police officers who are Act 47 certified and are under the supervision of a University Vice President.

Following the general policy of the State University System, University officers engage in police functions on University property but not in adjacent areas off campus. The University

officers will assist in emergency cases when requested by Borough police. There is no written agreement for a “municipal services agreement/mutual aid” between the Town and the University police.

The Bloomsburg Police Chief reported that, although the University provided on-campus police coverage, the off campus activities of students required the use of a significant amount of Town police resources.

In order to measure this factor, the Bloomsburg Police Department monitored “College Related Incidents” for the period May 1 through October 31, 2005. (Part of this period included the summer months when student enrollment was low.)

During this period, 789 incidents occurred which were University related. The total number of incidents amounts to 2,185, with 36 percent attributed to University students and student related issues.

The Bloomsburg data demonstrated that most of these calls dealt with traffic issues, underage drinking, and public drunkenness. Bloomsburg’s Police Chief also expressed concern that more serious issues may be starting to manifest themselves especially in the area of substance abuse.

#### Code Enforcement/Housing

Within the last decade, there were several serious fires at off campus student housing located in the Town. In addition, renter-occupied housing comprised 56.3 percent of all housing in the Town, and the University estimates that 2,900 students are Town residents. Because of these safety concerns, the Town has developed a rigorous program of code enforcement and yearly rental housing inspections. Yearly inspections conducted for residences that house two or more unrelated individuals at a charge of \$20 per individual per year.

According to Town officials, there has been a significant improvement in the maintenance and care of the rental structures since the inception of the program. A sample taken from the inspection program from May 2005 through October 2005, demonstrated that about 700 code enforcement man hours were spent on this program and the Town’s Code Enforcement officer indicated that a significant amount of his department’s time is related to general code enforcement for off campus student housing.

Although off-campus student residences have spread out from the immediate campus area to Bloomsburg's downtown, much of this housing is centered on second and third story apartments over retail establishments. There does not appear to be large substantive movement to convert single-family units to rental housing, as in other host municipalities.

### Parking

Parking is an issue but not a critical problem in the Town. The University has an area on the upper campus which can accommodate significant parking and a related shuttle bus system. Parking on campus is regulated by the University and University police.

### Infrastructure

The University owns, operates, repairs, and maintains all of the roads, curbing and sidewalk on the campus.

The University owns and maintains the sewer and storm collection lines on campus. The University pays the same rate for sewage processing as other large users based on a usage calculation. For 2004 the University used about 14,800 gallons/month. For 2005, this amount decreased to an average of 10,400 gallons/month.

By prior agreement the University has a sewage processing reserve capacity of about 600,000 gallons. This capacity was secured by the University as part of its participation in the funding of the sewage system. A major sewer improvement and flood mitigation project is being developed. It is anticipated that the University will help fund with a capital contribution.

### Other Areas:

The University also contributes to the stream of recyclable waste material. Although the total dollar value of such waste recycling is not very large (about \$900 in 2004 and \$667 in 2005).

Bloomsburg Town and Bloomsburg University do engage in periodic Town and Gown meetings. The Town's representation includes elected officials.

## EXHIBITS

Exhibit Bloomsburg - Finance 1.1

Town of Bloomsburg  
Balance Sheet  
Governmental Funds  
December 31, 2004

	Major Funds				
	General Fund	Fire Fund	UDAG Repayment Fund	Day Care Debt Service	Capital Projects Fund
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 563,509	\$ 510,705	\$ 298,114	\$ 86,349	\$ 145,703
Receivables	186,658	255,547	288,810	884,932	4,380
Due from Other Funds	405,564	30	4,525		
Intergovernmental Receivables	147	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 1,155,878</u>	<u>\$ 766,282</u>	<u>\$ 591,449</u>	<u>\$ 971,281</u>	<u>\$ 150,083</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable	\$ 152,618	-	-	-	-
Due to Other Funds	22,193	2,695	-	153	348,858
Intergovernmental Payables		-	-	-	25,290
Deferred Revenue	254,986	524,544	-		
Accrued Salaries and Benefits	87,918	-	-	1,134,340	
<u>TOTAL LIABILITIES</u>	<u>\$ 517,715</u>	<u>\$ 527,239</u>	<u>\$ -</u>	<u>\$ 1,134,493</u>	<u>\$ 374,148</u>
<u>FUND BALANCES</u>					
Reserved Debt Service	-	-	-	(163,212)	-
Restricted Program Expenditures	175,111	-	-	-	-
Designated Programs	-	239,043	591,449	-	-
Capital Projects	-	-	-	-	(224,065)
Unreserved	463,052	-	-	-	-
<u>TOTAL FUND BALANCES</u>	<u>\$ 638,163</u>	<u>\$ 239,043</u>	<u>\$ 591,449</u>	<u>\$ (163,212)</u>	<u>\$ (224,065)</u>
(DEFICIT)					
<u>TOTAL LIABILITIES and FUND BALANCES</u>	<u>\$ 1,155,878</u>	<u>\$ 766,282</u>	<u>\$ 591,449</u>	<u>\$ 971,281</u>	<u>\$ 150,083</u>

For Notes to Financial Statements - See Complete Audit

OTHER FINANCING SOURCES (USES)

Refund of Prior Year Expenditures	(7,380)	-	-	-	-
Operating Transfers In	120,579	-	-	-	-
Operating Transfers Out	210,485	-	-	-	-
Proceeds from General	(12,961)	-	-	-	-
Long-Term Debt	-	400,000	-	-	-
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>\$ 310,723</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>NET CHANGE in FUND BALANCES</u>	 <u>\$ 169,196</u>	 <u>\$ (47,230)</u>	 <u>\$ 3,913</u>	 <u>\$ (9,831)</u>	 <u>\$ (97,713)</u>
 <u>FUND BALANCE - January 1, 2004</u>	 <u>468,967</u>	 <u>286,273</u>	 <u>587,536</u>	 <u>(153,381)</u>	 <u>(126,352)</u>
<u>FUND BALANCE - December 31, 2004</u>	<u>\$ 638,163</u>	<u>\$ 239,043</u>	<u>\$ 591,449</u>	<u>\$ (163,212)</u>	<u>\$ (224,065)</u>

For Notes to Financial Statements - See Complete Audit

## Exhibit Bloomsburg - Finance 1.2

Town of Bloomsburg  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
Year ended December 31, 2004

	Major Funds				
	General Fund	Fire Fund	UDAG Repayment Fund	Debt Day Care Service	Capital Projects Fund
<b>REVENUES</b>					
Property Taxes	635,200	46,818	-	-	-
Local Enabling Act Taxes	1,208,875	-	-	-	-
Licenses and Permits	31,660	-	-	-	-
Fines	458,405	-	-	-	-
Investment Income	2,823	14,415	21,297	-	1,796
Rents	35,122	-	-	32,997	-
Intergovernmental Revenue	471,350	275,000	-	-	89,419
Charges for Service	446,112	-	250	-	-
Miscellaneous Income	53,951	-	-	-	-
<b>TOTAL REVENUES</b>	<b>3,343,498</b>	<b>336,233</b>	<b>21,547</b>	<b>32,997</b>	<b>91,215</b>
<b>EXPENDITURES</b>					
Current					
General Government	768,276	-	-	84	-
Public Safety	1,816,711	-	-	-	16,055
Public Works	684,895	-	17,634	-	-
Culture and Recreation	46,330	-	-	-	11,363
Community Development	2,299	-	-	-	-
Debt Service					
Principle	-	-	-	19,596	-
Interest	-	2,695	-	23,148	-
Capital Outlay					
Public Safety	30,299	780,768	-	-	-
Public Works	136,215	-	-	-	-
Other Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	161,510
Community Development	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,485,025</b>	<b>\$ 783,463</b>	<b>\$ 17,634</b>	<b>\$ 42,828</b>	<b>\$ 188,928</b>
<b>EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES</b>					
	<b>(141,527)</b>	<b>(447,230)</b>	<b>3,913</b>	<b>(9,831)</b>	<b>(97,713)</b>

## Exhibit Bloomsburg - Finance 2.1

Town of Bloomsburg  
Statement of Net Assets  
Proprietary Fund  
December 31, 2004

ASSETS

## Current Assets:

Cash and Cash Equivalents	\$ 851,055
Accounts Receivable	53,556
Internal Balances	50,000
<u>Total Current Assets</u>	<u>954,611</u>

## Capital Assets:

Property, Plant, and Equipment (Net of Accumulated Depreciation)	779,312
<u>Total Assets</u>	<u>\$ 1,733,923</u>

LIABILITIES AND NET ASSETS

## Liabilities - All Current

Accounts Payable	\$ 4,331
Accrued Payroll	25,128
Internal Balances	2,705
Accrued Vacation and Sick Leave	1,146
<u>Total Liabilities - All Current</u>	<u>33,310</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	779,312
Unrestricted	921,301
<u>Total Net Assets</u>	<u>1,700,613</u>

TOTAL LIABILITIES and  
NET ASSETS

\$ 1,733,923

For Notes to Financial Statements - See Complete Audit

Exhibit Bloomsburg - Finance 2.2

Town of Bloomsburg  
 Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Proprietary Funds  
 Year ended December 31, 2004

OPERATING REVENUES

Sale of Materials	\$ 264,900
Charges for Services	100,674
Other Revenues	12,535
<u>TOTAL OPERATING REVENUES</u>	<u>\$ 378,109</u>

OPERATING EXPENSES

Salaries and Wages	\$ 138,951
Payroll Taxes	11,481
Employee Benefits	53,976
Advertising and Printing	9,119
Supplies	35,415
Heat and Utilities	23,035
Trash Removal	4,121
Weighing and Shipping	8,528
Maintenance and Repairs	20,053
Depreciation	90,013
Postage	2,532
Dues and Subscriptions	331
Professional Services	(120)
Small Equipment	2,229
Communications Expense	1,341
Training	646
<u>TOTAL OPERATING EXPENSES</u>	<u>\$ 401,651</u>

OPERATING INCOME (LOSS) \$ (23,542)

NONOPERATING INCOME (EXPENSE)

Investment Income	\$ 9,988
Grant Proceeds	164,277
Refund of Prior Years' Revenue	(3,216)
Debt Service - Interest	(3,000)
<u>TOTAL NONOPERATING INCOME - NET</u>	<u>\$ 168,049</u>

CHANGE in NET ASSETS \$ 144,507

NET ASSETS

January 1, 2004	1,556,106
December 31, 2004	<u>\$ 1,700,613</u>

For Notes to Financial Statements - See Complete Audit

Net Assets	
Invested in Capital Assets - Net of Related Debt	\$ 5,067,969
Restricted for:	
Debt Service	-
Restricted Program Expenditures	-
Designated Programs	-
Capital Projects	-
Norris Rock Pool	-
Unrestricted	3,821,736
<u>Total Net Assets</u>	<u>\$ 8,889,705</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 9,730,072</u>

For Notes to Financial Statements - See Complete Audit

## Exhibit Bloomsburg - Finance 3.1

Town of Bloomsburg  
Statement of Net Assets  
December 31, 2004

	<u>Municipal Authority</u>
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 132,730
Investments	3,900,522
Receivables	627,186
Current Portion of Loans Receivable	-
Current Portion of Future Rents Receivable	-
Internal Balances	-
Intergovernmental Receivables	-
Prepaid Expenses	<u>1,665</u>
<u>Total Current Assets</u>	<u>\$ 4,662,103</u>
Property, Plant, and Equipment	
Land and Improvements	42,152
Building and Improvements - Net	3,297,299
Machinery and Equipment - Net	468,314
Infrastructure - Net	910,393
Construction-in-progress	<u>349,811</u>
	<u>\$ 5,067,969</u>
Other Assets	
Long-Term Portion of Loans Receivable	-
Long-Term Portion of Future Rents Receivable	-
Bond Insurance Costs - Net	-
<u>Total Assets</u>	<u>\$ 9,730,072</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities	
Accounts Payable and Other Current Liabilities	\$ 429,449
Internal Balances	-
Current Portion of Long-Term Notes	-
Current Portion of Lease Payable	-
Deferred Revenues	-
<u>Total Current Liabilities</u>	<u>\$ 429,449</u>
Noncurrent Liabilities	
General Obligation Notes	-
Deferred Revenues	410,918
	<u>\$ 410,918</u>
<u>Total Liabilities</u>	<u>\$ 840,367</u>

Exhibit Bloomsburg - Finance 3.2

Town of Bloomsburg  
Statement of Activities  
Municipal (Sewer) Authority  
Year ended December 31, 2004

<u>OPERATING REVENUES</u>	
Charges for Services	\$ 1,569,935
Operating Grants	65,685
<u>TOTAL OPERATING REVENUES</u>	<u>\$ 1,635,620</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>\$ 1,755,942</u>
<u>OPERATING LOSS</u>	<u>\$ (120,322)</u>
<u>NONOPERATING INCOME (EXPENSE)</u>	
Investment Income	\$ 82,475
Miscellaneous Income	35,732
<u>TOTAL NONOPERATING INCOME - NET</u>	<u>\$ 118,207</u>
<u>CHANGE in NET ASSETS</u>	\$ (2,115)
<u>NET ASSETS</u>	
January 1, 2004	8,891,820
December 31, 2004	<u>\$ 8,889,705</u>

For Notes to Financial Statements - See Complete Audit

Exhibit Bloomsburg - Police -1

Town of Bloomsburg

Police Complement 2004-05 Budget

	<u>2004</u>	<u>2005</u>
Police Chief	1	1
Lieutenant	1	1
Sergeant	2	2
Patrol Officer III	5	5
Patrol Officer II	2	4
Patrol Officer I	3	
Probationary Officer II		2
Probationary Officer I	1	
Part-Time Patrol Officers	8	12
Total	23	27

Source: Town of Bloomsburg Employee Budget Data

## CHAPTER 4—SECTION 3

### CASE STUDIES

#### Lock Haven City

The City of Lock Haven, the county seat of Clinton County, is located in central Pennsylvania, approximately 200 miles northwest of Philadelphia and 108 miles northwest of Harrisburg. Lock Haven is a small third class city, located in a rural county. The City encompasses approximately 2.3 square miles.

#### Population Characteristics

Between 1990 and 2000, Lock Haven City experienced a decrease in population from 9,230 to 9,149, a decline of 81 or 0.9 percent. Clinton County's population increased from 37,182 in 1990 to 37,914 in 2000, an increase of 732 or 2.0 percent. (See Exhibit 1.)

In 1990 Lock Haven City had 3,692 persons per square mile; in 2000 the number of persons per square mile decreased by 32 or 0.9 percent to 3,660. The County's density grew by 0.8 percent or 1.2 from 41.7 to 42.9 persons per square mile over the same period. (See Exhibit 2.)

The number of individuals residing in group quarters in Lock Haven decreased from 2,010 in 1990 to 1,846 in 2000, a decline of 164 or 8.2 percent. In 1990, 21.8 percent of Lock Haven's total population resided in group quarters. In 2000 it decreased to 20.2 percent. In 1990, 5.5 percent of the County's population resided in group quarters; by 2000 this figure increased to 5.8 percent. (See Exhibit 3.)

As with other university host municipalities, the comparatively high percentage of City residents living in group quarters reflects university students living in university housing located in the host municipality.

Lock Haven's "household population" (that is, the population exclusive of those residing in group quarters) increased from 7,220 in 1990 to 7,303 in 2000, an increase of 83 people or 1.1 percent. In 1990 household population represented 78.2 percent of the City's total population, and increased to 79.8 percent in 2000. The household population in Clinton County in 1990 represented 94.5 percent of the county's total population and declined slightly to 94.2 percent in 2000. (See Exhibit 4.)

In 2000, 16.7 percent of the population in Lock Haven was under 18 years of age, 67.8 percent was between the ages of 18 and 64, and 15.4 percent was age 65 and over.

The City's 2000 population under the age of 18 (16.7 percent) was below the County figure (21.5 percent). The proportion of the City's population in the 18-64 age group (67.8 percent) was above that of the County (61.7 percent), and the proportion of the City's population age 65 and older (15.4 percent) was also below the County (16.8 percent). In 2000, the median age in the City was 25.0 (down from 26.3 in 1990); Countywide the median was 37.8 (up from 34.8 in 1990). Statewide, the median age in 2000 was 38.0 (up from 35.0 in 1990). (See Exhibits 4-A and 4-B).

The City had 1,623 persons or 17.7 percent of its population in the 18 to 21 years of age category in 2000. The County percentage for this population is 6.8 percent. This difference is attributed primarily to Lock Haven University students. The difference in the percentages between the City and the County in the 18-21 age category is the smallest of any of the five host municipalities examined in the study. The younger median age of the City reflects the high weight of those in the 18 to 21 category located at the University. (See Exhibit 4B.) As with the other university towns, both the percentage living in group quarters and the percentage of population in the 18 to 21 age group reflects the university students.

U.S. Census Bureau estimates that as of July 2004, the population of Lock Haven City had decreased by 166 persons or 1.8 percent since 2000. The County's population is estimated to have decreased by 428 or 1.1 percent during this period. (See Exhibit 5.)

### Housing Units

In 2000 the City had 1,289 owner-occupied housing units, down from 1,380 in 1990. The number of renter-occupied units in Lock Haven in 2000 totaled 2,017, an increase of 269 units or 15.4 percent over the 1,748 units in 1990. The percentage of renter units was 56.6 percent, an increase from the 1990 percentage of 52.9 percent. As previously noted, a high percentage of renter-occupied units is considered to present a less stable condition than owner-occupied units. Within Lock Haven City students comprise a large number of the renter occupied units.

Similar statistics for the County in 2000 were 59.3 percent owner-occupied and 61.2 percent were owner-occupied in 1990. For County renter-occupied units, the numbers were 22.0

percent in 2000 and 22.8 percent in 1990. The Commonwealth proportions were owner-occupied, 64.9 percent and renter-occupied, 26.1 percent in 2000.

The median value for City owner-occupied housing in 2000 was \$76,100 an increase of \$32,500 or 74.5 percent from the 1990 value of \$43,600. The median values for the County were \$78,000 for 2000 compared to the 1990 value of \$46,300 or an increase of 68.5 percent. Both Lock Haven City and Clinton County have the lowest owner-occupied housing unit median value but the highest percentage increase in value between 1990-2000 for any of the host municipalities. (See Exhibits 6, 7, and 8.)

### Income Measures

In 1990 the City's per capita income was \$9,271 and in 2000 had increased by \$2,677 or 28.9 percent to \$11,948. The County's per capita income in 2000 was \$15,750 an increase of \$5,463 or 53.1 percent from \$10,287 in 1990. (See Exhibit 9.)

The City's per capita income for 2000 was 75.9 percent of the per capita income for the County.

Median household income for the City in 2000 was \$20,731, an increase from \$16,910 in 1990. The relative county median household income for 2000 was \$31,064 an increase from \$22,128 in 1990. The comparison of City median household income for 2000 to the County was 66.74 percent. (See Exhibit 10.)

Median family income for the City in 2000 was \$28,619, an increase from \$23,349 in 1990. The County median family income was \$38,177 in 2000 versus \$26,575 in 1990. The ratio of the City to County for the 2000 median family income was 75.0 percent. (See Exhibit 11.)

The median family income ratio of City to County should be higher than the median City to County household income ratio because student income is not generally in the family income measure but some student income is in the household group. Students not living in group quarters would be in the household group data set.

### Lock Haven City Operational Profile

Lock Haven is a small third class city located in rural central Pennsylvania. Because of its rural nature the City does not have the income levels or median household values of some of the other host municipalities.

The City operates under the City Manager form of government. It has six council members and a Mayor, each of whom serve a four-year term. The Mayor is a member of Council and is the official representative of the City. City Council retains a professional City Manager who carries out all the administrative activities of the City.

The City provides police and fire coverage, code enforcement, sewer collection and treatment, storm waste collection, street and road maintenance and cleaning, and parks and recreation facilities and programs. Because the Susquehanna River flows through the City, the City also maintains a levee system. The City has an extensive metered parking program, including metered off street parking lots. Refuse collection is provided by various private haulers who are licensed by the City. Lock Haven also provides water service to its citizens and to a number of surrounding communities.

#### Police Department

In 2005 the Police Department had a sworn officer compliment of 13 officers including the Chief of Police. The budgeted base salary expenditure for these officers was approximately \$555,000. The sworn officers were complemented by four support staff. In addition to the chief, there are a number of sergeants and/or acting sergeants (including a detective) and sworn patrol officers in the Police Department.

#### Fire Department

Fire Service in the City is provided through the Lock Haven Fire Department which is comprised of three distinct volunteer fire companies, Citizens Fire Company, the Hand-in-Hand Fire Company, and the Hope Hose Fire Company.

The City employs a Chief, three full-time drivers, and six to eight part-time drivers. The drivers provide manpower at each of the three stations to cover the 8:00 a.m. to 10:00 p.m. period for seven days per week. On call personnel cover the remaining hours. According to the City's Comprehensive Plan, fire equipment consists of one aerial/platform, three pumper/tankers,

one brush pumper, one light rescue boat and a scuba unit. Driver wages, including part-time drivers, were approximately \$128,000 for 2005.

### Public Works Department

The Public Works Department consists of 12 full-time employees and several part-time workers. The Streets/Storm Sewers division maintains about 35 miles of roadway and associated storm sewers within the City. For 2005, approximately \$70,000 in wages were budgeted in the General Fund for full and part-time personnel.

The Parks division maintains 14 municipal parks in the municipality. For 2005 about \$43,000 in wages were budgeted in the General Fund for full- and part-time staff.

The City, through the Public Works Department is responsible for the maintenance of 6.5 miles of earth levee along the Susquehanna River. This division maintains 38 drainage structures, one sanitary pumping station and other support areas. For 2005, the General Fund budget was \$63,000 for full- and part-time employees in this division.

The Water division maintains the water distribution system for the City and for a number of other municipalities. About 2 million gallons per day are supplied. Wage costs according to data from the Water Fund for 2004, were approximately \$244,000 (excluding the City Manager and elected officials).

The Sewer Division operates and maintains a 3.75 million gallons per day sewage treatment facility Sewer Fund expenditures wage expenses in 2004 were approximately \$423,000.

### Parking Facilities and Control

Lock Haven has responded to the parking issue by the use of metered parking along City streets. In addition to on-street parking, the City has developed parking lots which utilize either meters or permit parking. According to the City's Comprehensive Plan, there were 297 off street spaces, of which 97 utilized permits and the remainder were metered lots.

In addition to the use of police officers for parking enforcement, the City budgets a separate department to deal with meter collection and maintenance.

According to City officials there does seem to be some increase in parking issues near certain areas bordering the University campus, and “in town” where single family housing units are being converted into renter-occupied units.

#### Code Enforcement

Code enforcement is a major concern because the majority of dwelling units in the City are renter-occupied. The City staff believes there is a continuing move to convert owner- to renter-occupied units based on recent experience in the local real estate market.

The City retains three employees to handle code enforcement. The 2005 General Fund budgeted about \$58,000 in wages for this function.

#### Recreation

The City, along with the countywide Keystone Central School District, operates recreational and swimming programs throughout the City. It uses part-time personnel for this service.

#### Other Management and Finance

In addition to the City Manager, the City has a City Treasurer, a City Planner, a City Engineer and a number of other key professional and related support personnel. The total cost for these positions were spread over a number of accounting funds.

#### Lock Haven City Fiscal Status (2004 Audit)

##### Governmental Funds

The 2004 Audit delineates four major governmental funds: The General Fund; the Capital Escrow Fund; the Enterprise RLF Fund; and the Rural Enterprise Fund. The Capital Escrow Fund is the accounting vehicle for capital expenditures and to accumulate the revenue necessary to fund such activities. The two latter funds are loan funds which are used to assist economic development activities within the City. Exhibit Lock Haven-Finance 1.1 and Lock Haven-Finance 1.2 provides the full Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for 2004.

The 2004 General Fund in Summary Format:

Revenues:	\$2.572 million
Expenditures:	(2.848) million
Net Other Sources:	<u>\$0.282 million</u>
Net Change in Fund Balance	0.006 million
Fund Balance Beginning Year	<u>0.0001 million</u>
Fund Balance End of Year	<u>\$0.007 million</u>

- For 2004 there was a \$6,000 gain in fund balance.
- Revenue paid for about 90 percent of General Fund expenditures in 2004
- Total Tax Revenue paid for about 64 percent of General Fund expenditures
- Net Other Sources paid for about 10 percent of 2004 General Fund expenditures. This category is primarily driven by loan proceeds in excess of \$200,000 and by transfers from the other funds.
- Fines, forfeits and costs paid for four percent of total General Fund Expenditures.
- Charge for Services paid for three percent of total General Fund expenditures.
- The last major category, intergovernmental revenue, paid for approximately 12 percent of expenditures, with state aid for pensions and firemen’s relief constituting the major revenue in this category.
- Public Safety expenditures accounted for almost 38 percent of total 2004 General Fund expenditures. Of this total, police accounted for about 30 percent, fire about six percent, and all others accounted for about two percent.
- The second largest expenditure category after public safety was insurance and employee benefits, totaling almost 27 percent of total expenditures.
- Public Works, excluding water and sanitation, totaled approximately nine percent of expenditures.

- The remaining percentages of expenditures were General Government, eight percent; Health and Welfare and Culture and Recreation, each less than one percent; Building and Property, five percent and Debt Service nine percent.

Taxes and Tax Base

- General

Total taxes, \$1.826 million, paid for 64 percent of General Fund expenditures and amounted to 71 percent of revenues. Taxes were the largest single revenue source for the General Fund.

- Real Estate Tax for 2004 (current and delinquent) comprised about 70 percent of total taxes. Current real estate taxes for 2004 were levied at 22.29 mills on an assessed valuation of \$58 million, with an estimated market value of \$99.9 million. The 22.29 mills is a single millage equivalent because the City utilizes a split tax rate of land at 68.43 mills and improvements at 14.14 mills.

- Earned Income Tax (EIT)

The Earned Income Tax generated approximately 18 percent of total tax revenue. The EIT is levied on earned income of City residents at the rate of one-half percent for the City. The tax is also levied on those who work in the City and do not have a similar tax in their municipality of residence.

All the other taxes paid to the Borough were:

Real Estate Transfer Tax (Deed Tax)	3 percent
Occupational Privilege Tax (OPT)	2 percent
Amusement Tax	less than 1 percent
Business Privilege/Mercantile Tax	7 percent

The Business Privilege/Mercantile tax provides seven percent of total taxes. The rates currently levied in the City cannot be increased beyond their present rate. In Lock Haven the current rate is .75 mills for retail sales and .50 mills for wholesale sales.

- Occupational Privilege (OPT)

In 2004 the City levied the Occupational Privilege Tax at \$10, of which \$5 went to the City and \$5 was remitted to the school district. This tax is paid by all persons employed within the municipality. In 2005, Lock Haven City levied the EMST tax at \$52, \$47 of which is retained by the City.

Proprietary (Enterprise) Funds

The 2004 Audit for the City lists three enterprises funds: the Water Fund; the Sewer Fund; and the Airport Fund. Detail information for these funds from the 2004 audit are provided as Exhibit Lock Haven-Finance 2.1 and Lock Haven-Finance 2.2.

The Airport Fund has no direct relationship to the objectives of this report.

The other two funds are used to account for the water services and for sewage operations which are provided to City residents, including the University. These operations are structured so that the revenue produced through charges for services cover expenses, including interest expense and depreciation.

	<u>Water Fund</u>	<u>Sewer Fund</u>
Operating Income (Loss)	\$(36,208)	\$87,404
Total Nonoperating Rev. (Exp.)	(77,276)	(70,398)
Not Other Financing (Uses)	<u>          </u>	<u>(9,000)</u>
Net Income	41,068	8,006
Net Assets Beg. of Year	<u>1,863,116</u>	<u>(1,073,359)</u>
Net Assets End of Year	<u>\$1,904,184</u>	<u>\$(1,065,353)</u>

For 2004, these funds had minimal transfers to other funds.

## Case Study—Lock Haven University Profile

### Introduction

Lock Haven University's "main campus" is located in the western section of Lock Haven City. The University also has a branch campus in Clearfield, Pennsylvania approximately 50 miles west of Lock Haven City.

According to the University's Master Plan 2000-2020, the University's main campus occupies about 175 acres, within the City. About 12 percent of the City's area is university property.

Lock Haven University was founded in 1870 as the Central State Normal School to train teachers. In 1927 it became a teachers college. In 1959 it became Lock Haven State College and in 1983 became Lock Haven University, one of the 14 Pennsylvania state owned universities.

### Enrollment

Exhibit 12 depicts enrollments from the fall of 2002 through the spring of 2005, along with the relevant percentage changes. Exhibit 13 provides various breakouts of the 2004 fall enrollment by undergraduate/graduate; female/male; full-time/part-time; minority/nonminority, and PA resident/non.

Exhibit 14 lists the top three Pennsylvania counties where Lock Haven University students reside.

Exhibit 15 converts the 2004 enrollment to full-time equivalent enrollment (FTE) for the fall of 2004. The original 5,126 enrollment converts to a full-time equivalent count of 4,711.

For 2004, full-time students total about 4,555 or 88.8 percent of the total enrollment.

- Females are 1.5 times more numerous than males.
- 89 percent of students are Pennsylvania residents.

### Student/Faculty Ratio and Cost Per Full-time Equivalent Student

The student/faculty ratio increased from the period 1999-00 through 2003-04. Exhibit 16 provides the yearly ratios.

Exhibit 17 provides the cost per full-time equivalent student for Lock Haven University as well as similar costs for the state system as a whole. For the period, FTE costs increased from

\$12,345 in 1999-2000 to \$12,701 in 2003-04, although some intervening years were higher. This amounts to an increase of approximately 0.7 percent per year.

### Facilities

The physical assets of Lock Haven University may be found in Exhibit 18 which also provides data on the state system. This data includes the physical education fields, stadium, apartment complexes, and the Clearfield Campus. The dorm capacity is 1,577, which sets an upper limit to “resident on campus” students. Although not the same as market value, the replacement cost does give some approximation for the asset value of the University’s facilities.

### University Employment

Exhibit 19 enumerates the number of full-time salaried and hourly employees for Lock Haven University and the state system.

## LOCK HAVEN TOWN AND GOWN RELATIONSHIP

### Key Areas/Issues

The key issues affecting the interrelationship between City of Lock Haven and Lock Haven University include City revenue sources, public safety response and service, off-campus housing, parking, and infrastructure development. An additional factor in Lock Haven includes the potential expansion of the University from its geographically confined area in the western section of the City.

### Statistical Problem – Student Count

According to the City of Lock Haven's Comprehensive Plan Update, the University had an enrollment of between 4,400 and 4,600 students in the fall of 2003. Of that number, about 1,743 were housed by the University, 300 to 400 were commuter students, and 2,200 to 2,500 students were living in private housing. The Plan Update further reports that most of this private housing is within 6 to 8 blocks of the University.

The 2005 fact book indicated that the enrollment was 5,126 students in the fall of 2004. (This number included students at the Clearfield Campus). The University reported that in the fall of 2004, 1,715 students were living on campus. However, the University did not provide specific information on how many of the remaining students lived in the City.

The number of students living in the City is important because of the demand this group generates for City services and the pressure these students exert on the rental housing market.

### Revenue

- Real Estate Tax Revenue

The University, as an educational institution and state owned entity, is a tax-exempt institution, and makes no tax payments to the City. In 2003, Lock Haven City had a total assessed valuation of about \$100.6 million. Of this total, the exempt valuation was \$42.3 million with the University's exempt valuation at \$19.3 million. The University totaled 45 percent of the total tax-exempt valuation and 19 percent of the total valuation of the City.

### PILOTS-Payments in Lieu of Taxes

Lock Haven University, following the policy of the State University System, does not make in-lieu-of tax payments to the City. The University does make a small donation of about \$4,000 each year to the City for emergency services. The payment is scaled to enrollments. In addition, in 2003 the Lock Haven University Foundation made a one-time payment to the City in conjunction with the development of property by the University Foundation within the City.

### University Employees and Tax Payments

- Tax Contributors

The University reported that 132 employees lived in the City in 2004. The total number of University employees was 572 (including Clearfield Campus). The number provided in State System Factbook was very close at 568. (See Exhibit 19.) Approximately 23 percent of these employees would pay some combination of real estate tax, and/or earned income tax, to the City. (The actual percentage is greater than 23 percent because the 572 total would be decreased by those employed at the Clearfield Campus.)

- Earned Income Tax EIT

The University also provided data on the gross payroll for University employees who are City residents and for the total payroll for all University employees. For 2004, University employees who are City residents earned about \$17.3 million. The total payroll was \$32.3 million. Therefore, approximately 55 percent of the payroll was paid to City residents. PEL received income data from the City's tax collectors; for the year 2002 the number of City residents who paid EIT was 2,573; the number of University employees who live in the City was 551, with 21 percent of all EIT payers in the City employed by the University. The very high percentage 55 percent does not appear to be consistent with the percentage derived in the other host municipalities.

- Occupational Privilege Tax (OPT)

According to the City's financial statements, the City's average annual Occupational Privilege Tax collection was \$30,318 for 2002 through 2004. At a rate of \$5 per payer, the

average number of payers was 6,063. The OPT is levied on those persons employed in the City regardless of residency. Data from the City indicates that the total number of OPT individual receipts for 2002 through 2004 was 5,875. There is a variance between the two methods of about 188 payers. Included within the 5,875 OPT payers were 799 University payers. The University accounted for 14 percent of the total OPT payers according to the City's data.

- 2005—Emergency and Municipal Service Tax (EMST)

The OPT tax was “transformed” into a new tax, the Emergency and Municipal Service Tax (EMST) by the State Legislature in late 2004. For Lock Haven the rate has been set at \$52 per employee with the first \$5 remitted to the school district and \$47 remitted to the City. As of August 2005, the City had received about \$192,000 from this source. PEL did not have data to indicate what percentage came from University employees.

#### Police/Crime Service Issues:

For 2005 the police department had 13 sworn officers. The University had 8 sworn police officers in addition to parking officers.

According to a Statistical Survey carried out by the Lock Haven Police Department, there were 832 incidents relating to Lock Haven University students and/or property from May through October of 2005, or approximately 590 man hours of police time. Exhibit Lock Haven-Police 1 proves a breakdown in tabular format of the incidents/manhours by month, type of incident, and type of manhour category. The incidents increased in September and peaked in the months September and October when students return to campus. The majority of this activity dealt with parking tickets.

Lock Haven's Police Chief believes that additional officers would be helpful and that university students, especially those living off campus, add to the workload of his department.

#### Fire Calls

For the period of April 4 through October 4, 2005, there were 44 incident reports filed by all three companies that related to University property or to students. Many were duplicate

reports filed by different companies but related to the same incident. There were no major structure fires included in the calls.

#### Code Enforcement/Housing

There is concern with the large percentage of rental units located in the City and the need to insure compliance to code for these units. The City has enacted a stringent code enforcement program to ensure that these rental units meet code standards. The rental units are inspected by independent third party inspectors with the guidelines based on 1993 BOCA Property Maintenance Code as amended. If complaints about a property are received between the normal inspection period an interim inspection may be conducted. Improvements in the maintenance and care of the rental structures have resulted from the implementation of this code enforcement program.

Representatives from the City's Planning and Code Enforcement Departments expressed concern over a trend to convert larger single family homes into multi-rental units. Market demand for rental units (driven primarily by students), is financially attractive and homeowners have converted single-family homes into a multi unit rental units. City staff are concerned that this decrease in owner-occupied housing will promote long-term instability in the housing market.

#### Parking

Except in the area near the University, vehicle parking is not a significant issue in the City. However, as more single-family units are converted to multi-rental units, the parking requirements for these structures will increase. Zoning and planning ordinances will attempt to address this issue and the City's concern that parking problems will increase as enrollments increase and the campus expands.

#### Infrastructure/Sewers:

The City provides water and sewer service to the University. The University has assisted with various arrangements to aid in water and sewer service improvements that benefited the University. In addition, the University as a major water and sewer user provides a substantial portion of the general revenue stream for both operations.

In 2004, combined water and sewage usage payments by the University was approximately \$119,779. Total charges for water and sewers from all sources per the 2004 audit was about \$2.334 million. This equates to 5.1 percent of the total revenues for these operations.

Other Areas:

The City and the University hold periodic meetings to discuss issues which affect the relationship between the two entities.

One such issue is the growth of the University into additional areas of the City. The University has acquired Keystone Central School District property which was already nontaxable, and the effect on the City's real estate tax base therefore was minimal. As further University development continues, current taxable properties may be acquired by the University and could result in a loss of property for taxation purposes. This would become a major problem for the City.

## EXHIBITS

Exhibit Lock Haven-Finance 1.1

City of Lock Haven  
Balance Sheet  
Governmental Funds  
December 31, 2004

Major Funds

ASSETS	Major Funds			
	General	Capital Escrow	Enterprise RLF	Rural Business Enterprise
Cash and Cash Equivalents	\$ 1,684	\$ 356,064	\$ 458,087	\$ 249,714
Cash Restricted as Loan Collateral	-	32,372	-	-
Receivables	-	-	-	-
Taxes	388,849	-	-	-
Loans	-	-	168,712	303,671
Other	14,079	-	-	-
Due from Other Funds	94,131	\$ 90,444	-	-
<b>TOTAL</b>	<b>\$ 498,743</b>	<b>\$ 478,880</b>	<b>\$ 626,799</b>	<b>\$ 553,385</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Vouchers Payable	\$ 39,945	-	-	-
Accrued Liabilities	52,159	-	-	-
Due to Other Funds	105,526	-	-	-
Deferred Revenue	295,016	-	\$ 168,719	\$ 303,963
<b>TOTAL LIABILITIES</b>	<b>\$ 492,646</b>	<b>\$ -</b>	<b>\$ 168,719</b>	<b>\$ 303,963</b>
<b>FUND BALANCES</b>				
Reserved For	-	-	-	-
Off-Street Parking	-	-	-	-
Recreation	-	-	-	-
Interchange	-	-	-	-
Economic Development	-	-	-	249,622
Flood Protection	-	-	-	-
Streets	-	-	-	-
Curbs and Sidewalks	-	-	-	-
Other Reserves	-	478,880	458,080	-
Undesignated	6,097	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>\$ 6,097</b>	<b>\$ 478,880</b>	<b>\$ 458,080</b>	<b>\$ 249,622</b>
<b>TOTAL</b>	<b>\$ 498,743</b>	<b>\$ 478,880</b>	<b>\$ 626,799</b>	<b>\$ 553,585</b>

For Notes to Financial Statements - See Complete Audit

Exhibit Lock Haven-Finance 1.2

City of Lock Haven  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Endes December 31, 2004

	Major Funds			
	General	Capital Escrow	Enterprise RLF	Rural Business Enterprise
<b>REVENUES</b>				
Taxes	1,825,812	-	-	-
Licenses and Permits	57,306	-	-	-
Fines and Forfeits	127,353	-	-	-
Interest, Rents, and Royalties	234	10,267	4,738	2,048
Intergovernmental	350,796	-	-	-
Charges for Service	90,733	-	-	-
Collections on Loans	-	-	24,028	120,226
Miscellaneous	119,864	-	-	-
<b>TOTAL REVENUES</b>	<b>2,572,098</b>	<b>10,267</b>	<b>28,766</b>	<b>122,274</b>
<b>EXPENDITURES</b>				
Current				
General Government	225,518	-	1,432	70,949
Employee Benefits and Insurance	757,467	-	235	-
Building and Property	143,603	-	-	-
Community Development	-	-	-	-
Public Works-Hwys and Streets	258,877	-	-	234
Health and Welfare	26,979	-	-	-
Public Safety	1,061,828	-	-	-
Culture and Recreation	109,325	-	-	-
Other	14,374	-	46	-
Capital Outlay	-	-	-	-
Debt Services -Principal	179,508	-	-	-
Debt Services -Interest	70,790	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,848,269</b>	<b>\$ -</b>	<b>\$ 1,713</b>	<b>\$ 71,183</b>
<b>EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES</b>	<b>(276,171)</b>	<b>10,267</b>	<b>27,053</b>	<b>51,091</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	285,286	-	1	-
Operating Transfers Out	(3,600)	(325,286)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES) NET</b>	<b>281,686</b>	<b>(325,286)</b>	<b>1</b>	<b>-</b>
<b>CHANGE IN FUND BALANCES</b>	<b>5,515</b>	<b>(315,019)</b>	<b>27,054</b>	<b>51,091</b>
FUND BALANCE - Beginning	582	793,899	431,026	198,531
FUND BALANCE - Ending	<b>\$ 6,097</b>	<b>\$ 478,880</b>	<b>\$ 458,080</b>	<b>\$ 249,622</b>

For Notes to Financial Statements - See Complete Audit

## Exhibit Lock Haven-Finance 2.1

City of Lock Haven  
Statement of Net Assets  
Proprietary Fund  
December 31, 2004

Business-Type  
Activities - Enterprise Funds

	Water Fund	Sewer Fund	Airport Operating Fund
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	304,920	984,864	1
Other Accounts Receivable	233,744	161,969	44459
Due From Other Funds	82,288	13,015	40168
Due From Other Governments	5,000	-	-
Deferred Charges	3,892	11,781	1116
Other Current Assets	6,266	-	-
Prepays	39,707	1	-
<u>Total Current Assets</u>	<u>675,817</u>	<u>1,171,630</u>	<u>85,744</u>
Capital Assets: (Net of Acc. Dep.)			
Land and Improvements	444,977	-	-
Equipment (Including Util. Sys)	1,128,013	496,547	54,895
Construction in Progress	35,135	1,583,789	97,837
<u>Net Capital Assets</u>	<u>1,608,125</u>	<u>2,080,336</u>	<u>152,732</u>
<u>TOTAL</u>	<u>\$ 2,283,942</u>	<u>\$ 3,251,966</u>	<u>\$ 238,476</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Current Portion of Bonds Payable	\$ 29,151	\$ 152,143	\$ 25,681
Current Portion of Note Payable	-	123160	-
Note Payable - Bank	-	581000	-
Vouchers Payable	2,608	61305	7234
Accrued Liabilities	39,760	67467	2316
Compensated Absences	-	-	452
Due to Other Funds	68,554	39199	99066
Other Current Liabilities	-	-	18188
Deferred Revenue	-	-	475
<u>Total Current Liabilities</u>	<u>140,073</u>	<u>1,024,274</u>	<u>153,412</u>
<b>LONG TERM LIABILITIES</b>			
Bond Payable	213,649	1,115,074	206,218
Note Payable - PennVEST	-	2,164,874	-
Due to Other Governments	26,036	13,097	-
<u>Total Long-Term Liabilities</u>	<u>239,685</u>	<u>3,293,045</u>	<u>206,218</u>
<b>NET ASSETS</b>			
Invested in Capital Assets,			

Net of Related Debt	1,394,476	(1,780,612)	(53,486)
Unrestricted	<u>509,708</u>	<u>715,259</u>	<u>(67,668)</u>
<u>Total Net Assets</u>	<u>1,904,184</u>	<u>(1,065,353)</u>	<u>(121,154)</u>
<u>TOTAL NET ASSETS</u>	<u>\$ 2,283,942</u>	<u>\$ 3,251,966</u>	<u>\$ 238,476</u>

For Notes to Financial Statements - See Complete Audit

Exhibit Lock Haven-Finance 2.2

City of Lock Haven  
 Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Proprietary Funds  
 For the Year ended December 31, 2004

OPERATING REVENUES

Charges for Services	\$ 1,165,479	\$ 1,169,154	\$ 241,570
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OPERATING EXPENSES

Personell Services	358,139	\$ 630,494	65872
Utilities (including water, filtration costs	733,458	122,417	20333
Materials, Supplies, and Maintenance	2,331	119,020	154773
Depreciation	72,146	70,669	10536
Sludge Disposal	-	68,147	-
Administrative Expense	27,775	23,332	3677
Insurance	7,740	21,114	8430
Laboratory Analysis	-	16,462	-
Miscellaneous	98	10,095	203

<u>TOTAL OPERATING EXPENSES</u>	\$ 1,201,687	\$ 1,081,750	\$ 263,824
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<u>OPERATING INCOME (LOSS)</u>	<u>\$ (36,208)</u>	<u>\$ 87,404</u>	<u>\$ (22,254)</u>
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NONOPERATING REVENUES (EXPENSES)

Subsidies from other Governments			
State	-	-	\$ 85,927
Local	14,673	-	-
Proceeds from Sale of Assets	50,361	-	-
Rental Income	14,058	11,648	-
Interest Income	7,769	15,597	52
Interest Expense	(9,585)	(97,643)	(9,155)

<u>TOTAL NONOPERATING REVENUES - NET</u>	<u>\$ 77,276</u>	<u>\$ (70,398)</u>	<u>\$ 76,824</u>
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<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	\$ 41,068	\$ 17,006	\$ 54,570
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OTHER FINANCING SOURCES (USES):

Transfers In	-	10,734	-
Transfers Out	-	(19,734)	-

<u>TOTAL OTHER FINANCING USES - NET</u>	-	(9,000)	-
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<u>NET INCOME</u>	\$ 41,068	\$ 8,006	\$ 54,570
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<u>NET ASSETS BEGINNING</u>	<u>\$ 1,863,116</u>	<u>(1,073,359)</u>	<u>(175,724)</u>
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<u>NET ASSETS BEGINNING</u>	<u>\$ 1,904,184</u>	<u>\$ (1,065,353)</u>	<u>\$ (121,154)</u>
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For Notes to Financial Statements - See Complete Audit

Exhibit Lock Haven - Police 1

City of Lock Haven  
Police Summary  
Student/Student Related Incidents  
May - October Yearly Status

<u>Incidents</u>	<u>Total</u>
Ordinance	6.00
DUI Arrests	4.00
Traffic Citations	11.00
Criminal Arrests	36.00
Tickets	471.00
Warrants	1.00
W/W	3.00
W/V	10.00
MVA's	12.00
Complaint RPTS	97.00
Supplemental RPT Incidents	79.00
	102.00
Total Incidents	832.00

<u>HOURS</u>	<u>Total</u>
Patrol	12.50
Speed	1.00
Foot Patrol	5.25
Bike Patrol	-
Court	19.25
MVA	25.25
Criminal	371.50
Non-Criminal	150.75
Community Service	-
Supervision	1.00
BNI	-
Training	0.25
Other Duty	4.00
Miles Traveled	-
Total Hours Worked	590.75

## CHAPTER 4—SECTION 4

### CASE STUDIES

#### Edinboro Borough

Edinboro Borough is located in the northwest corner of Pennsylvania within Erie County. It is approximately 403 miles northwest of Philadelphia, 291 miles northwest of Harrisburg and 23 miles south of Erie City, the county seat for Erie County. The Borough is situated on Lake Edinboro and is a recreational and vacation community. The surrounding municipalities are rural townships and small boroughs. The Borough encompasses approximately 2.3 square miles.

#### Population Characteristics

Between 1990 and 2000 the Borough experienced a decrease in population from 7,736 to 6,950, a decline of 786 or 10.2 percent. Erie County's population increased from 275,572 in 1990 to 280,843 in 2000, an increase of 5,271 or 1.9 percent. (See Exhibit 1.) Of the five municipalities examined by PEL, Edinboro had the largest population decline between 1990 and 2000 in both percentage and absolute numbers.

In 1990 Edinboro Borough had 3,363.5 persons per square mile; in 2000 it decreased by 341.7 persons per square mile or 10.2 percent to 3021.7 persons per square mile. The County population density grew by 6.6 persons per square mile, or 1.9 percent, from 343.6 to 350.2 persons per square mile. (See Exhibit 2.)

The number of individuals residing in group quarters in the Borough decreased from 2,810 in 1990 to 1,994 in 2000, or by 816 (29.0 percent). In 1990, 36.3 percent of the Borough's total population resided in group quarters and by 2000 declined to 28.7 percent. In 1990, 3.7 percent of the County's population resided in group quarters and in 2000 this figure increased to 5.0 percent. (See Exhibit 3.) Even with this decline between 1990 and 2000, the Borough still has the second highest percentage of persons living in group quarters of the five host municipalities. Only Millersville Borough was higher at 31.7 percent.

The high percentage of Borough residents living in group quarters reflects university students living in university provided housing located in the Borough.

The primary component of the Borough's population, "household population" (the population exclusive of those residing in group quarters) increased from 4,926 in 1990 to 4,956 in 2000, an increase of 30 people or 0.6 percent. In 1990 household population represented 63.7

percent of the Borough's total population, and increased to 71.3 percent in 2000. The household population of Erie County in 1990 represented 96.3 percent of the county's total population and declined to 95.0 percent of the County's population by 2000. (See Exhibit 4.)

In 2000, the median age in the Borough was 21.8 years, up from 21.0 years in 1990. The countywide median age was 36.2, up from 32.9 years in 1990. Statewide, the median age was 38.0 in 2000, up from 35.0 years in 1990.

The Borough had 2,087 persons or 30.0 percent of its population in the 18 to 21 years of age category, the County percentage for this age group was 5.3 percent. Of the five host municipalities, Edinboro and Millersville had the highest 18-21 age percentages at approximately 30 percent. (See Exhibits 4A and 4B.) The younger median age of the Borough reflects to a large extent, those students in the 18 to 21 category at the University. Both the percentage of group quarter persons and the percentage of population in the 18 to 21 age group are skewed by the presence of university students.

The U.S. Census Bureau estimated, that as of July 2004, the population of the Borough had decreased by 71 persons or 1.0 percent since 2000. The County's population is estimated to have increased by 1,521 or 0.5 percent during this same period. (See Exhibit 5.)

### Housing Units

In 2000 the Borough had 748 owner-occupied housing units, an increase of 53 units or 7.6 percent from the 695 in 1990. The number of renter-occupied units in the Borough in 2000 totaled 1,339, an increase of 176 units or 15.1 percent over the 1,163 in 1990. In addition, the proportion of renter-occupied units of all occupied housing units was 59.7 percent, an increase from the 1990 proportion of 57.3 percent. This large share of renter-occupied units is comparable to that seen in West Chester, Bloomsburg, and Lock Haven. A high percentage of renter-occupied can be considered a weakness to a community's overall housing market stability. It must be noted that a portion of the renter-occupied housing in Edinboro is of seasonal recreational nature primarily around Lake Edinboro.

Comparable County housing statistics for 2000 were 64.5 percent owner-occupied and 35.5 percent renter-occupied in 2000 and 64.2 percent owner-occupied and 35.8 percent renter-occupied in 1990. For the County renter-occupied units, the proportions were 28.7 percent in 2000 and 29.3 percent in 1990.

The median value for Borough owner-occupied housing in 2000 was \$108,000, an increase of \$43,500 from the 1990 value of \$64,900 or 67.0 percent. For the County the median value for 2000 was \$85,300, compared to the 1990 value of \$54,000, an increase of 58.0 percent. (See Exhibits 6, 7, and 8.)

### Income Measures

In 1990 the Borough's per capita income was \$6,977; by 2000 it had grown by \$5,232, or 75.0 percent, to \$12,209. The County's per capita income in 2000 was \$17,932, an increase of \$5,615 or 45.6 percent from \$12,317 in 1990. (See Exhibit 9.) The Borough's per capita income for 2000 was 68.8 percent of the per capita income of the County.

Median household income for the Borough in 2000 was \$26,652, an increase from \$20,990 in 1990. The County median household income for 2000 was \$36,627, an increase from \$26,581 in 1990. The proportion of Borough median household income to the County was 72.7 percent.

Median family income for the Borough in 2000 was \$48,516, an increase from the \$33,085 in 1990. For the County median family income in 2000 was \$44,829 up from \$32,145 in 1990. The ratio of the Borough to County for the 2000 median family income is 108.2 percent.

Of the five host municipalities, both Edinboro Borough and Millersville Borough have median family incomes greater than their respective counties. However, household incomes in all five host municipalities are below their respective county household median incomes.

### Edinboro Borough Operational Profile

Edinboro Borough is a lakeside residential and university community. The Borough has a small downtown area centered on its main street, and is dominated by the presence of the University and Edinboro Lake.

The Borough is governed under a Home Rule Charter with a council-manager form of government. It has seven council members who appoint a Borough Manager. One of the seven council members, one member selected by Council, acts as the presiding officer or Mayor.

The Manager works at the pleasure of the Council and is in charge of all administrative activities of the Borough including the Police Department.

The Borough provides services including: police; volunteer fire; code enforcement; refuse collection and disposal through a private contractor; water service and sewer collection and treatment through a water authority and municipal (sewer) authority; storm waste collection; street and road maintenance and cleaning; and parks and recreation facilities and programs. Because of Edinboro Lake, the Borough maintains beaches along Edinboro Lake as well as community swimming areas at the lake and at a pool.

### Police Department

In 2005 the Police Department had nine full-time sworn officers including the Chief of Police. The budgeted base salary expenditure for these officers was approximately \$354,000. The sworn officers were assisted by support staff whose base wages totaled \$28,000. The cost of police coverage is a significant issue for the Borough because the neighboring township has no police force.

### Fire Department

Fire Service in the Borough is provided by the Edinboro Volunteer Fire Department. The Borough's 2005 budget provided for payments to the volunteer department of approximately \$60,000. Other municipalities also make pro rata contributions to the department for items such as Workers' Compensation expenses.

The Fire Department services Edinboro Borough including the University, Washington Township, and parts of the townships of Elk Creek, Cusewago, and Venango in adjacent Crawford County. The firehouse has six bays and equipment including two ambulances, two pumpers, one rescue, one tanker, one 65-foot aerial, and one fire/police vehicle. There are approximately 80 active volunteers. The fire company estimates that 54 percent of all calls originate within the Borough including the University.

### Public Works

The Public Works Department maintains and repairs about 18 miles of Borough streets and 3.7 miles of state roads, and maintains public works activities related to water and sewer service. The Department has six full-time employees in addition to the Director at a 2005 budget

estimate cost of \$181,000. Water and Sewer Service work are also performed in conjunction with the respective water and sewer authorities.

### Sewage

The sewage system is comprised of 18 miles of gravity lines, nine lift stations, and a 1.2 MGD treatment plant. The service area is the Borough, including the University, and with 50,000 GPD allocated to Washington Township customers. Approximately 7 full-time borough personnel provide staff to operate the system, assisted by part-time employees and clerical staff.

### Water

The Edinboro water system supplies water for the Borough, including the University and Washington Township customers. In 2004, the system pumped about 261 million gallons at an average of 714,000 gallons per day. The usage fluctuates primarily in proportion to the amount of University consumption during the year. Approximately three and one-half persons work in this area along with other Borough personnel that contribute their time.

### Code Enforcement

As with the other university host municipalities examined, Edinboro engages in an aggressive code enforcement program. The Borough manages its Code Enforcement Program with a Planning/Zoning/Codes Administrator and one support person. According to the 2005 budget, about \$50,000 are spent in direct wages for this function.

### Recreation and Parks

The Borough maintains a number of parks and recreation programs. Wages for recreation activities in the 2005 budget were \$18,000. Park maintenance was performed by Public Works personnel.

### Management and Finance

The Borough's management and financial supervision is directed by the City Manager, Assistant to the Manager and two support personnel. The wages for these personnel were distributed among a number of accounting funds.

Edinboro Borough Fiscal Status (2004 Audit)

Governmental Funds

The 2004 Audit indicates only one major governmental fund, the General Fund. There are three non-major governmental funds; the Community Development Block Grant Fund, the Highway Aid Fund (Liquid Fuels); and the Capital Projects Fund. The latter three funds provide and utilize grants and other sources for roads and streets, as well as for capital improvements and Community Development Activities. Exhibits Edinboro-Finance 1.1 and Edinboro-Finance 1.2 provides the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for 2004.

In summary format the 2004 General Fund numbers are:

Revenues:	\$1.916 million
Expenditures:	(1.835) million
Net Other Sources:	<u>(.041) million</u>
Net Change in Fund Balance	.040 million
Fund Balance Beginning Year	<u>.656 million</u>
Fund Balance End of Year	<u>\$.696 million</u>

- For 2004 there was a \$40,000 increase in Fund Balance.
- Revenue was \$80,000 greater than the General Fund expenditures in 2004.
- Total Tax Revenue paid for 73 percent of General Fund Expenditures in 2004. This is a relatively high percentage compared to West Chester, Bloomsburg, and Lock Haven. The Earned Income Tax, levied at a rate of 2.0 percent (0.5 percent remitted to the school district) contributed to this revenue total.
- Federal, state, and municipal grants paid for 15 percent of expenditures.
- Charge for services paid for four percent of expenditures.

- Interest, rents, etc., along with licenses and permits paid for three percent of expenditures.
- Fines, forfeits and costs paid for five percent of total general fund expenditures.
- Public Safety expenditures totaled almost 42 percent of total 2004 General Fund expenditures.
- Police expenditures make up 35 of the 42 percent expended on Public Safety.
- Housing Code Enforcement and Fire are in the three to four percent range.
- The second largest expenditure category after public safety was public works totaling 23 percent of total expenditures.
- The “Other” expenditure category, including pension expenditures, accounted for 16 percent of expenditures.
- The remaining percentages of expenditures were General Government and Tax Collection 15 percent; Community Development, two percent, and debt service, one percent.

### Taxes and Tax Base

Total taxes amounting to \$1.338 million paid for 73 percent of General Fund expenditures and totaled 70 percent of total revenues. Total taxes are the largest revenue source for the General Fund.

The Borough’s total real estate tax (including all funds) generated about 27 percent of total tax revenue. The real estate rate in 2004 was 2.3 mills. The same rate was levied in 2005. The Earned Income Tax totaled 68 percent of total tax revenue. The significant difference among the reviewed host municipalities is that Edinboro levies the EIT at a total rate of 2.0 percent (0.5 percent to the School District), compared to the one percent total rate levied in the other host communities.

The Borough is a home rule municipality governed by a Home Rule Charter and under that Charter’s authority, levies an EIT rate at two percent, 1.5 percent of which goes to the Borough, and 0.5 percent is remitted to the School District. The rate applicable in the Borough is three times greater than the rate in West Chester, Bloomsburg, Millersville, and Lock Haven.

All the other taxes paid to the Borough are:

Real Estate Transfer Tax (Deed Tax)	4 percent
Occupational Privilege Tax (OPT)	1 percent

The Borough does not have either a Mercantile Tax or Business Privilege Tax.

For 2004 the Occupation Privilege Tax (OPT) was levied at \$10 per person for those employed within the Borough. Of the \$10 levied per employed person, \$5 was retained by the Borough and \$5 was remitted to the school district. The OPT tax was “transformed” into a new tax, the Emergency and Municipal Service Tax (EMST), by the State Legislature in late 2004. The tax limit can be as high as \$52 per employee with \$5 going to the school district and the remainder to the Borough. For 2005, the Borough enacted the full \$52 per employee. (Various tax forgiveness features are possible depending on income levels.)

Proprietary (Enterprise) Funds

The 2004 Audit for Borough lists three enterprises funds; the Water Fund, the Sewer Fund, and the Refuse Fund. Detail information for these funds from the 2004 Audit are provided in Exhibit Edinboro-Finance 2.1 and Exhibit Edinboro-Finance 2.2.

Each of these funds is used to account for the water services, sanitary sewer services, and refuse operations. The first two Funds use Borough Personnel for operations, and the latter Fund contracts out refuse collection. The University is a major customer and/or participant for water and sewage service. The revenue produced through charges for services cover the expenses including interest expense and depreciation.

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Fund</u>
Operating Income	\$76,625	\$331,422	(2,961)
Total Nonoperating Rev. (Exp.) (includes transfers)	<u>(2,473)</u>	<u>5,807</u>	<u>1,156</u>
Change in Net Assets	74,152	337,229	(1,805)
Net Assets Beg. of Year (restated)	<u>772,400</u>	<u>3,122,264</u>	<u>203,218</u>
Net Assets End of Year	<u>\$846,552</u>	<u>\$3,459,493</u>	<u>\$201,413</u>

In both the Sewer Fund and Refuse Fund there were no transfers to other funds. The Water Fund did transfer \$5,800 to the General Fund.

## Case Study—Edinboro University Profile

### Introduction

The main campus of Edinboro University is located in the central section of Edinboro Borough with the University's east border (and undeveloped area) touching Washington Township. Approximately 43.5 percent of Borough's total area is University property.

The University also has two other campuses. One near Erie City in Millcreek Township and one in Meadville, Pennsylvania.

The Erie Campus is situated on the Paneco Estate and provides credit and noncredit courses as well as conference center programs. That complex has 11 buildings on 27 acres.

The Meadville campus is housed in a 20,000 square foot facility on Bessemer Street. Various courses are offered at this facility.

According to the University's website, the main campus in the Borough of Edinboro is comprised of 43 buildings on 585 acres of land, with about 8,000 students, including approximately 2,500 who live in six campus residence halls.

Edinboro University was founded in 1857 by Scottish settlers as a normal school to train teachers. It has subsequently evolved to be one of the 14 Pennsylvania state-owned universities.

### Enrollment

Exhibit 12 delineates enrollments from the fall of 2002 to the spring 2005 along with percentage change. Exhibit 13 presents various breakdowns of the 2004 fall enrollment by undergraduate/graduate; full-time/part-time; female/male; Pennsylvania resident/nonresident and minority/nonminority.

Exhibit 14 depicts the top three Pennsylvania counties where students at Edinboro University reside.

Exhibit 15 also covers the 2004 enrollment to full-time equivalents (FTE) for the fall of 2004. The original 7,773 enrollment converts to a full-time equivalent count of 6,746.6.

- Full-time students total about 6,500 or 83.6 percent of the total enrollment.
- Almost 3,250 students are from Erie County.
- Females are about 1.5 times more numerous than males.
- Edinboro, at 8.8 percent minority student enrollment ranks the third highest of the five universities behind West Chester (12.2 percent) and Millersville (10.7 percent).

- Almost 87 percent of the University’s students are Pennsylvania residents. This follows the pattern set by all the state universities in this study. Edinboro is the lowest of the schools in the study, with Millersville the highest resident student population at 96 percent. The campus location near the New York and Ohio borders may account for the non-Pennsylvania resident population.

#### Student/Faculty Ratio and Cost Per Full-time Equivalent Student

The student to faculty ratio has been increasing from the period 1999-2000 through 2003-04. Exhibit 16 provides the yearly ratios as well as the state system average.

Exhibit 17 enumerates the cost per full-time equivalent student for Edinboro University as well as similar costs for the state system. FTE costs increased from \$12,699 in 1999-2000 to \$13,297 in 2003-04, averaging an increase of five percent per year.

#### Facilities

The physical assets of Edinboro University are depicted in Exhibit 18. This data include the physical education fields, stadium, apartment complex, and other buildings. The dorm capacity is 2,800, which sets an upper limit to “resident on campus” students. The replacement cost of the assets does provide some approximation for an asset value of the University’s facilities.

#### University Employment

Table 19 enumerates the number of full-time salaried and hourly employees for both Edinboro University and for the state system.

## EDINBORO TOWN AND GOWN RELATIONSHIP

### Key Areas/Issues

The key issues which appear to affect the fiscal status of the Borough are borough revenue sources, public safety response and service, off-campus housing, and infrastructure development. Parking does not seem to be as important an issue of concern as in some of the other host municipalities. (See Presentation 1)

- Major statistical deficiency

The *State Fact Book* indicates that Edinboro University enrollment in 2004 was 7,773 students. University provided data indicates for 2004, 1,837 of these were dorm students leaving 5,936 students who reside off campus. The University did not provide data on how many of those 5,936 students reside within the Borough. The Edinboro University Fact Book indicates that for 2004 there were 4,118 undergraduate and 934 graduate commuter students, with 797 undergraduate and 87 graduate off campus students. However, data on which students resided in the Borough and create a demand for municipal services was not available. This inability to determine the number of off campus students that live in the Borough presented problems in analyzing the service levels and costs to the municipality created by this population.

### Revenue

- Real Estate Tax Revenue

As with the other Universities, Edinboro University as part of the SSHE is a tax-exempt institution and pays no real estate tax to the Borough. Real estate assessments are depicted in Exhibit 20. For Edinboro Borough, in 2003, total assessed valuation was approximately \$286.5 million. Of this total, the exempt valuation was \$125.5 million and the University's assessed valuation was \$113.5 million. The University is approximately 90 percent of the Borough's total tax-exempt valuation and approximately 40 percent of the total assessed valuation in the Borough. The University's share of its host municipality's assessed valuation is the highest of the five universities examined in this study. The University's

percentage is nearly four times that of West Chester, which at 11 percent, is the lowest percent of its host municipality's assessed value.

The University occupies a large percentage of the land area of the Borough; the remainder of the Borough is comprised of residential structures with little or no commercial and industrial taxable entities; the Borough is not the County seat.

#### PILOTS-Payments in Lieu of Taxes

As with the other universities in this study, no payments in lieu-of-taxes are made to the Borough by the University.

#### Other Payments

Edinboro University provided contributions to the volunteer fire/emergency management service in the amount of \$5,000.

#### University Employees and Tax Payments

- Tax Contributors

The University reported in 2004 that it had 378 employees (including students) living in the Borough. The State Data Book, Exhibit 19, indicates that Edinboro University employed a total of 770 employees in 2004. However, this includes only full-time salaried and hourly employees. Since the University number includes students, a comparative percentage could not be developed. The University has also provided data, which stated that for 2004, \$9.035 million was paid to University employees who reside in the Borough (This number also included payments to students.) The total payroll for the 2004 period was \$45.774 million. Therefore, approximately 20 percent of total payroll goes to Borough residents. In theory the Borough could receive from the Earned Income Tax rate of 1.5 percent approximately \$136,000 in EIT revenue. However, much of the taxes paid on student earnings may be paid to their "permanent" resident municipality.

### Earned Income Tax

Edinboro Borough levies a 1.5 percent Earned Income Tax on resident and nonresident taxpayers. The rate is based on the authority of the Borough's Home Rule Charter and is a rate that is three times the normal municipal share of an EIT with its school district. Consequently, the Borough relies on its EIT to an extent greater than any other local tax, both real estate and nonreal estate based.

PEL has examined the Earned Income Tax collection history for Edinboro Borough to determine the effect of the presence of university students upon Earned Income Tax collection. The results of this examination are applicable to the other four municipalities in this study and by extension to other municipalities that have a large population of student earned income taxpayers.

Municipalities may levy the earned income tax on both residents and nonresidents. In the event a nonresident pays an EIT in their home municipality, a credit must be issued for taxes paid to the home municipality. Determination of residency is a critical element for this resident/nonresident tax system to function properly. According to the Commonwealth's DCED publication "Taxation Manual," a resident is a taxpayer domiciled within the taxing jurisdiction. A domicile for wage earners has been defined as the place where one lives and has one's permanent home. This home is also the place that the taxpayer intends to return whenever absent. Actual residence for a limited or special purpose, such as a college dorm, does not constitute domicile under the local tax-enabling act.

In addition to the legal definition, interviews held with the Borough's Earned Income Tax Collector revealed a further check for assigning earned income tax residency. The local collector asks for the address listed on the employee's federal statement of wages and earnings. This address is usually the permanent mailing address of the taxpayer and is also used to determine residency.

The effect of these rules on Earned Income Tax collection by the Borough:

- Students housed in on-campus dorms pay this wage tax on student earnings or off-campus earning to their home municipality, not the dormitory host municipality.
- Students housed in off-campus rental units may or may not pay EIT to the host municipality depending on how their domicile is interpreted or if they are subject to

nonresident EIT. However, the use of Federal Tax form information may send EIT revenue to other municipalities that otherwise may accrue to Edinboro.

- Employment opportunities utilized by students in off-campus employment can decrease the payment of resident EIT to the host municipality by removing that employment from the local job market. Earned Income Taxes earned by students in these jobs will follow students home rather than stay within the host municipality.

The tax administrator for Edinboro Borough is Berkheimer of Erie, Pennsylvania. PEL was able to view the disbursement data for EIT from Edinboro Borough for the tax year 2002 to 2004. This data was grouped by municipality only, no individual taxpayer data were reviewed.

These reports are useful in determining the many varied jurisdictions that received money from EIT wages paid within Edinboro Borough. The use of these reports to track total University employees by residence is limited, for example, the individual Berkheimer SSHE employer report for Washington Township (the Borough's contiguous municipality) shows 178 employees residing in the Township. The report from Berkheimer to the municipality in the aggregate shows nine Washington Township residents employed at the University. The use of one Zip Code to cover multiple towns may be the cause of this data problem. The employer data should be considered accurate but PEL was unable to generate meaningful reports for Edinboro University.

However, a review of the data for 2002 through 2004 for Edinboro University shows yearly totals of University employees within the Borough of 353 in 2002, 293 in 2003, and 319 in 2004.

On a statewide basis, the earned income tax is the most significant portion of non-real estate taxes. The loss of collection of EIT from residents that are living within a municipality for the majority of a year becomes a fiscal detriment for the host municipality.

A municipality that has a large student population will become an exporter of EIT revenue under the definition of domicile through the Local Tax Enabling Act. PEL has applied the Berkheimer data to graphically represent the amount and flow of these tax dollars out of the Borough. The payment of EIT revenue to many municipalities is not unusual, as an employee does not always work in the municipality of their domicile. What is unusual about the Edinboro

Borough distribution and by extension the distribution for any of the reviewed host municipality, is the distance tax money travels from the source of its earnings, with the conclusion that for most of the year the receiving municipality is not providing services to the taxpayer. (See Map 1 and Map 2.)

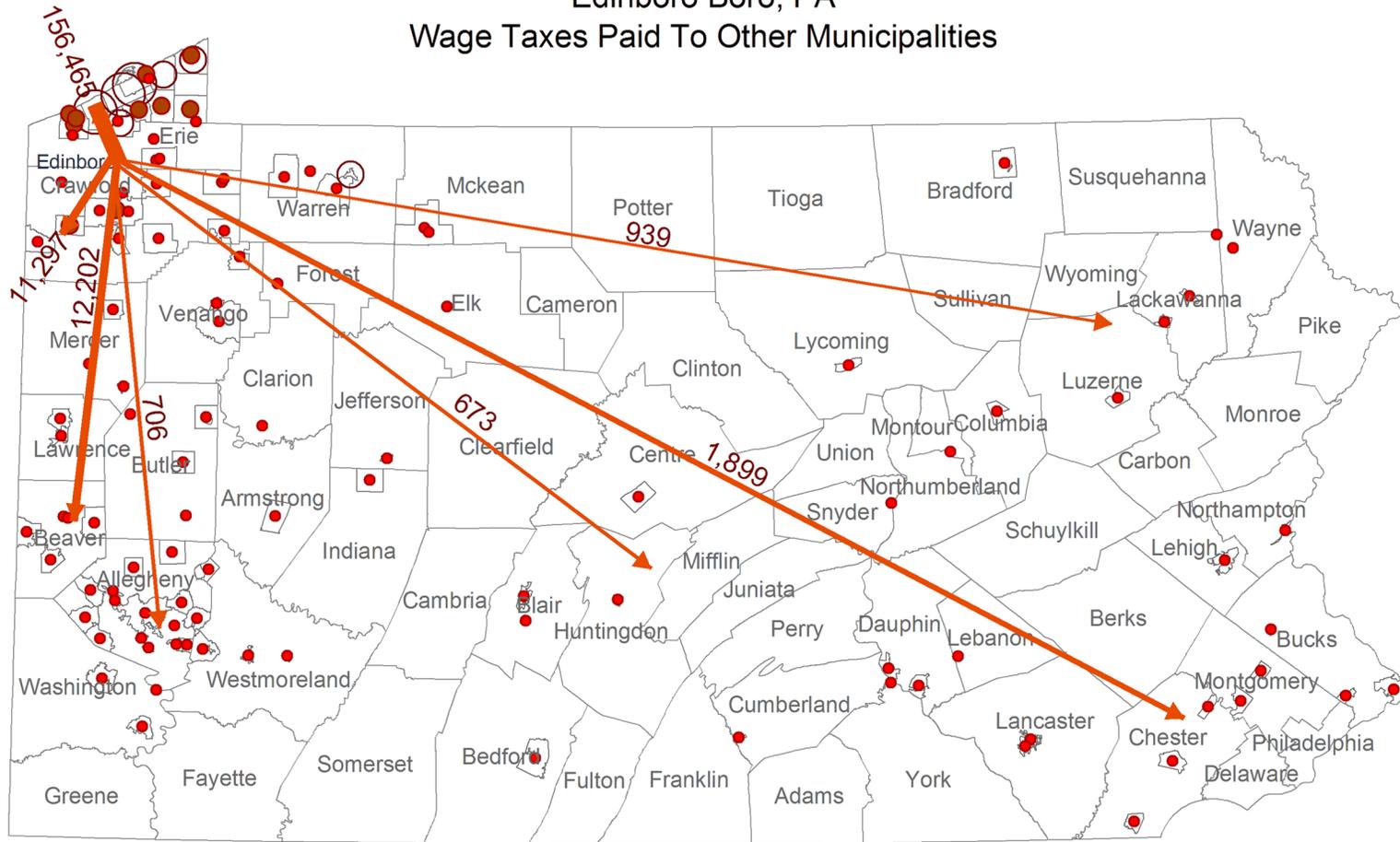
Another factor involving EIT collection in a host municipality may involve the conversion of single family or multi-family home into rental units. The EIT law does allow the taxing of rental income of a deliberately acquired rental property for business income as earnings. However, many of the rental conversions reported to PEL by the host municipalities are more of the practice of renting out one's home to students, often at market rents that exceed the cost of mortgage and taxes on the home. There is not a transfer of property title, rather the homeowner will use the cash flow and equity earned to purchase another home as the main residence, often outside the host municipality. In this case, the municipality will experience the loss of EIT on the former resident and will not recoup the EIT on the tenants if they are students paying EIT to their home municipality. In the case of Edinboro Borough, at the median family income of \$48,516, the median EIT tax loss to the Borough could be over \$700 per year per rental conversion of a family home at the median earnings level.

The amount of Earned Income Tax that the Borough receives from its residents employed by the University is significant—over \$136,000 per year based on University reports. PEL has estimated that nearly 20 percent of the University's payroll is paid to Borough residents and is subject to EIT. Single employer influence on a municipality's finances can also be significant in other ways. As in the case of the one industry company town, the ancillary effects of the presence of a large dominant employer, from establishment of worker housing to exclusionary land control, can mitigate the revenue benefits from an employment based EIT. Additionally, the transfer of EIT to municipalities not close to the Borough but only by the action of domicile of students constitutes a reduction of the tax base that can be measured as reduced resources for public safety and other services required by the population.

# Map 1

## Edinboro Boro, PA

### Wage Taxes Paid To Other Municipalities

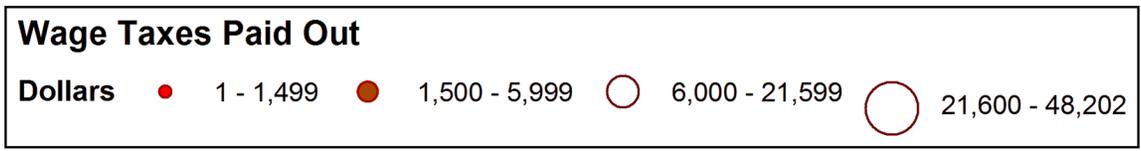
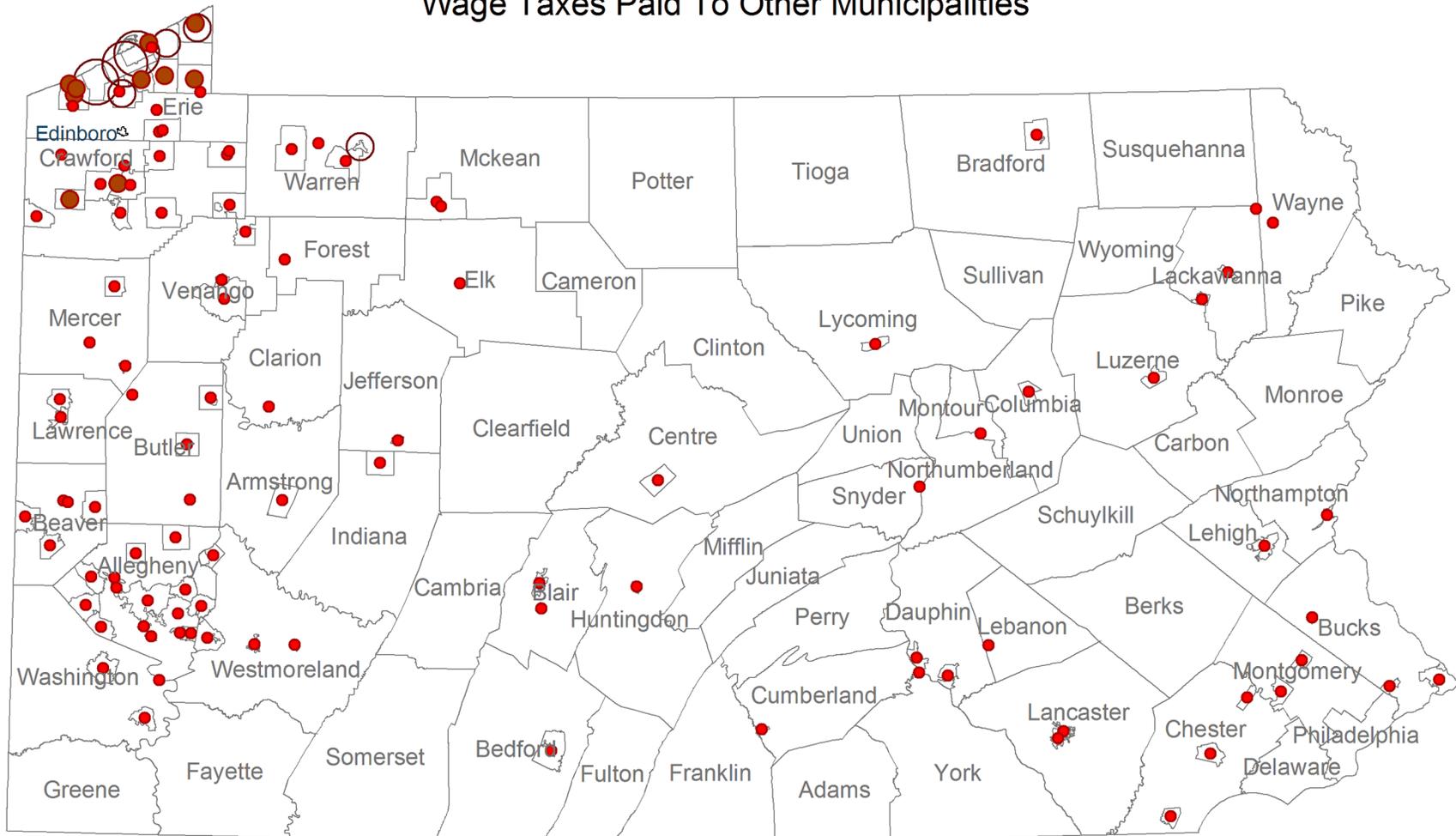


Outflow in Dollars →

# Map 2

## Edinboro Boro, PA

### Wage Taxes Paid To Other Municipalities



### Occupational Privilege Tax (OPT)

According to the State Fact Book for 2004, the University employed approximately 770 full-time salaried and hourly employees. A \$5 per employee, the Borough should have received OPT revenue of approximately \$3,850 from the University employee. The Borough's financial data indicates that for 2004 it had a total of about \$17,000 from OPT revenues. This value is low compared to the historical pattern (1999-2003) of about \$24,000 per year. Using the latter number as the base, the University salaried full-time and hourly employees would contribute approximately 16 percent of the OPT revenue.

- 2005—Emergency and Municipal Service Tax

For 2005 the Borough's rate for the Emergency Municipal Services Tax (EMST) was increased to \$47 and was budgeted to produce about \$226,000.

Assuming the 2005 percentage remained similar to the historical ratio, the Borough should receive approximately \$36,100 in EMST revenue from University employees.

### Police/Crime Service Issues:

The Borough police department has nine sworn officers including the Chief. The University has 14 sworn police officers.

Following the general guidelines of the State University system, Edinboro University's officers provide police coverage within the boundaries of the University Campus. The University officers will provide back up to the municipal officials in an emergency situation.

The Borough would like assistance from the University police in areas adjacent to the University campus. Further, the Borough has no lock up facility in which to temporarily house prisoners. Consequently, when there is only one officer on duty and that officer must transport a prisoner, the Borough is left without police coverage. The Borough has asked the University Police to provide a temporary holding facility but no arrangement has been made.

Exhibit Edinboro Police 1 provides crime and incident related data for the period from July 1, 2002, to June 30, 2003. The data breaks out criminal incident statistics for students versus nonstudents and estimated Borough Police calls for service.

For Part I serious crimes, the total number of incidents was 173 with 88 or 50.8 percent involving a student. For Part II crimes (less serious), the total number of incidents were 707

with 370 or 52.3 percent involving a student. According to the report, there are 869 students involved in the 458 student type incidents.

In calls for service beyond Part I and Part II crime incidents, the report estimates that there were 1,264 calls, of which 560 or 44.3 percent were student related. Based on the total of crimes and incidents of 2,144, 1,018 calls or 47.4 percent of total calls were student related.

The Borough Police Chief feels that two additional police officers were needed to provide coverage for the Borough.

#### Fire Calls

Approximately 50 percent of the Edinboro Volunteer Fire Company's calls were to the Borough, including the University.

#### Code Enforcement/Housing

As with the other host municipalities the Borough is concerned about the high percentage of rental housing units. A Borough presentation used to discuss the Borough's 2006 budget indicated that 70 percent of Borough residents were renters and that most of these renters were students. According to Borough Code Enforcement officials, much of the off campus student housing is located south of the University off the Darrow Road, north of the University in the Waterford Street and Dundon Road area, and along the lake border. Some of student off campus housing is spilling over into Washington Township.

As with all universities examined in this study, parking on campus was an issue. For the Borough, parking was an issue in the immediate areas adjacent to the University. (See Presentation)

#### Infrastructure/Water/Sewers

For the year 2004 the University paid about \$194,000 for water service to the Borough or approximately 35 percent of the total operating revenue received by the Borough for the water operation.

Similarly for the year 2004 the University paid about \$325,000 for sewage treatment to the Borough amounting to about 23 percent of the total operating revenue received by the Borough for its sewage facilities operation.

Both the water and sewer lines located on the University Campus as well as related peripheral systems are owned and maintained by the University.

Part of the plant and treatment capacity was developed with University resources, in order to ensure adequate facilities were available to the University.

Other Areas:

According to both Borough and University officials, there are periodic Town and Gown meetings at which various issues are discussed. The University has a significant amount of undeveloped land located on its campus within the Borough. This land was acquired by the Commonwealth prior to 1990. The original intent of establishing a medical school did not occur and the land is utilized as open space and recreation. The University has no current definitive plan for development of this land area. From the Borough's point of view, development of this area with taxable properties would provide significant financial resources to the Borough. In an interview with PEL, the University indicated that it had studied subdividing the parcels for housing construction, but it had not moved further on the project.

## EXHIBITS

Exhibit Edinboro Finance 1.1

Borough of Edinboro  
 Balance Sheet  
 Governmental Funds  
 December 31, 2004

	<u>Major Funds</u>
	<u>General Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 920,183
Receivable, Net	175,535
Prepaid	16,713
Interfund Receivable	<u>9,650</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,122,081</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Accounts Payable	21161
Accrued Liabilities	25541
Other Liabilities	361534
Deferred Revenues	17361
Interfund Payable	<u>-</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 425,597</u>
<u>FUND BALANCE</u>	
Reserved For:	
Prepaid Items	<u>16,713</u>
Unreserved	
Designated	625,144
Undesignated	<u>54,627</u>
<u>TOTAL FUND BALANCES</u>	<u>696,484</u>
<u>TOTAL LIABILITIES and FUND BALANCES</u>	<u>\$ 1,122,081</u>

For Notes to Financial Statements - See Complete Audit

## Exhibit Edinboro Finance 1.2

Borough of Edinboro  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year ended December 31, 2004

	Major Funds
	General Fund
<u>REVENUES</u>	
Taxes	\$ 1,338,249
Federal, State, and Muni Grants	273,988
Charges for Services	68,003
Interest, Rents, and Royalties	28,238
Licenses and Permits	29,732
Fines and Forfeits	92,057
Other Revenue	85,747
<u>TOTAL REVENUES</u>	1,916,014
<u>EXPENDITURES</u>	
General Government	
Administration	275,905
Tax Collection	7,451
Public Safety	781,186
Public Works	
Highway	359,840
Other	68,500
Community Development	39,587
Debt Service	4,150
Other	298,044
<u>TOTAL EXPENDITURES</u>	1,834,663
<u>EXCESS of REVENUES OVER (UNDER) EXPENDITURES</u>	81,351
<u>OTHER FINANCING SOURCES (USES)</u>	
Operating Transfers In	5,600
Operating Transfers Out	(50,499)
Refunds of Prior Year Expenditures	5,694
Refunds of Prior Year Revenues	(1,750)
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	(40,955)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u>	40,396

<u>FUND BALANCE - Beginning of Year</u>	<u>656,088</u>
<u>FUND BALANCE - End of Year</u>	<u><u>696,484</u></u>

For Notes to Financial Statements - See Complete Audit

## Exhibit Edinboro Finance 2.1

Borough of Edinboro  
Statement of Net Assets  
Proprietary Funds  
December 31, 2004

	Water Fund	Sewer Fund	Refuse Fund
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 320,250	\$ 499,464	\$ 112,691
Receivable Net	89,780	393,955	-
Interfund Receivable	-	21,995	4,584
Authority Lease Receivable	-	-	-
Prepaid Expenses	4,015	5,292	109
<u>Total Current Assets</u>	<u>414,045</u>	<u>920,706</u>	<u>117,384</u>
Non-Current Assets:			
Property and Equipment			
Net of Accumulated Depreciation	826,652	3,552,665	84,533
Authority Lease Receivable	-	-	-
<u>Total Noncurrent Assets</u>	<u>826,652</u>	<u>3,552,665</u>	<u>84,533</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 1,240,697</u>	 <u>\$ 4,473,371</u>	 <u>\$ 201,917</u>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 17,636	\$ 142,686	\$ 27
Accrued Liabilities	6,297	10,154	393
Interfund Payable	26,758	126	84
Other Liabilities	-	500	-
Note Payable	-	-	-
Capital Lease Payable	9,680	54,510	-
Authority Lease Payable	18,992	231,176	-
<u>Total Current Liabilities</u>	<u>79,363</u>	<u>439,152</u>	<u>504</u>
Non-Current Liabilities:			
Note Payable	-	-	-
Capital Lease Payable	30,174	167,943	-
Authority Lease Payable	284,608	406,783	-
<u>Total Non-Current Liabilities</u>	<u>314,782</u>	<u>574,726</u>	<u>-</u>
 <u>TOTAL LIABILITIES</u>	 <u>394,145</u>	 <u>1,013,878</u>	 <u>504</u>
<b>NET ASSETS</b>			
Invested in Capital Assets,			
Net of Related Debt	483,198	2,692,253	84,533
Unrestricted	363,354	767,240	116,880
 <u>TOTAL NET ASSETS</u>	 <u>846,552</u>	 <u>3,459,493</u>	 <u>201,413</u>
 <u>TOTAL LIABILITIES and</u>			

<u>NET ASSETS</u>	<u>\$ 1,240,697</u>	<u>\$ 4,473,371</u>	<u>\$ 201,917</u>
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For Notes to Financial Statements - See Complete Audit

Exhibit Edinboro Finance 2.2

Borough of Edinboro  
 Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Proprietary Funds  
 December 31, 2004

	Water Fund	Sewer Fund	Refuse Fund
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 535,404	\$ 1,126,036	\$ 170,112
Other Revenue	12,451	255,501	11,770
<u>TOTAL OPERATING REVENUES</u>	<u>547,855</u>	<u>1,381,537</u>	<u>181,882</u>
<u>OPERATING EXPENSES</u>			
Payroll and Benefits	239,856	416,406	27,270
Supplies	46,938	67,121	2,582
Maintenance	19,769	47,134	314
Utilities	35,159	72,162	-
Interest	10,039	28,562	-
Other	57,390	220,183	148,044
Depreciation	62,079	198,547	6,633
<u>TOTAL OPERATING EXPENSES</u>	<u>471,230</u>	<u>1,050,115</u>	<u>184,843</u>
<u>OPERATING INCOME (LOSS)</u>	<u>76,625</u>	<u>331,422</u>	<u>(2,961)</u>
<u>NONOPERATING REVENUE (EXPENSE)</u>			
Transfers	(5,600)	-	-
Interest Income	3,127	5,807	1,156
<u>TOTAL NONOPERATING REVENUE (EXPENSE)</u>	<u>(2,473)</u>	<u>5,807</u>	<u>1,156</u>
<u>CHANGE in NET ASSETS</u>	<u>74,152</u>	<u>337,229</u>	<u>(1,805)</u>
<u>NET ASSETS</u> - Beginning of Year, as Restated	<u>772,400</u>	<u>3,122,264</u>	<u>203,218</u>
<u>NET ASSETS</u> - End of Year	<u>\$ 846,552</u>	<u>\$ 3,459,493</u>	<u>\$ 201,413</u>

For Notes to Financial Statements - See Complete Audit

Exhibit Edinboro - Police 1

Borough of Edinboro

Criminal Incidents/Calls for Police Service  
July 1, 2002 - June 30, 2003

	Student Involved				Non Student Involved				Total	
	Number		Cleared		Number		Cleared		No	Cleared
		%		%		%		%		%
Part I Crimes	88	50.8	37	42.0	85	49.1	60	61.8	173	56.0
Part II Crimes	370	52.3	333	90.0	337	47.6	262	44.0	707	84.1
<b>Total Crime</b>	<b>458</b>	<b>52.0</b>	<b>370</b>	<b>80.7</b>	<b>422</b>	<b>47.9</b>	<b>322</b>	<b>46.5</b>	<b>880</b>	<b>78.6</b>
Calls for Service	560				704	55.6			1264	
<b>Total</b>	<b>1018</b>	<b>47.4</b>			<b>1126</b>	<b>54.1</b>			<b>2144</b>	

Source: Edinboro Police Memorandum - August 18, 2003

There were 869 students involved in the 458 student involved criminal incidents.

The "student involved" criminal incident numbers only reflect criminal incidents that had a person who was identified as a student involved.

Due to the fact that only criminal incident reports require persons to be entered there is no way to directly generate a report from our system to separate student related calls for service.\*

\* The non-criminal calls for service were calculated in the following manner.

1. All calls that would not involve students in any way, including such things as: wires down, water line break, money escorts and alike were totaled and subtracted from the total number of calls for service. (1264-195 = 1069)
2. All calls for service that would be exclusively student related, such as assist EUPPD, were subtracted from the remaining number above. (1069-9=1060)
3. The percentage of student related criminal incidents were then applied to this number (52.0% of 1060 = 551)
4. The student exclusive incidents were then added back onto that number (551+ 9= 560)

## PRESENTATION 1

# The Borough's Slow Spiral Down

Edinboro Borough Presentation 1

*Presentation made by Edinboro Borough to Edinoro University. PEL did not participate in the preparation of this report and includes it as reference only.*

# Budget Analysis

We estimate now that we will be approximately \$300,000 under-funded in 2006

*Presentation made by Edinboro Borough to Edinoro University. PEL did not participate in the preparation of this report and includes it as reference only.*

# Background

- Over 80% of our budget goes to personnel expenses
- Our Water and Sewer Departments are permitted to raise rates when costs increase.
- Our Public Works and Police Department rely on tax increases to cover their increasing costs

*Presentation made by Edinboro Borough to Edinoro University. PEL did not participate in the preparation of this report and includes it as reference only.*

# Background (Continued)

- The Borough has not raised taxes in support of the General Fund since 2000.
- Instead, we have reduced staff.
- There is no fat left to cut, only muscle.
- Council must now choose:
  - Increase property taxes by \$300,000 to keep up with rising costs
  - Decrease Borough staff
  - Combination of both.

*Presentation made by Edinboro Borough to Edinoro University. PEL did not participate in the preparation of this report and includes it as reference only.*

# As EUP Grows

- More and more single family homes in Edinboro are converting to student rentals.
  - We estimate that half of the 7000 residents are students.
  - Students pay little or nothing in income tax.
  - The families and wage earners who used to live in single family homes provided earned income tax.
- With more students we have more crime.
  - Edinboro has expanded its Police Department to keep up with increasing student population.
  - We continue to raise taxes on a shrinking tax base to pay for the expanded Police Department.

*Presentation made by Edinboro Borough to Edinoro University. PEL did not participate in the preparation of this report and includes it as reference only.*

# The Situation

- Edinboro residents already pay over twice as much in taxes as Township residents.
- More and more middleclass and upper middleclass residents are leaving the Borough and moving to the Township because:
  - The Township property tax is less than half
  - The Township income tax is less than half
- Compare a resident making \$100k/yr in a \$150k house
  - Edinboro  $\$2,000 + \$345 = \$2,345$
  - Township  $\$1,000 + \$121 = \$1,121$

*Presentation made by Edinboro Borough to Edinoro University. PEL did not participate in the preparation of this report and includes it as reference only.*

# Why Are Our Taxes So Much Higher?

- Its not because of extravagant spending nor is it because of a huge staff.
- The Borough is very efficient, well-run and lean; there is little, if any, fat to cut.
- Washington Township can rely on the State Police; there is no charge to their residents.
- The Borough of Edinboro MUST maintain a police force because we have a University.

*Presentation made by Edinboro Borough to Edinoro University. PEL did not participate in the preparation of this report and includes it as reference only.*

# It Used to Work

- The model has changed significantly.
  - EUP has many more students
  - Borough population has shifted, now, 70% of our residents rent.
  - Most renters are students
  - The wealthiest no longer live in the Borough of Edinboro.
  - The middleclass will continue to move.

*Presentation made by Edinboro Borough to Edinoro University. PEL did not participate in the preparation of this report and includes it as reference only.*

# **We Project Property Taxes Will Continue to Increase**

- The wealthy will continue to leave
- Tax rates will increase for those who remain.
- The spiral will continue until Edinboro becomes a depressed community.
- Unless EUP helps.

*Presentation made by Edinboro Borough to Edinboro University. PEL did not participate in the preparation of this report and includes it as reference only.*

# EUP is Tax Exempt

- If EUP were not tax exempt:
  - Valuation is \$75,997,300
  - At 2.3 mills the tax would be \$174,800/ year
- Without a University, Edinboro could eliminate or significantly reduce the PD.

*Presentation made by Edinboro Borough to Edinboro University. PEL did not participate in the preparation of this report and includes it as reference only.*

# Compare the Work Load

- EUP has 14 officers and many other personnel who write parking tickets and otherwise assist with security.
- The Borough has 8 officers with much more responsibility.
- Borough Police are, by far, the busiest in Erie County.
- We really can not, in good conscience, reduce our Police Department.

*Presentation made by Edinboro Borough to Edinoro University. PEL did not participate in the preparation of this report and includes it as reference only.*

# What Are Some Options?

- EUP decline its tax exempt status.
- EUP agree to pay half of what they would otherwise pay were they not tax exempt.
- EUP plow the Borough sidewalks.
- Amusement tax on EUP events.
- EUP Reduce its Police force and instead, fund two Edinboro Police Officers.
- Other??

*Presentation made by Edinboro Borough to Edinoro University. PEL did not participate in the preparation of this report and includes it as reference only.*

# Bottom Line

- There are probably hundreds of reasons why it is not possible for EUP to help.
- It simply is not right to expect the ever decreasing pool of tax payers to pick up the ever increasing cost of Police protection and other services.
- It is not too late to stop the spiral, but its close.
- Dr. Pogue, we very much need your help now
  - To prevent any further tax increases to those residents who still remain.
  - To prevent the Borough of Edinboro from becoming an impoverished community.

*Presentation made by Edinboro Borough to Edinoro University. PEL did not participate in the preparation of this report and includes it as reference only.*

## CHAPTER 4—SECTION 5

### CASE STUDIES

#### Millersville Borough

Millersville Borough is located in Lancaster County, in south central Pennsylvania approximately 85 miles northwest of Philadelphia and 41 miles southeast of Harrisburg. The Borough is four miles southwest from the City of Lancaster (the county seat). Millersville is a small borough consisting almost entirely of residential areas and encompasses approximately 1.9 square miles. Historically, except for the City of Lancaster, the entire County was comprised of small towns in one of the best agricultural areas in the country. In recent years the County has experienced the change of open space agricultural land to suburban residential developments.

#### Population Characteristics

Between 1990 and 2000 Millersville Borough experienced a decrease in population from 8,099 to 7,774, a decline of 325 or 4.0 percent. Lancaster County's population increased from 422,822 in 1990 to 470,658 in 2000, or by 47,836 or 11.3 percent. (See Exhibit 1.)

In 1990 Millersville Borough had 4,049 persons per square mile and in 2000 it decreased by 162.5 persons per square mile or 4.0 percent to 3,887 persons per square mile. The County grew by 50.4 persons per square mile or 11.3 percent from 445.5 to 495.9 persons per square mile. (See Exhibit 2.)

The number of individuals residing in group quarters in Millersville Borough decreased from 2,694 in 1990 to 2,463 in 2000, a decline of 231 or 8.6 percent. In 1990, 33.3 percent of Millersville Borough's total population resided in group quarters. The percentage residing in group quarters declined to 31.7 percent in 2000. By comparison 3.1 percent of the County's population resided in group quarters in 1990, this figure remained unchanged in 2000. (See Exhibit 3.)

Even with the change between 1990 and 2000, Millersville has the higher percent of population living in group quarters, and Lancaster County the lowest number living in group quarters, of any of the five host municipalities in this study. The high percentage of Borough residents living in group quarters reflects to a great degree university students living within university housing located in the Borough.

The primary component of the Borough's population, "household population" (the population exclusive of those residing in group quarters) decreased from 5,405 in 1990 to 5,311 in 2000, a decline of 94 people or 1.7 percent. In 1990 household population represented 66.7 percent of the Borough's total population, and increased to 68.3 percent by 2000. The household population in Lancaster County in 1990 represented 96.9 percent of the County's total population and remained at the same level for 2000. (See Exhibit 4.)

In 2000, the median age in the Borough was 22.4, up from 21.9 years in 1990; Countywide the median increased to 36.1 years from 32.8 years in 1990. Statewide, the median age in 2000 was 38.0 years, up from 35.0 years in 1990.

Millersville Borough had 2,319 persons or 29.8 percent of its population in the 18 to 21 years of age category, the County percentage was 4.4 percent. This difference can be attributed to the presence of Millersville University students. The lower median age of the Borough also reflects the weight of those in the 18 to 21 category located at the University. Both the percentage of group quarter persons and the percentage of population in the 18 to 21 age group is skewed because the presence of university students. (See Exhibits 4A and 4B.)

According to U.S. Census Bureau estimates as of July 2004, the population of the Borough decreased by 281 persons or 3.6 percent since 2000. The County's population was estimated to have increased by 16,674 or 3.5 percent during this same period. (See Exhibit 5.)

### Housing Units

In 2000, the Borough had 1,481 owner-occupied housing units, an increase from 1990 of 97 units or 7.0 percent. The number of renter-occupied units in the Borough in 2000 was 854, an increase of 24 units or 2.9 percent from 1990. The percentage of renter units in 2000 was 34.6 percent, a decrease from the 1990 percentage of 35.7 percent.

Similar statistics for Lancaster County were owner-occupied for 2000 at 67.9 percent compared to 67.0 percent in 1990. For County renter-occupied units the numbers are 28.0 percent in 2000 and 29.5 percent in 1990. The owner/renter statistics for the Borough differ somewhat from the other four host municipalities of this study. In each of the other host municipalities, renter-occupied housing comprised more than 50 percent of all units for both 1990 and 2000; for West Chester rental units made up 60 percent of all units in 2000. The percentage difference for renter-occupied units between Millersville and the County was only

about 6.6 percent while the other host municipalities the percentage of renter-occupied units was about 30 percentage points higher than their respective County.

The median value for Borough owner-occupied housing in 2000 was \$113,900, an increase of \$87,600 or 30.0 percent from the 1990 value. The respective values for the County median value are \$119,300 (an increase of 33.4 percent) for 2000 and \$89,400 for 1990. (See Exhibits 6, 7, and 8.)

### Income Measures

In 1990, the Borough's per capita income was \$10,258; by 2000 it had increased by \$5,515 or 53.8 percent to \$15,773. The County's per capita income in 2000 was \$20,398, an increase of \$6,163 or 43.3 percent from \$14,253 in 1990. (See Exhibit 9.)

As a ratio, the Borough's per capita income to that for the County for 2000 was 77.3 percent.

Median household income for the Borough in 2000 was \$38,425, an increase from \$30,046 in 1990. The County median household income for 2000 was \$45,507, an increase from \$33,255 in 1990. The ratio of Borough median household income to the County median was 84.4 percent. (See Exhibit 10.)

Median family income for the Borough in 2000 was \$53,110, an increase from \$37,656 in 1990. Median family income for the County was \$52,513 in 2000 and \$37,791 in 1990. The ratio of the Borough to County median family income was 101.1 percent in 2000. (See Exhibit 11.)

### Millersville Borough Operational Profile

Millersville Borough is a small, historic, residential community located four miles from the City of Lancaster. The village of Millersburg (its former name) was founded in 1761 by John Miller. The Borough has a strong historic tradition which is reflected in its architecture and its commitment to historic preservation. The Borough has no central business district although it does house a few stores and restaurants. The Borough's economy is dominated by Millersville University and the Penn Manor School District High School.

The Borough is governed under the Pennsylvania Borough Code. The legislative/executive function is housed in the seven-member Borough Council, elected at-large

with 4-year staggered terms. The Borough also has an elected Mayor who is in charge of day-to-day police operations and may cast a vote if a Council motion is tied. The Mayor also has a veto power which may be overridden by Council.

By Ordinance, the Borough has created the position of Borough Manager who acts as the Chief Administrative and Financial Officer for the Borough. The Manager directs all departments excluding the police department which is managed by the Police Chief under the direction of the Mayor.

The Borough provides: police and fire coverage (volunteer fire department); code enforcement; refuse collection and disposal (through a Borough-wide retained private contractor); sewer collection and treatment; storm waste collection; street and road maintenance and cleaning; and parks facilities.

#### Police Department

In 2005 the Police Department had 12 full-time sworn officers, including the Chief of Police, and two part-time officers. The budgeted base salary expenditure for these officers was approximately \$669,000. The sworn officers were complemented by two full-time and one part-time support staff whose base wages were approximately \$84,000. The number of sworn officers has decreased from the 2004 when one vacant position was eliminated. See Exhibit Millersville-Police 1 for departmental organization.

#### Fire Department

Fire Service in the Borough is provided by the Millersville Fire Company, first established in 1911. The Fire Company moved in 1950 to its present facility in the Borough and constructed an addition to this facility in 1969. The Company serves all of Millersville Borough including the University, a portion of Manor Township and a small section of Conestoga Township. The Company has more than 50 volunteers. Both the building and equipment are owned by the Fire Company. Its major apparatus includes three engines, one gator, one tanker, one rescue, one collapse vehicle, and two squad vehicles. An aerial truck is provided via mutual aid. For 2005 the Borough budgeted \$86,000 in payments to the Fire Company from the General Fund.

### Public Works (Streets and Parks)

The Public Workers Department maintains and repairs 23 miles of Borough streets, including those owned by the Commonwealth. In addition, the Parks Department maintains various park areas in the Borough including the 21-acre Miller Borough Community park at the northern end of the Borough. In 2005 General Fund budget base street department salaries totaled approximately \$159,000 and parks salaries were budgeted at approximately \$20,000.

### Sewer Service

The Borough owns and operates the sewer lines located in the municipality and three pumping stations. In addition, the Borough owns and operates a treatment plant located in Manor Township along the Conestoga River. The Borough's waste and storm water lines are separated but the sanitary lines have heavy infiltration. The sewer system operation is budgeted as a separate enterprise fund of the Borough. For 2005 base wages budgeted in this fund were approximately \$238,000.

### Refuse Collection

The Borough provides solid waste collection to residents of the Borough by contracting with third party contractors. For 2005 the base fee charge to residents was \$32.50 per quarter. The contracting out cost budgeted for 2005 was approximately \$220,000.

### Code Enforcement

As with the other host municipalities, code enforcement and related zoning was important to the Borough. Code Enforcement wages for 2005 were budgeted at approximately \$46,000. According to Borough officials, about 75 percent of one full-time person's time relates to complaints on student housing. The Borough conducts approximately 950 rental inspections per year.

### Recreation

The Borough has no budgeted recreation program but does work with the Penn Manor School District in providing this service.

Management and Finance

In addition to the Borough Manager, there are a number of support staff who assist in the management of the Borough. The Manager’s salary is paid from a number of accounting funds.

Millersville Borough Fiscal Status (Audit 2004)

Governmental Funds

The 2004 Audit indicates there are three major governmental funds the General Fund, the General Capital Reserve Fund, and the Sewer Capital Reserve Fund. The latter two Funds provided and utilized grants and other sources for various capital improvement projects, equipment, and a planned new borough building. Exhibit Mill-Fin1.1 and Exhibit Mill-Fin1.2 provide a summary of the relevant data from the Balance Sheet as well as the Statement of Revenues, Expenditures, and Changes in Fund Balances.

2004 General Fund in summary form:

Revenues:	\$2.352 million
Expenditures:	(2.124) million
Net Other Sources (Uses):	<u>(0.891) million</u>
Net Change in Fund Balance	(0.663) million
Fund Balance Beginning Year	<u>1.248 million</u>
Fund Balance End of Year	<u>\$0.584 million</u>

- For 2004 there was a \$700,000 reduction in fund balance, due to the transfer of \$1.195 million to the Capital Fund for a new borough building.
- Revenue equaled for 111 percent of General Fund Expenditures in 2004.
- Total Tax Revenue paid for 72 percent of General Fund expenditures. It should be noted that tax millage had been increased about 50 percent over the 2003 rates because of prior years’ deficits.
- Fines, forfeits and costs paid for 8 percent of total general fund expenditures.

- Departmental earnings paid for 13 percent of expenditures and intergovernmental revenue paid for 14 percent of expenditures.
  - All other revenue sources were minimal.
  - Public Safety expenditures accounted for almost 48 percent of total 2004 General Fund expenditures.
  - Of this 48 percent expenditure, 45 percent was for Police, with Housing Code Enforcement (including zoning) and Fire in the 1 to 2 percent range.
- The second largest expenditure category after public safety was pension and other benefits, totaling 24 percent of total expenditures.
  - Public Works, both street and sanitation, totaled approximately 14 percent of expenditures, excluding sewer employees paid from the Sewer Fund and the third party contractors who collect refuse.
  - The remaining percentages of expenditures are General Government 13 percent; and culture and recreation 2 percent. Debt service is not paid from the General Fund.

#### Taxes and Tax Base

- Real Estate Taxes for 2004 (current and delinquent) totaled about 67 percent of total tax revenue. Current real estate taxes for 2004 were levied at 4.50 mills on an assessed valuation of \$231 million.
- The Earned Income Tax generated 27 percent of total tax revenue. The earned income tax is levied only on earned income of municipal residents at the rate of one percent with 0.5 percent retained by the Borough. The tax is also levied on those who work in the Borough and do not have a tax in their municipality of residence.
- All the other taxes paid to the Borough were:

Real Estate Transfer Tax (Deed Tax) 3 percent  
Occupational Privilege Tax (OPT) 2 percent

- There was and is no Business Privilege or Mercantile Tax levied in the Borough.
- The OPT was levied at \$10 per person for those employed in the Borough regardless of their residence. Of the \$10 levied per employed person, all is retained by the Borough. Beginning in 2005 the rate on this tax was raised to \$52 and again the Borough retained the full amount. The name was also changed to the Emergency and Municipal Service Tax.
- Of special interest is a new tax levied on rental transactions under Act 511. This tax is not employed in any of the other four host municipalities and appears to be a unique application. The imposition of this tax was originally challenged in Lancaster County Court. The Court in a ruling in October of 2005 found in favor of the Borough. The case is now on appeal to Commonwealth Court. The Borough budgeted \$30,000 from this revenue source. Historically, Millersville has had to rely almost exclusively on the real estate tax for any significant increase in revenues. This is apparent in the 50 percent increase in millage the Borough put into place to meet deficiencies in 2003 and prior years. Although the real estate taxes are important in the other host municipalities, only in West Chester was this levy as important as in Millersville. (Edinboro, under its home rule charter, has been able to generate significant additional revenue with an EIT rate at 1.5 percent.) Both Bloomsburg and Lock Haven derive significant tax dollars from their Mercantile and Business Privilege Taxes, and Bloomsburg also obtains sizeable tax revenue from its amusement tax, especially as related to fairground events.

#### Proprietary (Enterprise) Funds

The 2004 Audit for Borough lists two enterprises funds: the Sewer Revenue Fund; and the Solid Waste Management Fund. Detail information for these funds from the 2004 Audit are provided as Exhibits Millersville-Finance 2.1 and Millersville-Finance 2.2.

These funds were used to account for the sewer services and refuse collection. These operations are structured so that that the revenue produced through charges for services cover the expenses including interest expense and depreciation.

	Sewer <u>Revenue Fund</u>	<u>Refuse Fund</u>
Operating Income	915,669	1,039
Total Nonoperating Rev. (Exp.)	(153,543)	31194
Transfer Out	(305,000)	0
Capital Contributions from Other Governments	<u>141,190</u>	<u>0</u>
Change in Net Assets	598,316	32,233
Net Assets Beg. of Year Restated	<u>2,380,916</u>	<u>303,499</u>
Net Assets End of Year	\$2,979,232	\$335,732

The solid waste management fund did not provide transfers to other funds. The sewer fund, for 2004, transferred funds into the Sewer Capital Fund to accommodate future capital needs but there were no transfers to the Borough’s operating funds.

## Millersville University Profile

### Introduction

Millersville University's campus is located in the central and southeast section of Millersville Borough. According to the University's State Fact Book, the University occupies about 245 acres or approximately about 20 percent of the Borough's area is university property.

Millersville University was founded in 1855 as Lancaster Normal School to train teachers. In 1859 it became the first Pennsylvania State normal school and became Millersville State Teacher's College in 1927. In 1959 it became Millersville State College and subsequently became Millersville University in 1983. It is one of the 14 Pennsylvania state owned universities.

### Enrollment

Exhibit 12 presents enrollments for the fall 2002 through fall 2004, and data for spring 2003 through spring 2005. Exhibit 13 presents various breakdowns of the 2004 fall enrollment by undergraduate/graduate; full-time/part-time; female/male; and Pennsylvania resident/nonresident. Minority/nonminority applicable percentages are also provided.

Exhibit 14 details the top three Pennsylvania counties where Millersville students reside.

Exhibit 15 converts the enrollment to full-time equivalents (FTE) for the fall of 2004. The original 2004 enrollment of 7,998 converts to a full-time equivalent count of 6,974.

- Full-time students total about 6,585 or 82.3 percent of the total enrollment. This is approximately in the mid point between the lowest percentage of full-time in West Chester (77.5 percent) and the highest at Lock Haven (88.8 percent). Almost 2,834 students reside in Lancaster County and many may be commuter students.
- Females are about 1.4 times more numerous than males. This is the lowest female to male ratio of the five schools reviewed.

- The percentage of undergraduate students at Millersville is 87.4 percentage. The highest percentage undergraduate students is at Lock Haven with 95.1 percent and the lowest percentage of undergraduate students at West Chester with 83.0 percent.
- Millersville University has the highest percentage of students who are Pennsylvania residents at 96.1 percent. Millersville is 6.1 percentage points higher than Bloomsburg University and 9.2 points greater than Edinboro University, which has the lowest percent of Pennsylvania residents of the five schools examined.

#### Student/Faculty Ratio and Cost Per Full-time Equivalent Student

The student to faculty ratio has been increasing from the period 1999-2000 through 2003-04. Exhibit 16 provides the yearly ratios as well as the state system average.

Exhibit 17 provides the cost per full-time equivalent student for Millersville University as well as similar costs for the state system. For the period, FTE costs trend from \$12,085 in 1999-2000 to \$14,156 in 2003-04 amounting to an increase of four percent per year.

#### Facilities

The physical assets of Millersville University are depicted in Exhibit 18. The data is also compared to the state system. The dorm capacity is 2,420, which sets an upper limit to “resident on campus” students. The replacement cost value provides an approximate asset value of about \$270 million to Millersville University’s facilities.

#### University Employment

Exhibit 19 provides the number of full-time salaried and hourly employees for both Millersville and the state system.

#### Data Collection

Millersville University did not reply to PEL’s survey request for information.

## MILLERSVILLE TOWN AND GOWN RELATIONSHIP

### Key Areas/Issues

According to the Borough's Comprehensive Plan, the creation of the Lancaster County Normal School in 1855 (now Millersville University) was the major factor in the growth of the Borough.

### Student Count

The *State Fact Book* indicates that the University enrollment in the fall of 2004 was 7,998 students. The University's website, using 2005 data, indicates about 2,280 were dorm students and 2,100 undergraduates lived in off campus housing and 2,000 students commuted. Of the estimated 2,100 who lived off campus no breakdown was available for students who resided in the Borough or in the surrounding township. The Borough's comprehensive plan states that, in 1990, the University estimated 42 percent of its students were Millersville Borough residents. Based on this data and counting resident hall students of approximately 2,280, there would be 1,079 students residing in the Borough.

### Revenue

- Real Estate Tax Revenue

The University is a tax-exempt institution and pays no real estate tax to the Borough. The real estate assessments upon which real estate taxes are based are given in Exhibit 20 Assessments. For Millersville Borough, in 2003, total assessed valuation was \$330.9 million. Of this total, the exempt valuation was \$103.7 million and the exempt assessed valuation of the University was \$74.1 million. The University amounts to 70 percent of the Borough's total tax-exempt valuation and 22 percent of its total valuation. Another major tax-exempt property is the Penn Manor Scholl District's regional high school campus. The Borough of Millersville (22 percent) has the third highest percentage of tax exempt university property behind Edinboro (40 percent) and Bloomsburg (23 percent). The Borough's Comprehensive Plan reports that 43 percent of the Borough's land area was tax exempt.

### Payment In-Lieu-Of Taxes (PILOTS)

Millersville University does not make any payment in lieu of taxes pursuant to the State System policy.

In the past the question of payments in-lieu-of taxes was addressed in the Millersville Comprehensive Plan: “The Pennsylvania State System of Higher Education has recently issued a policy statement which is a result of negotiations among 14 state colleges and the boroughs which are home to these colleges. This statement acknowledges the need for compensatory revenues for these boroughs in which college properties occupy substantial land areas which would otherwise be taxed. Millersville Borough has been an active participant in this negotiation process and, together with other boroughs and the State System of Higher Education, is now lobbying the State Legislature to amend the State Constitution to allow the Legislature to make payments to these boroughs in-lieu-of taxes.”

PEL is aware that legislation was introduced into the Pennsylvania General Assembly House Bill No. 1418 Session 2005 which would have provided grant payments from the Pennsylvania Department of Education to municipalities which host State Universities. However, PEL has seen no other documentation or discussion that payments in-lieu-of-taxes would violate the Pennsylvania State Constitution.

### Other Payments

Millersville University made contributions to the volunteer fire company. Recent contributions included \$70,000 in 2005. In addition, Student Living Incorporated (SLI) contributed \$30,000, in addition to an annual \$3,500 contribution. SLI also purchased a computer and office network hardware for the fire company. SLI is an affiliated entity of the University.

### University Employees and Tax Payments

- Tax Contributions

Exhibit 19 indicates that in 2004 Millersville had 870 full-time salaried and hourly employees. According to the Millersville Borough Comprehensive Plan there were 941 University employees as of 2000-2001, 126 were Borough residents or approximately 13

percent. These University employees are Borough residents and would be paying Earned Income Tax and property taxes directly on real estate or through rental payments.

#### Earned Income Tax

PEL received no data from either the University or the Borough's tax collector with respect to the Borough's earned income tax.

#### Occupational Privilege Tax OPT

The Occupation Privilege Tax (OPT) was levied at \$10 per person for those who worked within the Borough. For 2004 the Borough budgeted \$29,000 in revenue from the source. Based on the 2004 number of university employees (Exhibit 19) about 870 full-time salaried and hourly employees would have been subject to this tax. Therefore, this group of University employees would have paid about 30 percent of the total municipal budgeted amount.

#### 2005 Emergency and Municipal Service Tax (EMST)

The OPT tax was "transformed" into a new tax, the Emergency and Municipal Service Tax (EMST) by the State Legislature in late 2004. For Millersville Borough the tax is \$52 per employee working in the Borough with no payment going to the School District. The Borough exempted those employees who earn less than \$5,000 per year. For 2005, the Borough estimated about \$70,000 in EMST revenue with approximately \$21,000 in EMST revenue from the full-time salaried and hourly University employees.

#### Residential Rental Tax

Millersville Borough has recently enacted a Residential Rental Tax under the authority of Act 511. This tax is levied at \$30 per rental transactions on the person who is to be an occupant of a residential unit after January 1, 2005. In the preliminary decision in Lancaster County Court, the Borough's ability to levy this tax was upheld. The case has been appealed to Commonwealth Court.

A significant portion of the estimated tax may come directly or indirectly from students. No specific statistics are available on the number of students paying this tax. For 2005 the Borough estimated \$30,000 would be received from this revenue.

Police/Crime Service Issues

The police department for 2005 had 12 full-time and 2 part-time sworn officers. However, during much of 2005 the number of active full-time officers was at 11 because of extended sick leave. The University has 16 sworn police officers in addition to about 5 security officers.

Exhibit Millersville-Police 2 provides a statistical summary of Part One, Part Two, and Total Crimes for the period from 1998 through 2005. Exhibit Millersville-Police 3 provides a similar tabular data which gives police arrests by juvenile and adult for 1995 through 2005.

For 2005, according to the 2005 police report, approximately 31 percent of total adult arrests were university Students.

<u>Year</u>	<u>% of University Students</u>
2005	31%
2004	23%
2003	22%
2002	26%

These percentages are illustrative of the resources and man-hour cost related to university students. The 2004 report indicates that the calls for service relating to this group, totaled 1,976 man hours, and police activities require significant resources to be committed to the university. Police resources were also influenced by the location of the Penn Manor High School, which has about 1,840 students.

Fire Calls

The Millersville Volunteer Fire Company prepared a 2005 yearly report. Exhibit Millersville-Fire 1 provides an enumeration of calls for service in Millersville Borough for 2005. Of the total 105 calls in the Borough 13 percent were to the University and an additional 8 percent were for student related areas.

Of 23 fire runs, 4 were to the University and another 4 were related to student services/lodging. There were seven calls which sustained property damage in the Borough of which one was from the University and two were student lodging related.

Finally, the Fire Department made five code reviews of University buildings during 2005.

### Housing/Code Enforcement

The Borough's Comprehensive Plan describes the conversion of single family homes to multi-family dwellings primarily as the result of student housing as an issue of concern. Between 1970 and 1990 the housing mix in the Borough changed significantly, with multi-family growing by 592 units or 346 percent during this 20-year period.

The pattern of owner/renter occupancy shows little change between 1990 (35.7 percent renter) and 2000 (34.6 percent). University officials do not foresee a significant increase in enrollment which would increase the demand for the "owner to rental" conversion. The conversion of the hotel complex owned by Student Lodging Incorporated to student housing may further ease this pressure. Borough officials have expressed concern that future single-family conversions will continue to change the Borough's housing mix.

There is a Code Enforcement program in place, combined with a strong zoning program which requires two parking places for each three inhabitants in multi-family configurations.

Worthy of special note is the rather "unique" policy employed by Student Lodging Incorporated on its existing student apartment complex. As PEL understands it is this complex which was acquired and then rehabilitated by SLI in paying real estate taxes to the Borough. Further, as PEL understands there is a good possibility that SLI will follow the same pattern with the hotel complex, which it is acquiring and will convert to student rentals. This model, which apparently is not a detriment to the rate for student rentals, has the joint advantage of removing pressure for single-family conversion to multi-unit rentals while at the same time generating revenue for the Borough.

### Infrastructure/Sewer System

The average daily flow of the sewer system is .858 mgd. The Borough has an agreement with the University that the University may use up to 330,000 gpd. On average, the University uses about 23 percent of the system's total flow.

With an average 29 percent of the billable flow attributed to the University, and total University yearly sewer payments of \$1.804 million, the sewer revenue paid by the University to the Borough are significant.

#### Other Issues

Expansion – Millersville University is land locked and potential areas of expansion would be in the off-campus areas of the Borough. According to the Borough's Comprehensive Plan, University enrollment was not anticipated to increase. However, there is now movement for further University growth into the Borough. This planned expansion would be centered on North George Street where the University already owns a number of buildings.

The Borough's concern is that no reduction in taxable property should occur, and that some of the older historical buildings could be lost.

The University also has as a goal acquiring or at least controlling some streets in the immediate campus area in order to provide better campus traffic flow and pedestrian safety.

Of mutual concern to both the Borough and the University is ingress and egress to the University Campus. Traffic flow on George Street is difficult at peak hours and the students cause traffic congestion and present a safety problem by hindering the flow of emergency/public safety vehicles. Attempts to create an alternative route into the campus have been hindered by financial, environmental and design problems.

## EXHIBITS

Exhibit Millersville - Finance 1.1

Borough of Millersville  
 Balance Sheet  
 Governmental Funds  
 December 31, 2004

	Major Funds		
	General Fund	Capital Reserve Fund	Sewer Capital Reserve Fund
<u>ASSETS</u>			
Cash and Cash Equivalents	410,791	1,247,420	467,589
Due from Other Funds		56,182	
Due from Other Governments	56,182		
Taxes Receivable	156,666		
Prepaid Insurance	17,643		
Accounts Receivable	50,013		
<u>TOTAL ASSETS</u>	<u>691,295</u>	<u>1,303,602</u>	<u>467,589</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accrued Salaries and Benefits	24,379		
Accounts Payable	14,319	65,754	
Due to Other Funds	56,182		
Deferred Revenues	12,081		
<u>TOTAL LIABILITIES</u>	<u>106,961</u>	<u>65,754</u>	<u>0</u>
<u>FUND BALANCES</u>			
Reserved Debt Service			
Unreserved-undesignated:			
General Fund	584,334		
Special Revenue Fund			
Capital Projects Fund		1,237,848	467,589
<u>TOTAL FUND BALANCES</u>	<u>584,334</u>	<u>1,237,848</u>	<u>467,589</u>
<u>TOTAL LIABILITIES and FUND BALANCES</u>	<u>691,295</u>	<u>1,303,602</u>	<u>467,589</u>

For Notes to Financial Statements - See Complete Audit

## Exhibit Millersville - Finance 1.2

Borough of Millersville  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
Year ended December 31, 2004

	Major Funds		
	General Fund	Capital Reserve Fund	Sewer Capital Reserve Fund
<u>REVENUES</u>			
Real Estate Taxes	1,023,135		
Other Taxes	495,690		
Licenses and Permits	63,258		
Fines, Forfeits, and Costs	174,171		
Interest and Rents	12,004	20,305	7,385
Intergovernmental	286,885	8,000	
Departmental Earnings	274,285		
Miscellaneous	22,189		
<u>TOTAL REVENUES</u>	<u>2,351,617</u>	<u>28,305</u>	<u>7,385</u>
<u>EXPENDITURES</u>			
General Government	268,651		
Public Safety	1,023,335		
Public Works - Sanitation			160,159
Public Works - Highway	286,955	148,576	
Culture and Recreation	35,989		
Debt Service			
Pension and Other Benefits	508,648		
Miscellaneous			
<u>TOTAL EXPENDITURES</u>	<u>2,123,578</u>	<u>148,576</u>	<u>160,159</u>
<u>EXCESS (DEFICIENCY) of</u> <u>REVENUES over</u> <u>EXPENDITURES</u>	<u>228,039</u>	<u>(120,271)</u>	<u>(152,774)</u>

Exhibit Millersville - Finance 2.1

Borough of Millersville  
 Statement of Net Assets  
 Proprietary Funds  
 December 31, 2004

	<u>Major Enterprise Funds</u>	
	<u>Sewer Revenue Fund</u>	<u>Solid Waste Management Fund</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	1,557,970	272,874
Accounts Receivable	227,313	71,299
Prepaid Expense	3,737	
<u>Total Current Assets</u>	<u>1,789,020</u>	<u>344,173</u>
Noncurrent Assets:		
Land and Site Improvements	758,842	
Infrastructure	18,970	
Buildings and Improvements (Net of Accumulated Depreciation)	4,469,516	
Equipment (Net of Accumulated Depreciation)	163,070	
Vehicles (Net of Accumulated Depreciation)	78,591	
<u>Total Noncurrent Assets</u>	<u>5,488,989</u>	<u>0</u>
 <u>TOTAL ASSETS</u>	 <u>7,278,009</u>	 <u>344,173</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	9,807	7,831
Accrued Salaries and Benefits	4,778	851
Accrued Interest	5,392	
Current Portion of Long-Term Liabilities	384,750	
<u>Total Current Liabilities</u>	<u>404,727</u>	<u>8,682</u>
Noncurrent Liabilities:		
Long-Term Debt	3,894,050	
 <u>TOTAL LIABILITIES</u>	 <u>4,298,777</u>	 <u>8,682</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	1,210,189	
Unrestricted	1,769,043	335,732
 <u>TOTAL NET ASSETS</u>	 <u>2,979,232</u>	 <u>335,732</u>
 <u>TOTAL LIABILITIES and NET ASSETS</u>	 <u>7,278,009</u>	 <u>344,414</u>

For Notes to Financial Statements - See Complete Audit

Exhibit Millersville - Finance 2.2

Borough of Millersville  
 Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Proprietary Funds  
 Year ended December 31, 2004

	Major Enterprise Funds	
	Sewer Revenue Fund	Solid Waste Management Fund
<u>OPERATING REVENUES</u>		
Charges for Services	1,828,443	261,335
<u>OPERATING EXPENSES</u>		
Salaries	267,916	38,898
Employee Benefits	60,116	6,080
Materials and Supplies	15,992	-
Professional Services	31,500	4,001
Contracted Services	35,000	205,713
Office Expense	2,331	43
General Expense	20,781	4,339
Insurance Expense	24,990	1,222
Utilities	171,114	-
Facilities Maintenance	9,760	-
Equipment Maintenance	73,565	-
Depreciation	199,709	-
<u>TOTAL OPERATING EXPENSES</u>	<u>912,774</u>	<u>260,296</u>
<u>OPERATING INCOME (LOSS)</u>	<u>915,669</u>	<u>1,039</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Earnings on Investments	18,843	3,899
Transfers In		
Transfers Out	(305,000)	
Refund for Prior Year Expenses	3,236	896
Miscellaneous	16,682	26,399
Debt Service - Interest	(192,304)	
<u>TOTAL NONOPERATING REVENUES (EXPENSES)</u>	<u>(458,543)</u>	<u>31,194</u>
<u>CHANGE in NET ASSETS before CAPITAL CONTRIBUTIONS</u>	<u>457,126</u>	<u>32,233</u>
<u>CAPITAL CONTRIBUTIONS FROM OTHER GOVERNMENTS</u>	<u>141,190</u>	
<u>CHANGE in NET ASSETS</u>	<u>598,316</u>	<u>32,233</u>
<u>NET ASSETS</u> - January 1, 2004, as Originally Stated	1,505,560	303,499
Prior Period Adjustment -Note 2	875,356	-
<u>NET ASSETS</u> - January 1, 2004, Restated	<u>2,380,916</u>	<u>303,499</u>
<u>NET ASSETS</u> - December 31, 2004	<u>2,979,232</u>	<u>335,732</u>

For Notes to Financial Statements - See Complete Audit

Exhibit Millersville - Fire 1

Borough of Millersville  
Borough - Fire Department Calls  
January 1, 2005 to December 31, 2005

	<u>Fire Calls</u>	<u>Other</u>	<u>Total Calls</u>
General Borough	15	63	78
Millersville University	4	10	14
Penn Manor School District	0	5	5
Student Services Lodging	<u>4</u>	<u>4</u>	<u>8</u>
Totals	23	82	105

Source: Borough of Millersville Fire Department 2005 Annual Report

Exhibit Millersville - Police 1

Borough of Millersville

Police Complement 2005

Chief	1
Sergeant	2
Investigator/Sergeant	1
Full-Time Police Officers	<u>8</u>
Total Full-Time	12
Part Time Officers	2

Source: Borough of Millersville 2005 Police Personnel

Exhibit Millersville - Police 2

Borough of Millersville

Part One and Part Two Crimes  
1998 -2005

<u>Year</u>	<u>Part One Crimes</u>	<u>Part Two Crimes</u>	<u>Total Crimes</u>
1998	103	214	317
1999	84	276	360
2000	99	281	380
2001	82	218	300
2002	113	338	451
2003	103	328	431
2004	82	331	413
2005	113	512	625

Source: Borough of Millersville 2005 Police Personnel

Exhibit Millersville - Police 3

Borough of Millersville

Criminal Arrests  
1998 -2005

<u>Year</u>	<u>Juvenile</u>	<u>Adult</u>	<u>Total</u>
1995	16	108	124
1996	30	135	165
1997	12	156	168
1998	51	214	265
1999	59	202	261
2000	47	242	289
2001	42	236	278
2002	44	317	361
2003	67	426	493
2004	53	346	399
2005	67	277	344

Source: Borough of Millersville Annual Police Report - 2005

## **CASE STUDIES**

### **Common Exhibits**

**1 through 20**

Exhibit 1

Population Trends  
1990 to 2000

	1990	2000	Change 1990 to 2000	
			#	%
<b>Bloomsburg Town</b>	<b>12,439</b>	<b>12,375</b>	<b>-64</b>	<b>-0.5</b>
Columbia County	63,202	64,151	949	1.5
<b>Edinboro Borough</b>	<b>7,736</b>	<b>6,950</b>	<b>-786</b>	<b>-10.2</b>
Erie County	275,572	280,843	5,271	1.9
<b>Lock Haven</b>	<b>9,230</b>	<b>9,149</b>	<b>-81</b>	<b>-0.9</b>
Clinton County	37,182	37,914	732	2.0
<b>Millersville Borough</b>	<b>8,099</b>	<b>7,774</b>	<b>-325</b>	<b>-4.0</b>
Lancaster County	422,822	470,658	47,836	11.3
<b>West Chester Borough</b>	<b>18,041</b>	<b>17,861</b>	<b>-180</b>	<b>-1.0</b>
Chester County	376,396	433,501	57,105	15.2
Pennsylvania	11,881,643	12,281,054	399,411	3.4

SOURCE: U.S. Bureau of the Census - 1990 and 2000
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Exhibit 2

Trend in Population Density  
1990 to 2000

	1990	2000	Change 1990 to 2000	
			#	%
<b>Bloomsburg Town</b>	<b>2,827.0</b>	<b>2,812.5</b>	<b>-14.5</b>	<b>-0.5</b>
Columbia County	130.2	132.1	2.0	1.5
<b>Edinboro Borough</b>	<b>3,363.5</b>	<b>3,021.7</b>	<b>-341.7</b>	<b>-10.2</b>
Erie County	343.6	350.2	6.6	1.9
<b>Lock Haven</b>	<b>3,692.0</b>	<b>3,659.6</b>	<b>-32.4</b>	<b>-0.9</b>
Clinton County	41.7	42.6	0.8	2.0
<b>Millersville Borough</b>	<b>4,049.5</b>	<b>3,887.0</b>	<b>-162.5</b>	<b>-4.0</b>
Lancaster County	445.5	495.9	50.4	11.3
<b>West Chester Borough</b>	<b>10,022.8</b>	<b>9,922.8</b>	<b>-100.0</b>	<b>-1.0</b>
Chester County	497.9	573.4	75.5	15.2
Pennsylvania	265.1	274.0	8.9	3.4

SOURCE: U.S. Bureau of the Census - 1990 and 2000

Exhibit 3

Trend in Group Quarters  
1990 to 2000

	1990	2000	Change 1990 to 2000	
			#	%
<b>Bloomsburg Town</b>	<b>3,195</b>	<b>3,003</b>	<b>-192</b>	<b>-6.0</b>
Percent of Total	25.7	24.3	-	-
Columbia County	3,687	3,758	71	1.9
Percent of Total	5.8	5.9	-	-
<b>Edinboro Borough</b>	<b>2,810</b>	<b>1,994</b>	<b>-816</b>	<b>-29.0</b>
Percent of Total	36.3	28.7	-	-
Erie County	10,160	13,953	3,793	37.3
Percent of Total	3.7	5.0	-	-
<b>Lock Haven</b>	<b>2,010</b>	<b>1,846</b>	<b>-164</b>	<b>-8.2</b>
Percent of Total	21.8	20.2	-	-
Clinton County	2,054	2,195	141	6.9
Percent of Total	5.5	5.8	-	-
<b>Millersville Borough</b>	<b>2,694</b>	<b>2,463</b>	<b>-231</b>	<b>-8.6</b>
Percent of Total	33.3	31.7	-	-
Lancaster County	13,042	14,356	1,314	10.1
Percent of Total	3.1	3.1	-	-
<b>West Chester Borough</b>	<b>3,410</b>	<b>3,383</b>	<b>-27</b>	<b>-0.8</b>
Percent of Total	18.9	18.9	-	-
Chester County	12,910	14,744	1,834	14.2
Percent of Total	3.4	3.4	-	-
Pennsylvania	348,424	433,301	84,877	24.4
Percent of Total	2.9	3.5	-	-

SOURCE: U.S. Bureau of the Census - 1990 and 2000

Exhibit 4

Trend in Household Population  
1990 to 2000

	1990	2000	Change 1990 to 2000	
			#	%
<b>Bloomsburg Town</b>	<b>9,244</b>	<b>9,372</b>	<b>128</b>	<b>1.4</b>
Percent of Total	74.3	75.7	-	-
Columbia County	59,515	60,393	878	1.5
Percent of Total	94.2	94.1	-	-
<b>Edinboro Borough</b>	<b>4,926</b>	<b>4,956</b>	<b>30</b>	<b>0.6</b>
Percent of Total	63.7	71.3	-	-
Erie County	265,412	266,890	1,478	0.6
Percent of Total	96.3	95.0	-	-
<b>Lock Haven</b>	<b>7,220</b>	<b>7,303</b>	<b>83</b>	<b>1.1</b>
Percent of Total	78.2	79.8	-	-
Clinton County	35,128	35,719	591	1.7
Percent of Total	94.5	94.2	-	-
<b>Millersville Borough</b>	<b>5,405</b>	<b>5,311</b>	<b>-94</b>	<b>-1.7</b>
Percent of Total	66.7	68.3	-	-
Lancaster County	409,780	456,302	46,522	11.4
Percent of Total	96.9	96.9	-	-
<b>West Chester Borough</b>	<b>14,631</b>	<b>14,478</b>	<b>-153</b>	<b>-1.0</b>
Percent of Total	81.1	81.1	-	-
Chester County	363,486	418,757	55,271	15.2
Percent of Total	96.6	96.6	-	-
Pennsylvania	11,533,219	11,847,753	314,534	2.7
Percent of Total	97.1	96.5	-	-

SOURCE: U.S. Bureau of the Census - 1990 and 2000

Exhibit 4-A  
Trend in Median Age  
 1990 to 2000

	<u>1990</u>	<u>2000</u>	<u>Change 1990 to 2000</u>	
			<u>#</u>	<u>%</u>
<b>Bloomsburg Town</b>	23.0	22.4	(0.6)	-2.6
Columbia County	34.1	37.5	3.4	10.0
<b>Edinboro Borough</b>	21.0	21.8	0.8	3.8
Erie County	32.9	36.2	3.3	10.0
<b>Lock Haven</b>	26.3	25.0	(1.3)	-4.9
Clinton County	34.8	37.8	3.0	8.6
<b>Millersville Borough</b>	21.9	22.4	0.5	2.3
Lancaster County	32.8	36.1	3.3	10.1
<b>West Chester Borough</b>	25.3	24.6	(0.7)	-2.8
Chester County	33.8	36.9	3.1	9.2
Pennsylvania	35.0	38.0	3.0	8.6

SOURCE: U.S. Bureau of the Census - 1990 and 2000

Exhibit 4-B  
Age 18 to 21  
 2000

	<u>2000 Number</u>	<u>2000 % of Total</u>
<b>Bloomsburg Town</b>	3,202	25.9%
Columbia County	4,867	7.6%
<b>Edinboro Borough</b>	2,087	30.0%
Erie County	14,782	5.3%
<b>Lock Haven</b>	1,623	17.7%
Clinton County	2,582	6.8%
<b>Millersville Borough</b>	2,319	29.8%
Lancaster County	20,653	4.4%
<b>West Chester Borough</b>	3,600	20.2%
Chester County	15,943	3.7%
Pennsylvania	516,557	4.2%

SOURCE: U.S. Bureau of the Census - 2000

Exhibit 5

Population Estimates  
2000 to 2004

	2000	2004	Change 2000 to 2004	
			#	%
<b>Bloomsburg Town</b>	<b>12,375</b>	<b>12805</b>	<b>430</b>	<b>3.5</b>
Columbia County	64,151	65015	864	1.3
<b>Edinboro Borough</b>	<b>6,950</b>	<b>6,879</b>	<b>-71</b>	<b>-1.0</b>
Erie County	280,843	282,355	1,512	0.5
<b>Lock Haven</b>	<b>9,149</b>	<b>8,983</b>	<b>-166</b>	<b>-1.8</b>
Clinton County	37,914	37486	-428	-1.1
<b>Millersville Borough</b>	<b>7,774</b>	<b>7493</b>	<b>-281</b>	<b>-3.6</b>
Lancaster County	470,658	487332	16,674	3.5
<b>West Chester Borough</b>	<b>17,861</b>	<b>17701</b>	<b>-160</b>	<b>-0.9</b>
Chester County	433,501	465795	32,294	7.4
Pennsylvania	12,281,054	12,406,292	125,238	1.0

SOURCE: U.S. Bureau of the Census – 2000 and 2004 Estimates

Exhibit 6

Trends in Owner Occupied Housing Units and Median Value  
1990 to 2000

	1990	2000	Change 1990 to 2000	
			#	%
<b>Bloomsburg Town</b>	<b>1,753</b>	<b>1,602</b>	<b>-151</b>	<b>-8.6</b>
Median Value	\$55,000	\$86,000	\$31,000	56.4
Columbia County	17,248	18,030	782	4.5
Median Value	\$54,800	\$87,300	32,500	59.3
<b>Edinboro Borough</b>	<b>695</b>	<b>748</b>	<b>53</b>	<b>7.6</b>
Median Value	\$64,900	\$108,400	\$43,500	67.0
Erie County	69,705	73,729	4,024	5.8
Median Value	\$54,000	\$85,300	\$31,300	58.0
<b>Lock Haven</b>	<b>1,380</b>	<b>1,289</b>	<b>-91</b>	<b>-6.6</b>
Median Value	\$43,600	\$76,100	\$32,500	74.5
Clinton County	10,083	10,775	692	6.9
Median Value	\$46,300	\$78,000	\$31,700	68.5
<b>Millersville Borough</b>	<b>1,384</b>	<b>1,481</b>	<b>97</b>	<b>7.0</b>
Median Value	\$87,600	\$113,900	\$26,300	30.0
Lancaster County	104,752	122,208	17,456	16.7
Median Value	\$89,400	\$119,300	\$29,900	33.4
<b>West Chester Borough</b>	<b>2,405</b>	<b>2,331</b>	<b>-74</b>	<b>-3.1</b>
Median Value	\$116,300	\$140,400	\$24,100	20.7
Chester County	99,333	120,428	21,095	21.2
Median Value	\$155,900	\$182,500	26,600	17.1
Pennsylvania	3,176,121	3,406,337	230,216	7.2
Median Value	\$69,700	\$97,000	\$27,300	39.2

SOURCE: U.S. Bureau of the Census - 1990 and 2000

Exhibit 7

Trends in Renter Occupied Housing Units  
1990 to 2000

	1990	2000	Change 1990 to 2000	
			#	%
<b>Bloomsburg Town</b>	<b>2,173</b>	<b>2,478</b>	<b>305</b>	<b>14.0</b>
Columbia County	6,230	6,885	655	10.5
<b>Edinboro Borough</b>	<b>1,163</b>	<b>1,339</b>	<b>176</b>	<b>15.1</b>
Erie County	31,859	32,778	919	2.9
<b>Lock Haven</b>	<b>1,748</b>	<b>2,017</b>	<b>269</b>	<b>15.4</b>
Clinton County	3,761	3,998	237	6.3
<b>Millersville Borough</b>	<b>830</b>	<b>854</b>	<b>24</b>	<b>2.9</b>
Lancaster County	46,204	50,352	4,148	9.0
<b>West Chester Borough</b>	<b>3,705</b>	<b>3,934</b>	<b>229</b>	<b>6.2</b>
Chester County	33,924	37,477	3,553	10.5
Pennsylvania	1,319,845	1,370,666	50,821	3.9

SOURCE: U.S. Bureau of the Census - 1990 and 2000

Exhibit 8

Trends in Housing Unit Occupancy  
1990 to 2000

	Owner		Renter Occupied		Vacant	
	1990 %	2000 %	1990 %	2000 %	1990 %	2000 %
<b>Bloomsburg Town</b>	<b>41.8</b>	<b>36.4</b>	<b>51.8</b>	<b>56.3</b>	<b>6.3</b>	<b>7.3</b>
Columbia County	67.4	65.0	24.8	24.8	8.3	10.2
<b>Edinboro Borough</b>	<b>34.2</b>	<b>33.4</b>	<b>57.3</b>	<b>59.7</b>	<b>8.5</b>	<b>6.9</b>
Erie County	64.2	64.5	29.3	28.7	6.5	6.8
<b>Lock Haven</b>	<b>41.8</b>	<b>36.2</b>	<b>52.9</b>	<b>56.6</b>	<b>5.3</b>	<b>7.3</b>
Clinton County	61.2	59.3	22.8	22.0	16.0	18.7
<b>Millersville Borough</b>	<b>59.6</b>	<b>60.0</b>	<b>35.7</b>	<b>34.6</b>	<b>4.7</b>	<b>5.4</b>
Lancaster County	67.0	67.9	29.5	28.0	3.5	4.1
<b>West Chester Borough</b>	<b>37.2</b>	<b>35.6</b>	<b>57.4</b>	<b>60.1</b>	<b>5.4</b>	<b>4.2</b>
Chester County	71.2	73.5	24.3	22.9	4.5	3.6
Pennsylvania	64.3	64.9	26.7	26.1	9.0	9.0

SOURCE: U.S. Bureau of the Census - 1990 and 2000

Exhibit 9

Trend in Per Capita Income  
1990 to 2000

	1990	2000	Change 1990 to 2000	
			#	%
<b>Bloomsburg Town</b>	<b>\$9,571</b>	<b>\$12,819</b>	<b>\$3,248</b>	<b>33.9</b>
Columbia County	\$10,959	\$16,973	\$6,014	54.9
<b>Edinboro Borough</b>	<b>\$6,977</b>	<b>\$12,209</b>	<b>\$5,232</b>	<b>75.0</b>
Erie County	\$12,317	\$17,932	\$5,615	45.6
<b>Lock Haven</b>	<b>\$9,271</b>	<b>\$11,948</b>	<b>\$2,677</b>	<b>28.9</b>
Clinton County	\$10,287	\$15,750	\$5,463	53.1
<b>Millersville Borough</b>	<b>\$10,258</b>	<b>\$15,773</b>	<b>\$5,515</b>	<b>53.8</b>
Lancaster County	\$14,235	\$20,398	\$6,163	43.3
<b>West Chester Borough</b>	<b>\$13,082</b>	<b>\$19,073</b>	<b>\$5,991</b>	<b>45.8</b>
Chester County	\$20,601	\$31,627	\$11,026	53.5
Pennsylvania	\$14,068	\$20,880	\$6,812	48.4

SOURCE: U.S. Bureau of the Census - 1990 and 2000

Exhibit 10

Trend in Median Household Income  
1990 to 2000

	1990	2000	Change 1990 to 2000	
			#	%
<b>Bloomsburg Town</b>	\$20,871	\$24,868	\$3,997	19.2
Columbia County	\$24,211	\$34,094	\$9,883	40.8
<b>Edinboro Borough</b>	\$20,990	\$26,652	\$5,662	27.0
Erie County	\$26,581	\$36,627	\$10,046	37.8
<b>Lock Haven</b>	\$16,910	\$20,731	\$3,821	22.6
Clinton County	\$22,128	\$31,064	\$8,936	40.4
<b>Millersville Borough</b>	\$30,046	\$38,425	\$8,379	27.9
Lancaster County	\$33,255	\$45,507	\$12,252	36.8
<b>West Chester Borough</b>	\$31,262	\$37,803	\$6,541	20.9
Chester County	\$45,642	\$65,295	\$19,653	43.1
Pennsylvania	\$29,069	\$40,106	\$11,037	38.0

SOURCE: U.S. Bureau of the Census - 1990 and 2000

Exhibit 11

Trend in Median Family Income  
1990 to 2000

	<u>1990</u>	<u>2000</u>	<u>Change 1990 to 2000</u>	
			#	%
<b>Bloomsburg Town</b>	\$28,732	\$39,806	\$11,074	38.5
Columbia County	\$29,355	\$41,398	\$12,043	41.0
<b>Edinboro Borough</b>	\$33,085	\$48,516	\$15,431	46.6
Erie County	\$32,145	\$44,829	\$12,684	39.5
<b>Lock Haven</b>	\$23,349	\$28,619	\$5,270	22.6
Clinton County	\$26,575	\$38,177	\$11,602	43.7
<b>Millersville Borough</b>	\$37,656	\$53,110	\$15,454	41.0
Lancaster County	\$37,791	\$52,513	\$14,722	39.0
<b>West Chester Borough</b>	\$39,351	\$51,018	\$11,667	29.6
Chester County	\$52,325	\$76,916	\$24,591	47.0
Pennsylvania	\$34,856	\$49,184	\$14,328	41.1

SOURCE: U.S. Bureau of the Census - 1990 and 2000

Exhibit 12

University Head Count Enrollment  
Fall 2002 through Spring 2005

	Fall 2002	Fall 2003	Fall 2004	Change 2002 - 2003	% Change 2002 - 2003	Change 2002 - 2003	% Change 2002 - 2003
West Chester	12,584	12,695	12,822	111	0.9%	127	1.0%
Bloomsburg	8,039	8,282	8,304	243	3.0%	22	0.3%
Lock Haven	4,574	4,908	5,126	334	7.3%	218	4.4%
Edinboro	7,778	8,045	7,773	267	3.4%	-272	-3.4%
Millersville	7,650	7,861	7,998	211	2.8%	137	1.7%
	Spring 2003	Spring 2004	Spring 2005	Change 2002 - 2003	% Change 2002 - 2003	Change 2002 - 2003	% Change 2002 - 2003
West Chester	11,886	11,990	12,148	104	0.9%	158	1.3%
Bloomsburg	7,573	7,721	7,903	148	2.0%	182	2.4%
Lock Haven	4,303	4,555	4,782	252	5.9%	227	5.0%
Edinboro	7,175	7,243	7,178	68	0.9%	-65	-0.9%
Millersville	7,401	7,554	7,790	153	2.1%	236	3.1%

Source: State System Fact Book 2004 and 2005

Exhibit 13

University Head Count Enrollment Characteristics  
Fall 2004

	West Chester	Bloomsburg	Lock Haven	Edinboro	Millersville
Total	12,822	8,304	5,126	7,773	7,998
Undergraduate	10,644	7,524	4,875	6,735	6,991
Graduate	2,178	780	251	1,038	1,007
% Undergraduate	83.0%	90.6%	95.1%	86.6%	87.4%
Full-time	9,931	7,368	4,554	6,500	6,585
Part-time	2,891	936	572	1,273	1,413
% Full -time	77.5%	88.7%	88.8%	83.6%	82.3%
Female	8,104	5,109	3,049	4,621	4,673
Male	4,718	3,195	2,077	3,152	3,325
% Female	63.2%	61.5%	59.5%	59.4%	58.4%
PA Residents	11,422	7,477	4,549	6,752	7,688
Non PA Residents	1,400	827	577	1,021	310
% PA Residents	89.1%	90.0%	88.7%	86.9%	96.1%
Minority	1,564	587	327	681	854
Non Minority	11,258	7,717	4,799	7,092	7,144
% Minority	12.2%	7.1%	6.4%	8.8%	10.7%

Source: State System Fact Book 2005

Exhibit 14

University Full Time Equivalent Enrollment Characteristics  
Fall 2004

	West Chester	West Chester	Bloomsburg	Bloomsburg	Lock Haven	Lock Haven	Edinboro	Edinboro	Millersville	Millersville
	<u>County Name</u>	<u>Number</u>								
Total Enrollment		12,822		8,304		5,126		7,773		7,998
1st Highest	Chester	3,514	Columbia	896	Clinton	532	Erie	3,250	Lancaster	2,834
2nd Highest	Delaware	2,071	Luzerne	712	Clearfield	458	Crawford	1,045	York	645
3rd Highest	Montgomery	1,489	Northumberland	666	Lycoming	481	Allegheny	639	Montgomery	466
% 1st Highest		27.4%		10.8%		10.4%		41.8%		35.4%
% 1st -3rd Highest		55.2%		27.4%		28.7%		63.5%		49.3%

Source: State System Fact Book 2005

Exhibit 15

University Full Time Equivalent Enrollment Characteristics  
Fall 2004

	<u>West Chester</u>	<u>Bloomsburg</u>	<u>Lock Haven</u>	<u>Edinboro</u>	<u>Millersville</u>
Total	10,740.0	7,620.0	4,711.6	6,746.6	6,973.7
Undergraduate	9,712.2	7,154.5	4,512.5	6,109.9	6,519.5
Graduate	1,027.8	465.5	199.1	636.7	454.2
% Undergraduate	90.4%	93.9%	95.8%	90.6%	93.5%

University Full Time Equivalent Enrollment Characteristics  
Spring 2005

	<u>West Chester</u>	<u>Bloomsburg</u>	<u>Lock Haven</u>	<u>Edinboro</u>	<u>Millersville</u>
Total	10,030.5	7,061.6	4,318.5	6,146.1	6,679.0
Undergraduate	9,020.4	6,627.8	4,130.9	5,487.6	6,209.4
Graduate	1,010.1	433.8	187.6	658.5	469.6
% Undergraduate	89.9%	93.9%	95.7%	89.3%	93.0%

Source: State System Fact Book 2005

Exhibit 16

Student Faculty Ratios  
1999-00 through 2003-04

	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>
West Chester	16.79	17.24	17.54	17.86	18.24
Bloomsburg	17.32	17.50	18.25	18.67	19.02
Lock Haven	17.51	17.78	18.31	18.49	18.88
Edinboro	17.17	17.67	17.84	18.18	18.79
Millersville	16.90	17.54	17.76	17.96	18.27
State System Avg/Total	17.60	17.68	18.17	18.52	18.94
Full time instructors	24 teaching contract hours				
Full time equivalent Students	30 hours for Undergrad; 24 hours for Grad				

Source: State System Fact Book 2005

Exhibit 17

Cost per Full Time Equivalent Student  
1999-00 through 2003-04

	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>Change</u> <u>1999-2004</u>	<u>Percent Change</u> <u>1999-2004</u>
West Chester	11,763	11,800	11,912	12,831	13,111	1,348	11.5%
Bloomsburg	11,219	12,094	11,701	12,472	13,107	1,888	16.8%
Lock Haven	12,345	12,169	13,013	13,025	12,701	356	2.9%
Edinboro	12,699	12,615	12,115	12,207	13,297	598	4.7%
Millersville	12,085	12,386	12,878	13,190	14,156	2,071	17.1%
			13,584				
State System Avg/Total	12,157	12,614	13,584	13,202	13,636	1,479	12.2%

Full time equivalent Students 30 hours for Undergrad; 24 hours for Grad

Source: State System Fact Book 2005

Exhibit 18  
Facilities Inventory  
Fall 2004

	Total Gross Square Feet	Total Replacement Value - Physical Plant	Total No. Buildings	Acreage	Dorm Capacity
West Chester	2,485,649	\$ 406,574,308	89	393	3,535
Bloomsburg	1,977,429	\$ 274,696,286	72	282	2,868
Lock Haven	1,598,160	\$ 209,393,055	50	249	1,577
Edinboro	1,936,532	\$ 278,457,802	64	626	2,800
Millersville	1,932,247	\$ 269,700,966	90	245	2,420
State System Total	25,981,394	\$ 3,758,735,161	924	4,887	33,646
Includes Dixon Un Center					

Source: State System Fact Book 2005

Exhibit 19

Full-Time Salaried and Hourly Employees  
Fall 2004

	Full-Time Salaried And Hourly Employees	Percent of Total
West Chester	1,238	11.2%
Bloomsburg	881	8.0%
Lock Haven	568	5.1%
Edinboro	770	7.0%
Millersville	870	7.9%
State System Total	11,069	100.0%

Source: State System Fact Book 2005

Exhibit 20

Relationship of Taxable to Exempt from Taxation Valuations  
Year 2003

	Total Assessed Valuation	Total Exempt Valuation	Exempt University Valuation
Bloomsburg Columbia	\$ 200,279,676	\$ 76,655,637	\$ 46,677,451
West Chester Chester	857,804,120	248,163,650	91,858,380
Lock Haven Clinton	100,594,740	42,337,530	19,301,140
Edinboro Erie	286,520,660	125,499,100	113,449,100
Millersville Lancaster	330,907,800	103,679,400	74,113,700

	Exempt University Valuation As Percentage of Total Assessed Valuation	Exempt University Valuation As Percentage of Total Exempt Assessed Valuation	Total Exempt Value as Percentage of Assessed Valuation in Municipality
Bloomsburg Columbia	23.31	60.89	38.27
West Chester Chester	10.71	37.02	28.93
Lock Haven Clinton	19.19	45.59	42.09
Edinboro Erie	39.60	90.40	43.80
Millersville Lancaster	22.40	71.48	31.33

Source: Respective County Assessment Offices

CHAPTER 5  
UNIVERSITY POLICE AUTHORITY, JURISDICTION, AND PRACTICE  
IN MUNICIPALITIES

There are three basic categories of colleges and universities in Pennsylvania: State-Related Commonwealth Universities (University of Pittsburgh, Pennsylvania State University, Temple University, and Lincoln University); State System of Higher Education Universities (Bloomsburg, California, Cheyney, Clarion, East Stroudsburg, Edinboro, Indiana, Kutztown, Lock Haven, Mansfield, Millersville, Slippery Rock, Shippensburg, and West Chester); and 112 private institutions.

The officers in police departments at state related and state owned universities are generally certified by the Municipal Police Officers Education and Training Commission under Act 120. Officers at private colleges and universities are sworn under Act 501 and, although not required, many are Act 120 certified.

The police departments at state owned universities (State System of Higher Education-SSHE) can enter into cooperative police service agreements (mutual aid) with municipalities which overlay or abut the university campus. These agreements are voluntary and are authorized by 42 PA.C.S. 8953. The jurisdictions of university and college police differ by category of institutions. State related commonwealth university police have jurisdiction in a 500-yard zone around any university owned, leased, or managed property. SSHE police have jurisdiction on university owned or leased property and public property which is adjacent to the institution. Private college and university police have the same type of geographical jurisdiction as SSHE owned universities.

SSHE, State Related University, and private college police off-campus functions in municipalities have generally been restricted to assisting municipal police and the pursuit of suspects whose violations occurred on campus. Although police services agreements would allow campus police to take enforcement actions or answer calls in municipalities, most university police departments do not provide call service or patrol off their campuses. The University of Pittsburgh (a state-related university) does provide assistance to the City of Pittsburgh in the Oakland neighborhood of the City. The University of Pittsburgh police

committed a significant number of officers to assist city officers in controlling post Super Bowl celebrations and in controlling on going peace rallies and protests in the Oakland neighborhood of Pittsburgh.

The University of Pittsburgh Police Department committed officers, including a Special Response Team, to assist the city during the Major League Baseball All-Star game in July of 2006. The University of Pittsburgh Police Department, however, does not respond to calls for service off campus unless requested by the City police. The University of Pittsburgh Police Department has an authority boundary of 500 yards outside of university owned, leased, or managed property. All University of Pittsburgh Police officers have been trained under Act 120. The University does not have a written mutual aid agreement with the City.

The Pennsylvania Administrative Code, (Section 2,146) grants police authority to the officers at SSHE and State Related university police departments. Additionally, under PA Act 24, these university police departments may enter into police service agreements (mutual aid) with surrounding municipalities. Concurrent jurisdiction may be established through this agreement.

In February, 2004, SSHE and state related university police officers were included in the Municipal Police Jurisdiction Act, 42. PA C.S. This gives the same authority to university police as that of municipal police. The primary jurisdiction of university police is the university campus and property. The Pennsylvania Administrative Code and Acts 24 and 48 does not mandate that university police exercise authority off of university property nor are university police mandated to enter into mutual aid agreements.

Not all of the SSHE university police officers are armed. The officers at California University and Indiana University do not carry firearms. Commonwealth legislation in committee for 2005-2006 would require that all officers at SSHE universities be armed. There is no current accurate date of when—or if—this bill will become effective. Lock Haven University officers carry weapons only with specific approval of the University Vice President. It is PEL's understanding that the policy is being changed.

Although the police departments at SSHE universities and state related universities have the same authority and status as municipal police officers, their geographical jurisdiction is generally limited to their campuses and immediately adjacent areas. State related universities have a 500 yard extension of jurisdiction around any university owned or leased properties.

Concurrent jurisdiction can be established through a police services agreement although SSHE and state related universities are not mandated to enter into such agreements with municipalities. Most SSHE university police departments do not have written agreements with municipalities although virtually all will respond if requested to assist municipal police and some will respond to calls in municipalities if requested by the municipal police department.

There are several pertinent issues regarding municipal police protection for a host municipality of a college or university. Police departments' authority and responsibility are based and restricted by geography, not population. It is commonly recognized that the presence of a university can place a burden on the police resources of a host community. Resident college aged people are generally responsible for more civil disorder and certain violations than older people; the presence of a college or university will impact police requirements in a community due to the increased numbers of young people and the different social schedule for their activities. Disorder caused by the use of alcohol, sporting events, or civil demonstrations is more likely in a community which has a college or university student population.

University police departments are structured and deployed to protect university resources, students, faculty, staff, and visitors. Consequently, university police perform functions not generally performed by municipal police. These functions can include locking and unlocking buildings, medical transports, and escorts of students at night. University police departments generally have extensive crime prevention programs and provide assistance to the student affairs departments of universities. In addition to university specific responsibilities, university police perform the traditional law enforcement functions of patrol and investigation on campus. These traditional functions are performed when a crime is reported on campus. Faculty, students, and visitors to the university campus are included in these traditional law enforcement services. University police do not commonly investigate felony (murder, rape, assaults, etc.) crimes alone but rather seek assistance from municipal, county, or state agencies.

University police are very often deployed on foot or on bicycles. This could make response to surrounding municipal areas difficult. University officers are scheduled to meet the demands of university operations which may be different than peak demand periods in the host municipalities. As an example, most universities deploy more officers during university move-periods, homecoming events, and football games, and the peak activity times are during the school year, generally from late August to June. This is opposite of the peak times for the typical

municipal police which is usually during the summer. However, host municipalities may have less need for police protection in the summer based on the absence of the student population. Nonetheless, municipal police contracts and employment expectations of full-time employees require summer police manpower regardless of local activity in the host municipalities.

There is a common misperception that universities are responsible for the actions and behaviors of their students anywhere including off campus. While most universities have student conduct codes which hold students responsible for violations of student conduct rules off campus, violations of this code result only in internal university disciplinary action. Arrests and citations issued to students by municipal police can result in university internal disciplinary hearings for the students in addition to any legal action brought by the municipality.

Since police jurisdictions are geographical, violations of law by students off campus are primarily the responsibility of municipal police. Conversely, violations of law on a university campus by anyone (faculty, students, or visitors) are the responsibility of university police. University police are responsible for investigating actions by host municipality residents and visitors if the actions occur on campus. Municipal police are responsible for university personnel including students if the actions occur off campus.

Universities are reluctant to expose themselves to potential liability as a result of actions by their police force in circumstances and jurisdictions which are not well defined. Even though authority off campus has been granted to police for state related and state owned universities without a written mutual aid agreement in place actions such as stopping a motorist or conducting a stop and frisk under *Terry v. Ohio* could present legal questions. Random patrol and enforcement actions off campus without a written agreement could be questioned.

The National Association of College and University Attorneys has issued a document to its members titled *Campus Police Authority: Understanding Your Officers' Territorial Jurisdiction*. This review examines the authority and liability of campus police and cautions universities to strictly follow state laws on jurisdiction. Courts in the decision of *Henderson v. Fisher* in Pennsylvania (Third Circuit) have held that officers of university police acting outside of their campuses are agents of the state.

Because of these liability issues, university police are reluctant to act in municipalities unless requested by the local police or pursuant to a prior written agreement. University police performing enforcement action outside of the physical boundaries of university property become

in effect municipal officers. While this does allow latitude in enforcement for university police, it raises concerns of liability for universities as the employers of the police. Some universities are reluctant to enter into agreements because they want to concentrate their police resources on campus.

An issue for universities is the Jeanne Clery Disclosure of Campus Security Policy Campus Statistics Act of 1990. This federal law requires that universities disclose crime on or near their campuses yearly and was a result of the murder of Jeanne Clery at Lehigh University in 1986. The Clery Act requires that universities report all crimes reported to them or crimes of which they are aware. The act is the only federally mandated crime reporting act in the United States and carries severe penalties for not accurately reporting crime. Universities may be reluctant to answer municipal police calls which they feel may be subject to university reporting as Clery statistics. Crime statistics must be maintained for a three-year period and must be made available to anyone requesting the data.

University police may respond to calls off campus differently than on campus. The most obvious off campus violations by university students are underage alcohol possession and disorderly conduct. Alcohol violations are a common occurrence at universities; often underage alcohol possession or consumption is handled by the university through a disciplinary board rather than a citation to a court. Municipal enforcement would likely require that alcohol violators be cited into court. Disorderly conduct often begins off campus or in a fraternity or sorority house. Some universities own or control fraternity and sorority houses, however, others do not but instead recognize or sanction the student organizations sponsoring these homes. Fines levied by magistrates or other courts for these violations are not returned to the universities but are sent to the appropriate municipal jurisdiction even if the citation was issued by a university police officer.

The size of SSHE university police departments affects the ability to provide services off campus. The average sworn strength of a SSHE university police department is 14.7 officers. This average strength allows for a maximum deployment of three officers regularly on any given shift. Although it is recognized that many municipalities surrounding universities have even smaller departments covering a larger population, when call response is to be considered, the deployment level is critical. Calls such as an alarm or disturbance will require response by more than one university officer. This can leave one university officer available for subsequent calls.

If officers are deployed off campus, it is conceivable that there would be periods of time with no officers available for university calls. The same manpower concerns will be evident in the host municipality when police must contend with Thursday through Sunday student activities.

The budgets of university police departments are established by the university and generally address only the law enforcement and security needs of the campus. These budgets are usually not increased by any large amount. University police departments commonly employ security guards, student interns, or enter into contracts with private companies for security in addition to employing sworn police officers. These security guards have very little legal authority and are of little consequence in a mutual aid arrangement. Unless supplemental state funding is obtained, the deployment of university police officers into municipalities is a drain on the university police department budget. In addition to the loss of officers to municipal calls, any overtime incurred in booking and transporting prisoners, writing reports, or attending court is an expense which must be born by the university police department. Since these departments do not receive any portion of fines or traffic citations, it is a net financial loss. There is also a cost to municipalities to respond to calls involving students although such call response is generally considered to be a municipal police function and not a university function. Nonetheless, municipal time spent in court time, travel time, and holding of offenders impairs the ability of municipal police to perform other required duties.

### Conclusions

Universities and municipalities may enter into mutually agreed upon concurrent jurisdiction arrangements. As communicated to PEL in its interviews, some university officials do not believe a mutual aid agreement is necessary or warranted based on their view that off-campus policing, except in emergencies, will not occur. If no mutual agreement is signed, university police have limited authority in municipalities. State statutes authorize police services agreements (mutual aid) between universities and municipalities but do not mandate any agreements. While there is no standardized police mutual aid contract in the state, a specimen contract is available from the International Association of Chiefs of Police. This model was developed in conjunction with the National Criminal Justice Reference Service which is a component of the United State Department of Justice. This model can be accessed through the

NCJRS website at <http://www.ncjrs.gov/pdffiles1/bja/210679.pdf> “Mutual Aid: Multijurisdictional Partnerships for Meeting Regional Threats.”

The presence of a university can cause a burden on municipal public safety resources. University student-aged people tend to be more involved in alcohol violations and other disorderly offenses than older persons. These activities also occur at times when the resident population is less active, requiring police protection at an additional rate and additional staffing levels. Conversely, the presence of a university is a benefit to the local economy by providing employment at the university and through the consumption of goods and services by university students and visitors.

Most university police departments do not have mutual aid contracts with the host municipalities. Most university departments when requested will assist host municipal officers and will assist in emergency situations. Most university departments, when requested, will assist other surrounding departments without a written contract. The type, numbers, and duties of responders by either the university or municipality must be specified in any proposed contract. It is likely that universities will continue to respond to direct requests for assistance and would sign emergency aid contracts. It is not likely that contracts which provide for campus perimeter law enforcement, routine patrol, and /or regular call response will be readily accepted.

Universities are hesitant because of the potential liability, loss of service, and costs of assistance to municipalities. It is generally recognized that the university and the host municipality have mutual responsibilities. The municipality may respond to an inordinate number of calls concerning university students and may lack sufficient manpower to address these issues on regular basis. The municipal police cost of call response and overtime scheduling will be higher on weekend nights and during times of special events such as homecoming.

Concurrent jurisdiction would benefit municipalities by providing more resources to handle calls and events involving university students and staff. This jurisdiction would benefit universities by allowing better coverage of off campus events such as large parties, homecoming parades, athletic events, and similar occurrences. There will not be a financial benefit to universities in such agreements if routine calls and citations are considered. There will be a benefit to municipalities if university police routinely answer calls, make arrests, and issue

citations off university property. Additional state funding to bridge this gap appears to be necessary.

Since mutual aid agreements do not usually contain fiscal reimbursement clauses, the actual cost of operations would be born by the employing agency of the officers used in the agreement. This is generally a reason that routine functions such as call response and patrol are not often included in mutual aid. Emergency mutual aid agreements that address emergency or unusual circumstances are more common. Issues such as weather emergencies, large scale civil disorders, or visits by dignitaries are often reasons for invoking mutual aid. Situational circumstances such as an unusually large volume of police calls for a short period of time can also be a reason to use mutual aid.

Emergency mutual aid agreements would be a benefit to both universities and municipalities in addressing unusual occurrences which could overwhelm the police resources of either. The use of university police to routinely answer calls and complaints in municipalities would be a benefit to the municipality in adding resources but could strain university resources. There is a benefit in enhancing “town and gown” relationships by engaging in mutual operations. However, the issue can be reduced to the availability of funding for such agreements. Any agreement must be specific to the municipality and the university and consider the political environments, budgets, enrollments, and size of the university; therefore one model agreement may not be appropriate for all jurisdictions. Specific duties, responsibilities, costs, indemnification, and command and control protocols must be included in any agreement, however, without an agreement, concurrent jurisdiction is not possible for daily operations.

**State System of Higher Education Universities**

University	Approx. Student Enrollment	Sworn Officers	Students per Officer	Act 120	Mutual Aid Authority	Armed
Bloomsburg	8,000	17	471	Yes	Yes	Yes
California	6,640	14	474	Yes	Yes	No
Cheyney	1,400	14	100	Yes	Yes	Yes
Clarion	6,500	11	591	Yes	Yes	Yes
East Stroudsburg	6,500	14	464	Yes	Yes	Yes
Edinboro	8,000	14	571	Yes	Yes	Yes
Indiana	14,000	21	667	Yes	Yes	No
Kutztown	9,800	14	700	Yes	Yes	Yes
Lock Haven	5,300	9	589	Yes	Yes	Yes
Mansfield	3,390	11	308	Yes	Yes	Yes
Millersville	8,000	15	533	Yes	Yes	Yes
Shippensburg	7,600	17	447	Yes	Yes	Yes
Slippery Rock	8,100	16	506	Yes	Yes	Yes
West Chester	13,000	20	650	Yes	Yes	Yes

Source: State System of Higher Education, Individual Contacts

\* Only with specific approval of supervising Vice President in the process of change.

**State-Related Commonwealth Universities**

University	Student Enrollment	Sworn Officers	Students per Officer	Act 120	Armed*
Penn State*	41,000	46	891	Yes	Yes
Pitt*	23,000	74	311	Yes	Yes
Temple*	33,000	115	287	Yes	Yes
Lincoln	2,200	22	100	Yes	Yes

\*Main campus

**Host Municipalities**

Host Municipality	Approximate Student Dorm Population - 2000	2000 Total Population	Full Time* Municipal Officers 2005	Persons Per Full Time Officer
Bloomsburg Town	2,758	12,448	15	830
Edinboro Borough	1,904	6,950	9	772
Lock Haven City	1,686	9,149	13	704
Millersville Borough	2,479	7,869	12	656
West Chester Borough	3,121	17,873	45	397

\* Full-time count may differ from case study number because of different time periods and source documentation.

Section 2416.1 of the Administration Code of 1929  
(Act 57 of 1997)

**Section 2416.1 Campus Police Powers and Duties.**

- (a) Campus police shall have the power and their duty shall be:
- (1) to enforce good order on the grounds and in the buildings of the college or university;
  - (2) to protect the grounds and buildings of the college or university;
  - (3) to exclude all disorderly persons from the grounds and buildings of the college or university;
  - (4) to adopt whatever means may be necessary for the performance of their duties;
  - (5) to exercise the same powers as are now or may hereafter be exercised under authority of law or ordinance by the police of the municipalities wherein the college or university is located, including, but not limited to, those powers conferred pursuant to 42 Pa.C.S. Ch. 89 Subch. D (relating to municipal police jurisdiction);
  - (6) to prevent crime, investigate criminal acts, apprehend arrest and charge criminal offenders and issue summary citations for acts committed on the grounds and in the buildings of the college or university and carry the offender before the proper alderman, justice of the peace, magistrate or bail commissioner and prefer charges against him under the laws of this Commonwealth. Except when acting pursuant to 42 Pa.C.S. Ch. 89 Subch. D, campus police shall exercise these powers and perform these duties only on the grounds or within 500 yards of the grounds of the college or university. For the purposes of applying the provisions of 42 Pa.C.S. Ch. 89 Subch. D, the grounds and within 500 yards of the grounds of the college or university shall constitute the primary jurisdiction of the campus police;
  - (7) to order off the grounds and out of the buildings of the college or university all vagrants, loafers, trespassers and persons under the influence of liquor and, if necessary, remove them by force and, in case of resistance, carry such offenders before an alderman, justice of the peace, bail commissioner or magistrate; and
  - (8) to arrest any person who damages, mutilates or destroys the trees, plants, shrubbery, turf, grass plots, benches, buildings and structures or commits any other offense on the

grounds and in the buildings of the college or university and carry the offender before the proper alderman, justice of the peace, bail commissioner or magistrate and prefer charges against him under the laws of this Commonwealth.

- (b) Campus police and municipalities are authorized to enter into an agreement with the municipality wherein the college or university is located to exercise concurrently those powers and to perform those duties conferred pursuant to a cooperative police service agreement in accordance with 42 Pa.C.S. 8953 (relating to Statewide municipal police jurisdiction). When so acting, the campus police of the college or university shall have the same powers, immunities and benefits granted to police officers in 42 Pa.C.S. Ch. 89 Subch. D.
- (c) When acting within the scope of the authority of this section, campus police are at all times employees of the college or university and shall be entitled to all of the rights and benefits accruing therefrom.
- (d) As used in this section:  
"Campus police" means all law enforcement personnel employed by a State-aided or State-related college or university who have successfully completed a campus police course of training approved under 53 Pa.C.S. Ch. 21 Subch. D (relating to municipal police education and training).

"College" or "university" means all State-aided or State-related colleges and universities.

"Grounds" means all lands and buildings owned, controlled, leased or managed by a college or university.

## CHAPTER 6

### THE EXPERIENCE OF OTHER STATE GOVERNMENTS

The fiscal impact of state universities on host communities is an issue of varying concern throughout the nation, depending on immediate circumstances in particular localities. Differences in the characteristics of institutions of higher education and the municipalities in which they are located tend to obscure their common interests and discourage concerted action. Consequently, only a few state governments have established an ongoing program to address the relationship between the tax-exempt status of universities, their service demands, and municipal revenue.

In most states, financial issues that arise between universities and their host municipalities are resolved through negotiations at the local level – or remain unresolved. University administrators consistently assert that the economic benefits they bring to the community more than compensate for the cost of providing public services to their institutions. On the other hand, local government officials throughout the United States insist that, although they appreciate the universities' ongoing contribution to the basic economy of the region, institutions of higher education pay less than a full share of costs for the services they require – at least in those municipalities that provide off-campus housing and attract a large number of students at night and on weekends. Despite these differences in perspective, some host communities in other states have successfully negotiated agreements with their universities. While a few agreements have resulted from collaborative planning, many represented compromises in reaction to coercive measures (such as changes in zoning ordinances or procedures) imposed or contemplated by the host municipality.

- **Payment in Lieu of Taxes (PILOT)**

The most direct method of state intervention to compensate municipalities for hosting state-owned facilities is a payment in lieu of taxes (PILOT) based on the assessed value or market value of that tax-exempt property.

Under a program begun in the 1970s, Connecticut currently appropriates \$78,000,000 from the general fund to compensate cities and towns for the presence of state-owned facilities (including prisons, institutions of higher education and hospitals) and remits an additional

\$111,000,000 to municipalities for private colleges, universities and hospitals within their boundaries. On a statutory basis, Connecticut's municipalities are reimbursed at a 100 percent rate for "lost" property taxes on prisons, but receive only 45 percent of the taxable equivalent in the case of public universities and hospitals. The statutory payment in lieu of taxes to municipalities for the tax-exempt property of private colleges, universities and hospitals is 77 percent of the amount that would have been collected from a taxable entity. The latter program is often characterized (in the words of the Connecticut Conference of Independent Colleges) as "a model for the nation." Nevertheless, some municipal officials in Connecticut are unhappy with the legislature's failure to fund the full statutory standard in recent years, effectively reducing the PILOT percentage and causing some budgetary uncertainty. In New Haven, community activists continue to insist that Yale University, which contributes more than \$2,000,000 of its own funds to its host municipality, should make up the entire difference between the state PILOT and the taxes that would be due from a for-profit enterprise.

Since 1988, the Rhode Island legislature has appropriated funds (nearly \$27,000,000 in 2006) to municipalities to offset a portion (27 percent) of the loss of property taxes on certain state-owned facilities (hospitals, veterans' homes and prisons) – as well as on nonprofit hospitals and private nonprofit colleges and universities. Interestingly, state institutions of higher education are not included in Rhode Island's PILOT allocations. Despite state payments on its behalf, the largest private university, Brown, was threatened in 2003 with a municipal challenge to its tax-exempt status unless it began to make an additional contribution to defray the cost of services provided by the City of Providence. After vigorous assertion of the traditional right of exemption from taxes by all of the City's private colleges and universities, Brown agreed to pay more than \$1,000,000 annually and make a lump-sum contribution of \$1,300,000 as compensation for taking properties off the tax rolls as a result of recent acquisitions.

New Jersey initiated a PILOT effort in the 1970s to cover state universities and other public facilities, but that compensatory program was folded into the state's revenue-sharing allocations several years ago.

Although recommended for consideration in Pennsylvania by The Brookings Institution in their December 2005 report, "Higher Education in Pennsylvania: A Competitive Asset for Communities," a PILOT program based strictly on assessed valuation would be difficult to apply equitably in communities hosting facilities of the Pennsylvania State System of Higher

Education (SSHE). Determining the appropriate amount of state funding would, of course, be a matter of debate. As mentioned in the case studies, it appears that there would need to be specific legislation to permit PILOTS to be made by the SSHE to municipalities.

The equitability of the PILOT approach as a method of reimbursing municipalities for the net fiscal impact of a university can be questioned in four respects:

- How accurate and consistent is the process of determining and maintaining current assessed values for such special-purpose buildings as sports facilities, laboratories and lecture halls throughout the state?
- Is the assessed value of a university's property likely to be closely connected with the nature and cost of services provided by its host municipality?
- Should municipal governments be fully compensated for the property taxes not paid because of the universities' exempt status? If not, what is a reasonable percentage of the total tax that would otherwise be due?
- What provision should be made for municipalities that have no university property within their boundaries but are adjacent to a campus – and consequently bear the cost of university-related services, such as additional police protection?

- **State Support for Specific Services**

In some states, the legislature has appropriated funds to compensate municipalities for specific services provided to state-owned facilities.

Since 1973, the Wisconsin legislature has authorized a Payments for Municipal Services Program that takes into account the value of all state buildings as a proportion of the “equalized full value of local taxable improvements,” as well as municipal revenues and expenditures. The 2006 appropriation of \$22,000,000 is distributed by means of a formula that, as described by the Department of Administration, “calculates, in effect, a form of ‘mini-tax’ for police and fire protection service and solid waste handling (where applicable) for each facility.” Compensation to municipalities for services to state-owned university buildings is partially covered by general purpose revenues and partially funded by each institution, based on an additional formula computed by the University of Wisconsin System. The main campus at Madison will contribute approximately \$5,000,000 for 2006, while the other twelve university sites will pay a total of nearly \$2,000,000 to their host municipalities. In addition, the state distributes a similar amount

directly from the Payments for Municipal Services Program to compensate local governments for services attributable to university facilities.

The legislatures of Michigan and Illinois appropriate funds to municipalities for fire protection of state facilities. They also permit negotiations for additional payments by state-owned universities to the local governments that serve them.

- **Negotiated Agreements**

Because revenues, levels of service and “town/gown” relations vary greatly from one municipality to another, direct negotiations between local government officials and university administrators have frequently proved to be the best method of achieving adequate compensation agreements in various states throughout the country. Most of these agreements have received little attention beyond the immediate locality because they ordinarily relate to a specific issue (a parking lot, a fire truck or a street sweeper) and involve a comparatively small dollar amount.

Occasionally a fiscal dispute between a state university and its host municipality becomes so intense that it attracts widespread attention. During the last three years, the city of Berkeley, California and the town of Plymouth, New Hampshire have obtained service payments from state universities within their borders after considerable public controversy. However, remittances under these agreements are far less than the municipalities believe to be fair. Efforts to elicit state support for municipal services provided to the universities have been unsuccessful in both California and New Hampshire.

Glassboro, New Jersey has amicably negotiated a year-to-year property-by-property agreement for a payment in lieu of taxes by Rowan University to compensate, to some extent, for the fiscal impact of that institution’s continuing expansion. In Massachusetts, relations between the state university and the town of Amherst (also host to two private colleges) have become so cordial that a previous local agreement has been allowed to lapse in favor of ongoing collaboration in matters of economic development and financial responsibility for municipal services.

Within Pennsylvania, an agreement by which Penn State pays an impact fee to Centre County and several of its municipalities was reached while a lawsuit concerning the validity of taxing certain university properties was undergoing appellate review.

### Applying the Experience of Other States

As described in the previous section, two state governments currently compensate their municipalities for the loss of revenue from tax-exempt universities by means of a payment in lieu of taxes (PILOT) based entirely on assessed value. Three other legislatures are known to allocate funds to defray the cost of specific services provided by local governments to state universities and other public facilities. However, in most states, municipalities either negotiate agreements with the institutions of higher education they host or simply accept the fact that university property is exempt from local taxation.

- **State Payments to Municipalities**

State government payments to municipalities as compensation for hosting Pennsylvania State System of Higher Education (SSHE) universities would presumably be based on numerical criteria, such as the assessed value of each institution's tax-exempt property in relation to the assessed value of taxable property within the host municipality. The number of university students versus the local population might also be included in the computation. However, it is questionable whether a formula could be devised to make an equitable match between a state payment to each municipality and the actual net fiscal impact of the specific university within its boundaries (or located nearby).

The net fiscal impact of a tax-exempt institution on a municipality varies with the scope of services provided, as well as with the local cost structure. Some of those costs, such as special fire fighting equipment, may be incurred only because of the presence of the university (and the nature of its buildings, such as laboratories or high-rise structures), while others may be attributable to purely local service preferences, with no particular benefit to an institution of higher education. In some cases, fire protection services are provided by volunteers from several municipalities in the region and currently receive some form of financial support from the local university.

University-related municipal revenues, such as property taxes on the residences of faculty members or business privilege taxes on sales to students, are distributed differently in each region that hosts a SSHE facility. Those revenues are influenced by many factors, including the availability of housing that meets the perceived needs of university personnel and the presence of business establishments that attract student spending (and the extent of competition from big-box

stores in nearby municipalities). Local governments that own utilities, such as waterworks or telecommunications facilities, can gain substantial revenue from the services that they provide to the university.

In many communities with a SSHE university, there is no direct link between service demand, municipal revenue and the assessed value of property owned by the institution. For example, Shippensburg University is located in Shippensburg Township, which provides few services to the campus, but would receive a payment in lieu of taxes based on the value of buildings there. Directly across the street is Shippensburg Borough, containing virtually all of the non-commuter off-campus housing, as well as almost all of the establishments that attract students at night and on weekends. However, the borough's lack of university buildings would preclude any direct compensation based on an assessed value formula.

Similarly, Kutztown University is expanding into Maxatawny Township, but off-campus housing and places of entertainment for the growing student population are largely located in Kutztown Borough. Rumors of plans to construct a Wal-Mart superstore just beyond the borough line raise the possibility of lower business privilege taxes from downtown stores in the future.

A significant number of East Stroudsburg University students live in off-campus apartments in neighboring Stroudsburg Borough, which has no university buildings within its borders – and, therefore, would receive no direct state allocation based on the assessed value of SSHE property.

Cheney University, situated several miles from any borough of significant size, straddles two townships (in two counties). In this case also, the university's net fiscal impact on municipalities in the vicinity may not be closely related to the assessed value of its property.

Any equitable formula for the distribution of state funds would need to encompass a wide range of regional and local circumstances. Even when a university can be shown to make a net positive contribution to the provision of public services on a regional basis, certain municipalities – particularly boroughs containing (or adjacent to) a campus – may actually suffer adverse fiscal consequences. In fact, the adverse net effect on a particular municipality may increase as a result of university expansion while the region as a whole experiences a net financial gain from the economic stimulus.

Any formula based on the assessed value of currently tax-exempt property would raise difficult questions. What is the practical market value of a stadium or a laboratory? What would the market or sale value be without a university to make use of it? Because tax-exempt properties have never represented a direct revenue source, their assessed value has not been closely examined or regularly updated on expansions. Nor, for that matter, have assessments been challenged by the owners, who have had no reason to be concerned with accurate values because no taxes have ever been due.

The history of grants to municipalities in other states suggests that a PILOT program would be difficult to implement and maintain. Regardless of the formula for distributing funds, the annual legislative appropriation for these programs has often been less than the statutory requirement, resulting in a prorated remittance to municipalities. At the local level, year-to-year variability in receipts from these programs has caused budgeting problems.

University administrators who have traced the experience of the two states that currently provide a payment in lieu of taxes (PILOT) to local governments for hosting institutions of higher education might have reason to be concerned about this approach. In both Connecticut and Rhode Island, where municipalities receive compensatory payments for private as well as public universities, cities (New Haven and Providence) have pressured local institutions (Yale and Brown) into making additional contributions to preserve their tax-exempt status and promote local harmony. Although major private universities are more vulnerable than state institutions to coercion by local governments and their constituents, the history of those two PILOT programs indicates that general compensatory formulas will not necessarily meet the expectations – or demands – of local officials.

Even in Wisconsin, where the state and its university system have developed a rather elaborate set of formulas for allocating funds to reimburse municipalities for specific services provided to state-owned institutions of higher education, the compensation program has not eliminated all disagreement about the balance between services and revenues.

- **Negotiated Agreements**

The experience of universities and their host municipalities in states with no reimbursement program suggests that direct negotiations about financial issues can yield somewhat satisfactory results. However, these agreements have often been preceded by

considerable acrimony and waste of time – both of which might have been avoided if guidelines for planning, fiscal impact analysis and ongoing communication had been in place.

Universities bring to a community special resources and special challenges. Consequently, they require a special approach to negotiations. In the case of SSHE campuses, the state legislature may be able to facilitate that approach. The SSHE universities and Pennsylvania's municipalities are, after all, creations of the state.

Because each local agreement reflects particular circumstances and ordinarily focuses on a relatively narrow issue, pacts negotiated in other states provide only limited guidance for prescriptive legislative action. In fact, they suggest that the most constructive legislative role would be to encourage university administrators and municipal officials to work together to identify the fiscal impact of future plans and assure that revenue is possible and sufficient to cover the services provided.

- **State Payments versus Negotiated Agreements**

Devising a workable legislative formula to allocate state payments to local municipalities for the net fiscal impact of SSHE universities would have the advantage of addressing this issue on a comprehensive basis. The continued delivery of municipal services that will protect and enhance Pennsylvania's investment in the SSHE system is clearly a matter of importance to those institutions, their host communities and the entire Commonwealth. However, as noted previously, an equitable formula and determining a reasonable level of reimbursement would present a formidable challenge.

As a practical matter, ad hoc agreements at the local level might be the best means of achieving an appropriate balance between costs and revenues for specific services. However, without a statewide framework for negotiations, this approach would fail to address the fundamental issue: sustaining the fiscal and social health of the municipalities that provide the public services and supportive environment necessary for SSHE universities to compete effectively for superior students, faculty and administrators.

The Pennsylvania legislature might consider the potential benefits from a resolution requiring every university within the SSHE system to include in its long-range plan a detailed analysis of the anticipated fiscal impact on local municipalities from all future actions – including property acquisitions, construction of new facilities, and any increase in enrollment

(particularly as it would relate to greater demand for off-campus housing). Legislation authorizing SSHE universities to enter into agreements for payment in lieu of taxes or for impact fees as compensation to municipalities for the services they provide would encourage negotiations and discourage lawsuits, punitive actions and public controversies. Because Pennsylvania's universities contribute so much to the state's economic competitiveness, the legislature should direct special attention to assuring the fiscal soundness of the municipalities that provide the services they need to grow and prosper.

### Observations and Conclusions

The Pennsylvania State System of Higher Education (SSHE), which serves as a valuable resource for residents throughout the Commonwealth, has long brought particular economic and social benefits to the regions in which its facilities are located. However, as these institutions have grown from “normal schools” to university status, their beneficial impact has been increasingly dispersed beyond the boundaries of their host municipalities. At the same time, expansion of SSHE facilities has put ever greater fiscal pressure on the municipalities in their respective regions in two important respects: (1) increased demand for services coupled with (2) reduced revenue as a result of private conversion of single-family residences to off-campus student housing and, in some municipalities, acquisition of taxable property by the local university, which enjoys tax-exempt status.

In concept, SSHE universities are doubly protected against taxation. Institutions of higher education – public and private – are customarily tax-exempt because of the many benefits they provide to the local community and to citizens throughout the Commonwealth. In addition, state property, regardless of use, cannot be taxed by municipalities.

Nevertheless, if the legislature perceives that host municipalities need assistance in providing the level of service required by state-owned universities, it has the power to appropriate funds for payments in lieu of taxes (known by the acronym PILOT in discussions between educators and municipal officials). In fact, since 1929, the Commonwealth has compensated counties, municipalities and school districts for acreage dedicated to state forests, parks and game lands within their boundaries through similar payments (abbreviated to PILT in connection with public lands). Alternatively, the legislature might authorize the State System of Higher Education to include some form of PILOT program in its operating budget or direct each SSHE campus to make its own payment arrangements, based on a state formula.

To avoid the difficulty of designing a formula that would apply in an equitable manner to a wide range of local situations, the legislature might consider requiring each SSHE university to include in its long-range plan an analysis of the fiscal impact of future actions on municipalities in its region. Whenever warranted by the facts set forth in that plan, universities might also be directed to negotiate a “hold harmless” impact fee (which would apply to increased university-related service demand not offset by greater revenue to the municipality) or PILOT (in the case of taxable property converted to tax-exempt status).

At a more comprehensive level, legislation permitting municipalities to reduce reliance on property taxes by increasing earned income taxes or municipal services taxes might enable them to capture a greater proportion of the economic benefits resulting from the presence of a university. Edinboro utilizes 1.5 percent EIT under Home Rule. Of course even in Edinboro the EIT is for the most part not paid by students because their domicile is elsewhere.

Compared with host municipalities in many other states, Pennsylvania's municipalities are generally at a disadvantage in their ability to convert regional economic benefits into revenue to support the services required by universities. Our municipalities are relatively small in area, with a limited range of housing choices and little or no vacant land for new development. These conditions tend to restrict the proportion of faculty members and administrators living within their boundaries. Consequently, the municipalities are deprived of revenues from the property taxes and earned income taxes paid by university personnel who choose to reside in neighboring townships. The inability to levy a local sales tax, an option permitted municipalities in most states, limits Pennsylvania's boroughs to a comparatively small amount of revenue (through the business privilege tax or gross receipts tax) from purchases by students, faculty and the university itself.

***At this time, the balance between financial benefits (including both direct revenue and more general economic activity) generated by SSHE universities, versus the growing demand for services as these facilities expand, shows the prospect of becoming increasingly unfavorable for many of the municipalities in host regions. Some may soon experience difficulty in maintaining the level of service that the universities have come to expect. Any significant deterioration of services or evidence of local fiscal distress might well have the effect of making SSHE universities less attractive to prospective students, faculty and administrators. Because the long-term success of the university and the host municipality are so interdependent, it would be prudent to establish a statewide process for examining and addressing this issue in a timely manner.***

A review of efforts in other states to determine what compensation, if any, municipalities should receive for providing university-related services yields the following conclusions:

- Because of the unique characteristics of each region and its municipalities, as well as the specific service needs of each university, an equitable statewide formula to

support the provision of appropriate services would be difficult to design. No other state has devised an entirely satisfactory program to resolve this issue.

- Locally negotiated agreements between universities and their host municipalities have shown the greatest likelihood of achieving a reasonable settlement regarding the sources and amount of revenue necessary to fund the scope and quality of services required by a university.
- Many locally negotiated agreements are reached only after a contentious, prolonged and expensive process.
- Amicable agreements between universities and their host municipalities most often result from the initiative of one skilled administrator (from either side) who is determined to reach a mutually acceptable settlement with a minimum of acrimony.
- No negotiated agreement is entirely satisfactory to both sides. In almost every case, municipal officials have expressed at least some unhappiness with a settlement that, in their opinion, represents less than the university's "fair share" of the costs. On the other hand, university administrators continue to regard any impact fee or payment in lieu of taxes resulting from a negotiated settlement as a generous accommodation in view of the institution's tax-exempt status and its contribution to the economic health of the region. Grudging settlements occur because public officials generally prefer to receive some additional revenue instead of nothing, while educators are often willing to pay something to avoid a prolonged dispute, unfavorable publicity and the possibility of some restrictive measures by the municipality.

Analysis of these observations suggests that an outside facilitator – one capable of encouraging ongoing communication, conducting factual research, providing procedural guidance and offering problem-solving skills to support the process – might well help SSHE universities and their host municipalities collaborate more effectively. Regular, constructive, forward-looking dialogue between public officials and university administrators would enable them to avoid unnecessary confrontations, allowing Pennsylvania's financial and human resources to be directed toward the achievement of mutually beneficial goals.

Both sides of the "town and gown" relationship should continuously share their plans and expectations. Municipal officials need to know how projected enrollments, new construction

(particularly with respect to on-campus residences to accommodate increases in the student body), and any planned acquisitions of currently taxable property are likely to impact public services. Both parties should be involved in determining the source of revenues needed to support additional services or compensate for any loss of revenue from properties converted to tax-exempt status. University administrators should be given early notice of any municipal plans to alter services, increase utility fees, make zoning changes, redirect traffic flow or take other actions likely to affect the institution's budget, daily operations, student life or future expansion. Whether this level of communication can be fostered by a designated facilitator – and whether legislative action would stimulate this process – are important questions that deserve further consideration.

## Attachment A

### “Hold Harmless” Provision versus Legislated Compensation

#### Comparison of two approaches:

**“Hold harmless” legislation encouraging or requiring SSHE universities to compensate municipalities for any adverse fiscal impact of future expansion or new service requirements**  
*versus*

**Legislative funding of compensation to municipalities for the presence of SSHE universities**

**ALTERNATIVE 1: “Hold harmless” legislation** would require universities to estimate the fiscal impact of future actions – such as purchase of currently taxable property, construction of a new facility, or expansion of enrollment without providing additional dormitory space – and then negotiate a special financial arrangement (payment in lieu of taxes or impact fee) with the municipality for any anticipated loss of revenue or increase in service demands.

#### ADVANTAGES:

- No direct funding by legislature
- No complex allocation formula
- Local responsibility for agreement; involvement of municipality and university in joint planning effort
- Future-oriented; no retroactive effect
- Full recognition of specific costs (which can be built into each university’s operating budget in advance) for all new projects
- Certainty of revenue, which would not be dependent on annual legislative appropriation to municipalities
- Encouragement of regional planning

#### DISADVANTAGES:

- No compensation for any current imbalance between university-related services and revenue
- Potential for recurring disputes as universities continue to grow

**ALTERNATIVE 2: A compensation formula** would be designed by the legislature – for the purpose of offsetting at least some portion of any negative net fiscal impact of SSHE universities

on their respective host municipalities – as the basis for allocating funds, which would be appropriated annually.

**ADVANTAGES:**

- Appropriation from general fund; university operations not directly affected
- Tendency to reduce current differences in net fiscal impact of universities on certain municipalities (assuming satisfactory allocation formula)
- Possibility of avoiding local disputes through reliance on system-wide formula

**DISADVANTAGES:**

- Complexity of formula required to compute equitable allocation (See Attachment A1.)
- Potential disagreement over amount of total appropriation for SSHE facilities and its relation to actual fiscal impact of universities collectively and individually
- Annual budgetary uncertainty by municipalities regarding level of funding likely to be approved by legislature and possible changes in allocation formula
- Lack of encouragement of cooperative planning process between university and municipality

## Attachment A1

### Issues in designing an equitable formula to compensate municipalities for the fiscal impact of hosting a university

- **LIKELY COMPONENT:** *Assessed value of tax-exempt property as proportion of total assessed value of property within each municipality*

ISSUE: Certain municipalities provide services (such as additional police protection) attributable to a university located entirely or partially in a neighboring municipality.

ISSUE: Accurate valuation of tax-exempt property would be expensive and controversial.

- Special-purpose use of university facilities makes valuation difficult.
  - Few, if any, comparable sales
  - No income data to serve as basis for valuation
  - Limited options for sale of buildings to a similar institution or conversion to alternative use
- Accuracy of valuation of tax-exempt property has been relatively unimportant to municipalities and state universities until now, but careful examination and challenges would be likely as assessed value becomes a component of the compensation formula.

ISSUE: Assessed value of university property may have little relation to the cost of services provided by a municipality or benefits received by a university.

- Special-purpose use of university facilities impacts costs in unusual ways.
  - Identifiable municipal operating costs (such as traffic control) can be traced to certain university facilities (such as a performance center or athletic facility).
  - Specific capital costs (such as a snorkel truck or hazardous materials equipment) may be required only for certain university facilities (such as a high-rise dormitory or a laboratory).

- Construction of an expensive library building endowed by a generous alumnus may cause the host municipality to incur no additional service cost, but would boost the assessed value of university property.
- POSSIBLE COMPONENT: *Student population as proportion of total population of each municipality*

ISSUE: Certain municipalities provide services (such as additional police protection) attributable to visits by students living in dormitories located in a neighboring municipality, which would receive all of the benefit from this factor in the formula.

ISSUE: Determining the number of off-campus students living in each municipality may be difficult (even in a census year).

- Students tend to move frequently.
- Universities may have inadequate information about actual residence of off-campus students.

ISSUE: Students living off campus may exert a significantly different financial and social impact on a particular municipality than do students residing in dormitories – perhaps requiring a weighting factor in the student population formula.

- Noise, parking and property maintenance issues generally increase with the presence of off-campus students.
- Conversion of single-family residences to student rental housing ordinarily reduces earned income tax revenue.

- POSSIBLE COMPONENT: *Current scope of services provided by each municipality*

ISSUE: Which, if any, services provided by a municipality should be considered in the formula?

ISSUE: How would special university-related service demands be quantified?

- POSSIBLE COMPONENT: *Financial capacity of each municipality*

ISSUE: Should a municipality's tax base and current revenue effort be considered in the formula?

## Attachment B

### Methodology

Preparation of this section of the study was based on the following methodology:

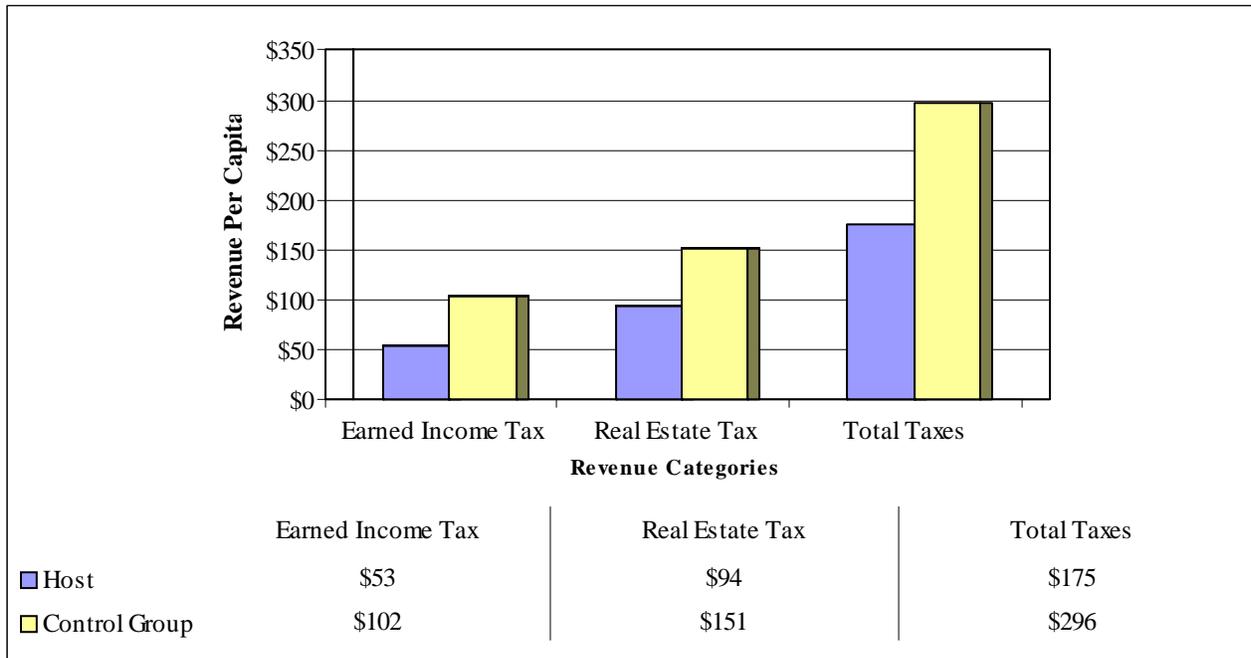
- Review of recent (1995-2006) articles in journals of higher education, public administration and economic development, as well as newspaper articles relating to payments in lieu of taxes, impact fees and other financial arrangements between universities and their host communities.
- Telephone discussions with university administrators and public officials – including legislators, municipal managers, finance directors and assessors – in communities named in the reviewed articles, as well as with administrators and officials in other communities suggested during the first round of interviews. This aspect of the study (involving conversations laced with innuendo, wry comments, suppositions and observations offered only on condition of anonymity) was more akin to investigative journalism than ordinary research – suggesting the complexity and subtlety of local relations between “town” and “gown.”
- Telephone contacts with professional organizations representing municipalities and institutions of higher education to obtain an overview of current fiscal issues.
- Examination of relevant state statutes, current legislation, university regulations, municipal budgets, economic studies, and public policy papers.
- Analysis of the information gathered from other states to determine how it applies to the characteristics of municipalities hosting SSHE universities.

CHAPTER 8  
FINDINGS AND CONCLUSIONS

Revenue Impact on Municipalities that Host a University

- Host municipalities consistently collect less revenue per capita in earned income tax, real estate tax and total taxes than their control municipal counterparts. The difference between the mean per capita revenues for earned income tax, per capita revenues for real estate tax and total taxes was significant at the .05 level of significance.

**Graph 8-1  
Per Capita Revenue  
Host and Comparable Municipalities**



- A lessened ability to generate revenue would not necessarily be noticed over time by a municipality. Consequently, the effects of less revenue would be felt as an "extra" or "added" expenditure burden for providing an ordinary level of service. The lack of capacity to produce revenue makes it difficult for host municipalities to finance required service levels.

- A t-test of means that compares per capita revenues between the control group and the host group, after eliminating the on-campus student population from the calculation, found no significant difference between the two groups. This finding suggests that the presence of a student population likely contributes to the difference in per capita revenues between the two groups. College town municipalities collect less revenue than comparable municipalities because students often do not work or only work part-time, and earned income tax on wages is often paid to their “domicile” and not to the host municipalities. Second, higher education institutions that have a significant presence in a municipality tends to own large amounts of tax-exempt property, lowering the aggregate level of real estate taxes collected by the municipality. Both of these factors contribute to the difference in total taxes for the college town and control groups.
- In addition, to the review of a statewide sample and multiple “college towns” PEL attempted a statistical comparison of the study’s five host municipalities with their respective county neighbors. The results of this study were generally not statistically significant and cannot be used to develop recommendations based upon these results. PEL attempted to compare the average per capita expenditures among the county municipalities along with a comparison of the median tax burden on a hypothetical household in these same municipalities. While not statistically significant, the results suggest that the host municipalities have high taxes per capita and a higher tax burden per household than their neighbors in the same county.

#### Real Estate Tax Impact

- None of the five host universities pay real estate taxes given their status as an educational institution and a Commonwealth entity.
- No taxes levied by local governments can be paid to the host municipality by the State System of Higher Education (SSHE) without specific authorization by the state legislature.
- Payments-in-lieu-of-taxes by SSHE Universities cannot be paid without specific legislation.
- The degree to which the university’s tax exempt status affects the host municipality's fiscal situation depends to a large degree on the remaining taxable assessed property within the municipality. If the university is the dominant property owner in the host municipality the effects will be substantial. (See Table 8-1.)

Table 8-1

**University Owned Exempt Assessed Valuation by Municipality and Proportionate Share of Exempt Valuation of Total Municipal Exemptions – 2003**

<u>Municipality</u>	<u>Percentage of Exempt University of Total Assessed Valuation</u>	<u>Percentage of Exempt University of Total Exempt Assessed Valuation</u>	<u>Percentage of Exempt Assessed Valuation in Municipality</u>
Bloomsburg Town	23.3	60.9	38.3
Edinboro Borough	39.6	90.4	43.8
Lock Haven City	19.2	45.6	42.1
Millersville Borough	22.4	71.5	31.3
West Chester Borough	10.7	37.0	28.9

Source: Respective County Assessment Offices

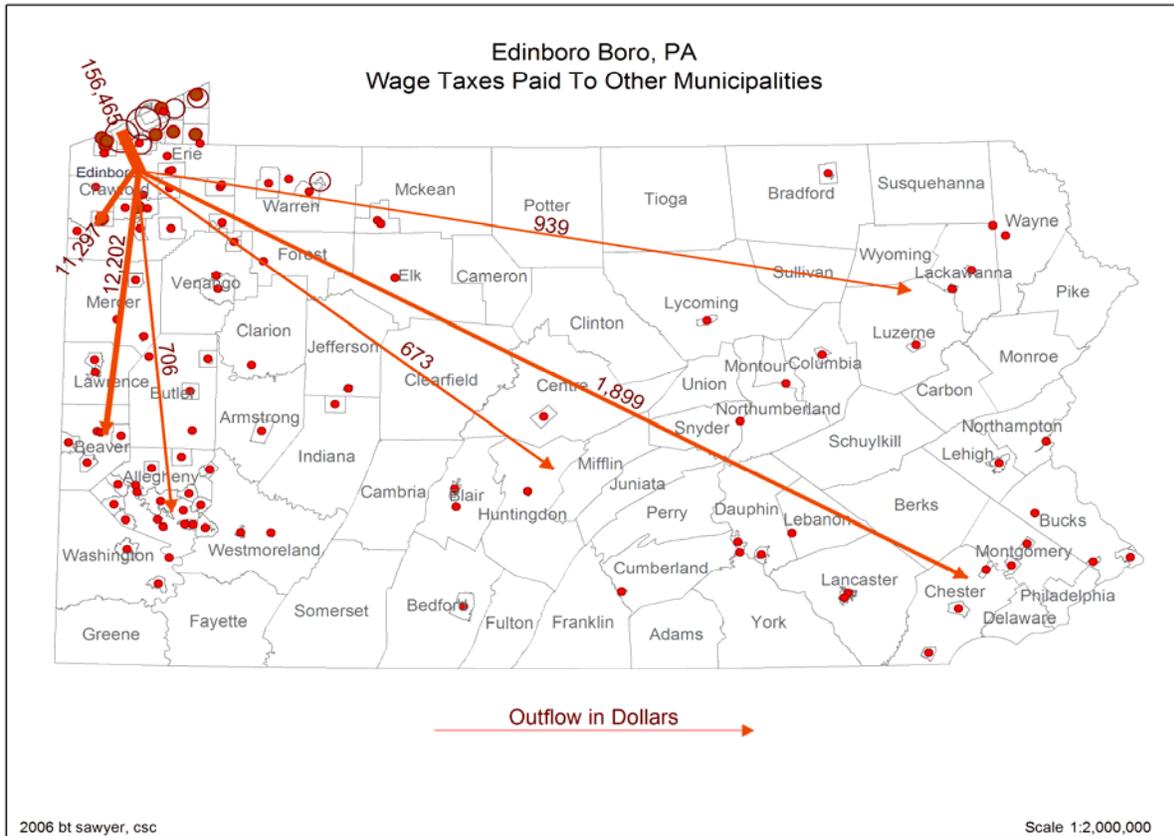
Earned Income Tax Impact

- The Earned Income Tax paid by host municipality resident non-student university employees is of benefit to the municipality. However, it appears many of the Universities’ non-student employees do not live within the host municipality.
- The Earned Income Tax paid by the students usually is paid to their residence for tax purposes i.e., their "home municipality". (See Map 8-1)

Emergency and Municipal Services Tax Impact

- Because it is based on location of employment, the new Emergency Municipal Service Tax (EMST) will be a consistent municipal revenue source from University employees. EMST revenue could be affected by low-income exemptions (forgiveness of the tax for lower income employees) and by municipal collection efficiencies. PEL believes that EMST revenue will continue to be at the 2005 level of collections and can provide reliable, dedicated revenue to the host municipalities.

Map 8-1



Economic Impact on Host Tax Revenues

- The welcome benefits of a nine-month captive student customer base for the local retail and eating establishments does not translate into significant tax revenue for the host municipality, due to legislative restrictions. There is no available municipal sales tax in Pennsylvania and there are revenue limitations on the gross receipts (mercantile/business privilege) tax.

Local Government

- The five host municipalities examined exhibit a dynamic quality not found in many other similar municipalities in the Commonwealth. Each host municipality had professional staff, attractive and well-maintained municipal properties and provides extensive services to residents. The general impression is that of a healthy, long established municipality.

- Universities and their host municipalities are historically and functionally interrelated. Separation would seem to be impractical if not impossible. The Universities were established as "normal schools" and were placed in the regional centers of the 19th Century. The subsequent growth and current economic dominance of the University as a single large employer mimics the historical pattern of growth in other Pennsylvania municipalities that relied on a single economic enterprise or activity to provide employment. The fiscal constraints reported by the host municipalities may be the result of the dominance of a single employer and its activities, and the inability of the host municipality to adapt their legislative mandated tax structure to capture the positive economic effects of a tax-exempt University.
- The long standing relationship and nature of the SSHE exemption from real estate taxes brings into question the common assumption that non-taxable real estate alone is the source of perceived fiscal problems in the host municipalities. As noted by PEL, the host municipalities are in generally better apparent condition than many of their counterparts in their county. If the real estate exemption had been an inordinate reduction of revenue, the municipalities would not have the high standards of municipal government that they currently exhibit. However, the continued acquisition and expansion of taxable real estate into the SSHE system and the continued conversion of single-family housing units into student and unrelated individual rentals has placed an additional revenue burden on the host municipality that would not be experienced by non-host municipalities.
- Universities can adversely impact municipalities in the areas of revenue production by the nature of their operations as student rental or housing centers. As seen in the proportion of rental occupied buildings and the SSHE budget restrictions on additional on-campus dorm or suite construction, the host municipalities are becoming renter communities. These conversions increasingly involve the marketing of former single-family homes to students as rentals for the school year (See Table 8-2).
- The revenue consequences of rental conversion can adversely affect both the municipal real estate tax assessment base over the long term and the earned income tax base in the short term. These two taxes make up the largest percentage of taxes collected in the host municipalities. The Earned Income Tax paid by the students usually is paid to their "home municipality" i.e., their residence for tax purposes. (See Graph 8-2.)

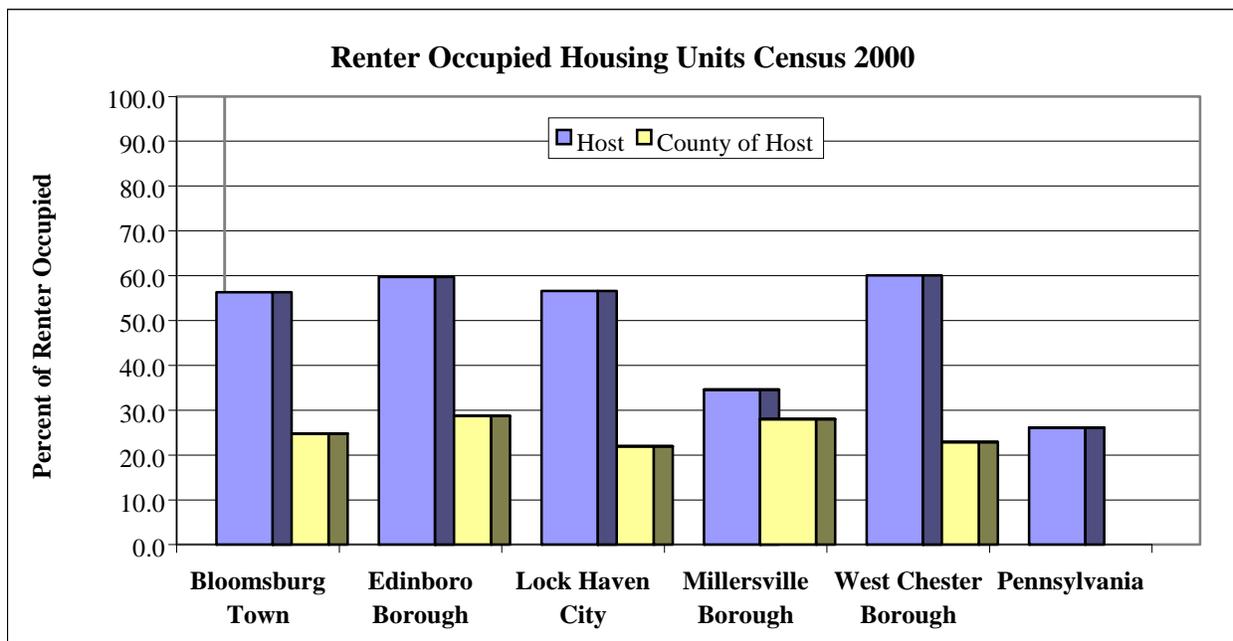
Table 8-2  
Trends in Housing Unit Occupancy  
 1990 to 2000

	<u>Owner</u>		<u>Renter Occupied</u>		<u>Vacant</u>	
	1990	2000	1990	2000	1990	2000
<b>Bloomsburg Town</b>	<b>41.8</b>	<b>36.4</b>	<b>51.8</b>	<b>56.3</b>	<b>6.3</b>	<b>7.3</b>
Columbia County	67.4	65.0	24.8	24.8	8.3	10.2
<b>Edinboro Borough</b>	<b>34.2</b>	<b>33.4</b>	<b>57.3</b>	<b>59.7</b>	<b>8.5</b>	<b>6.9</b>
Erie County	64.2	64.5	29.3	28.7	6.5	6.8
<b>Lock Haven</b>	<b>41.8</b>	<b>36.2</b>	<b>52.9</b>	<b>56.6</b>	<b>5.3</b>	<b>7.3</b>
Clinton County	61.2	59.3	22.8	22.0	16.0	18.7
<b>Millersville Borough</b>	<b>59.6</b>	<b>60.0</b>	<b>35.7</b>	<b>34.6</b>	<b>4.7</b>	<b>5.4</b>
Lancaster County	67.0	67.9	29.5	28.0	3.5	4.1
<b>West Chester Borough</b>	<b>37.2</b>	<b>35.6</b>	<b>57.4</b>	<b>60.1</b>	<b>5.4</b>	<b>4.2</b>
Chester County	71.2	73.5	24.3	22.9	4.5	3.6
<b>Pennsylvania</b>	<b>64.3</b>	<b>64.9</b>	<b>26.7</b>	<b>26.1</b>	<b>9.0</b>	<b>9.0</b>

- Rental conversion of single-family homes does not necessarily trigger revaluations of the assessed value based on the sale price of the home or of its changed use. If there is no sale or no recorded change of use there may be no change in the assessed valuation. PEL's conversations with assessment officials in host counties indicated that the added expense of yearly maintenance of rental units could cause a reduction of assessed valuation based upon the change of the structure's use to rental producing property from a residential structure.
- The earned income capacity is also eroded by rental conversions since the converting homeowners often move, relocating not within the host municipality but to surrounding communities. The earned income taxes previously paid by the homeowners to the host will then be paid to their new home community. Student renters of the single home may number three or four unrelated individuals and often do not pay earned income tax to the host municipality but rather to the municipality of their domicile, most likely the parents' home community.

- The inability to accurately count or even estimate the number of students living off campus within the host municipality is a major detriment to a proper analysis of University's fiscal impact on the host municipality. It would also appear to preclude any University economic impact analyses at a sub-county level.
- Student renters tend not to contribute to volunteer social and municipal organizations at the donation level of prior homeowners. Based on PEL interviews in some municipalities, fire department fund raising has been reduced from rental-converted houses due to the lower income of students and the lack of a perceived need to support local fire fighters.

Graph 8-2



- In the long run the fiscal health of a host municipality is of critical importance to the University's long-term viability and ability to attract students. As competition increases for a smaller number of students from within Pennsylvania, the attractiveness and perceived quality of a University's host municipality will become a larger factor in the decision by parents/students to attend a particular campus. Based on independent PEL research into the long-term fiscal health of the Commonwealth's cities and boroughs, the host municipalities of the SSHE may be on the lagging edge of municipal service and infrastructure decline. Further revenue erosion can lead to municipal service cuts or to increased local host tax

effort. A host municipality that has a tax capacity that is not growing, or is not composed of the proper mix of taxable elements, is very limited in its ability to increase revenue.

- If municipalities cannot balance budgets, they must raise taxes, cut service or move to fiscal distress. Because of legislated taxation caps (and political and economic reality), revenue increases through increased taxation in non-growth areas are limited. Service costs or fiscal distress will lead to a local municipal environment that is unappealing to parents and could hamper the University's attempts to be competitive in its pursuit of students.
- Although recent SSHE acquisition of taxable real estate has been reduced, (as evidenced by the five universities examined) any conversion of taxable property adversely impacts the fiscal situation of the host municipality.
- As part of the SSHE capital building plans, priority should be given to avoid expanding the amount of university controlled property beyond the foot print which it now occupies unless the new use is subject to hold a harmless taxable assessment agreement or other arrangements which would provide an equivalent revenue amount.
- PEL has observed an example of "university affiliated" non profit entities that make a specific pledge to continue paying real estate taxes on land and buildings converted to student resident use. There did not seem to be a direct market penalty for the payment of these taxes as reflected in the room rent or in the occupancy rates for these facilities. University affiliated development foundations should be structured so that new dorms and apartment complexes pay hold harmless real estate tax.
- University housing constructed through related foundations paying hold harmless real estate taxes would assist the revenue stream of the municipality and slow conversion of single-family units.
- For sociological and municipal fiscal health reasons, further conversion of private single family housing to student rental units should be controlled or reduced as much as practical. From the fiscal standpoint, such a conversion tends not to be reflected in assessment increases based on the income model or market price, and in addition, multi-tenant conversions increase both the parking and police requirements in the host municipality. As a result the economic base to support municipal services could be irreversibly changed. **Of all**

**the issues affecting host municipal fiscal soundness, the changing nature of the housing stock could be the most damaging in the long run.**

#### Impact on Municipal Expenditures

- A t-test of means for police, public safety, roads, and parks and recreation per capita expenditures found no significant difference between the college towns and their comparable municipalities. Though a small sample size may account for a lack of statistical significance, no clear pattern emerges in a review of the numerical output. A significance level of .05 (a standard statistical level of significance) was used in this report. While the per capita mean is greater for the control group than in the college town group in the areas of police and roads, the per capita mean is greater for college towns in the areas of parks and recreation and public safety than for the comparable municipalities.
- Based upon a case study review of each host municipality's expenditures, police and code enforcement activities would seem to be the service areas most directly affected by the presence of a University.
- Although not significant at the .05 level when compared to the control group, based on the individual case studies, host municipalities do seem to require additional police expenditures primarily for off-campus student housing and student "partying issues." PEL's interviews showed a consistent consequence of the police requirements that resulted from a significant student population. The interviewed host municipal officials consistently estimated the requirement for three additional officers manning the hours from 10:00 pm to 4:00 am, Thursday evening through Sunday night. This schedule is in addition to the regular police requirements of the resident population.
- Campus police address student police needs on campus. However much of the student police related activity occurs in the municipality's business section and requires the application of local police resources. The inability of SSHE officers to routinely handle student activity outside the University perimeter places this burden of public peace on the host municipality.
- Police staffing and career building needs require a uniform work schedule throughout the year. When the University is not in session host municipalities resemble "summer resort towns in the winter" as far as resident population police effort. However, seasonal layoffs to

adjust the costs of the department during these periods are not practical and conducive to professional police operations.

- The exact functional relationship between municipal and campus police varies on a case-by-case basis. Recent state legislation has not clarified the situation. In fact, the conflicting municipal and university interpretations of this legislation seems to have confused and strained the relationship.
- A Mutual Aid document defining specific protocols between the host municipal police and university police seems necessary to avoid confusion. Further legislation may be necessary to provide the necessary authorization in order to have effective mutual aid agreements.
- University police will most likely not expand their sphere of action beyond the campus area, and the host municipality will not be able to utilize campus police forces as a solution to the host manpower expense issues. However, municipal/university police interrelationship for joint planning, intelligence sharing, substance abuse task forces need to be developed.
- Boroughs and cities with universities will have fundamentally different police needs than surrounding areas, in particular the rural townships in the same county. Regional cooperation in Pennsylvania on police will require the use of joint forces through a regional police commission or through contracting of police services to growing townships, as in the case of West Chester Borough and East Bradford Township.
- Most “older” municipalities in Pennsylvania are caught in a substantial fiscal squeeze caused by escalating costs and static revenues. These municipalities find it more difficult to balance budgets based on their local tax capacity. A university presence contributes to the fiscal squeeze within the host municipality but is not itself the principal cause. The operations of the University and the lack of legislative recognition of the growing fiscal crisis in local government financing combine to create the detrimental revenue and expenditure effects noted by PEL.
- There is an inequality in bargaining strength between the two entities due to the historical growth in size and financial resources of the universities compounded by the mounting fiscal problems of “older” municipalities.
- Municipalities must provide adequate police and code enforcement for citizens, regardless of revenue received from the recipients of these services.

- **Universities expect proper municipal services for their students, employees, and visitors. As the universities increase as the largest economic entities in the municipality the effect of their presence on municipal service delivery will continue to increase. Unfortunately, municipalities do not see a direct fiscal benefit in their tax base from the economic impact of the university. In Pennsylvania, economic growth does not immediately or automatically increase the municipality's fiscal vitality. Given the tax-exempt nature of the SSHE, the fact that many of its employees do not reside in the municipality, and the inability of municipalities to directly tax sales or rental transactions revenue growth will not offset the municipal service expenditures of the host without state legislative relief.**

#### Intergovernmental Relations

- Land use planning concerns did not seem to be a major issue and each of the host municipalities has adopted zoning and comprehensive plans that include provisions for the university presence and its continued growth.
- There was no widespread cooperation among any of the host municipalities and their neighbors except in the area of common zoning restrictions along the perimeter of the university and their host and neighbors. Area wide planning and coordination of zoning may alleviate some of the ongoing out-migration of residents. However, as long as there continues to be an economic benefit of single-family housing unit conversions into rental units the restriction of such conversions will be the responsibility of the host under its zoning ordinance. Code enforcement by multi-municipality compacts under coordinated common renter ordinances may help to reduce some of the expenses of code enforcement of the host municipalities.

#### General Relations

- Regular meetings of University and municipal officials (Town and Gown) are beneficial. Frequently, these meetings may address only superficial matters. Attempts should be made to upgrade the issues under discussion. However, at any level, it is better to have meetings in order to keep open the channels of communication.

- Municipal residents and leaders must recognize that although there may be difficult issues with student populations, universities are integral parts of the community. Indeed, the proven value of a University to a region's well-being and economic health is an asset that must be encouraged and viewed as a civic resource. Many non-host municipal officials in Pennsylvania have expressed the desire to have "the problems of a University".
- Local government financing in Pennsylvania may be a failed business model for the 21<sup>st</sup> Century. The fiscal problems common in many other jurisdictions are just now being felt as impacting the host municipalities.
- The basic function of the University is to educate a similar age cohort population year after year. The basic role of the municipality is to govern its residents, provide services, and ensure peace and safety. These objectives may be in tension but are not mutually exclusive. **Universities must recognize that the declining fiscal health of the host municipality will become a business liability in attracting students and their families to the campus. Municipalities must acknowledge that the University and its students are an integral part of the community.**
- Municipalities and universities must do a better job in developing statistics to measure the quantity and costs of municipal services. This applies in particular to off campus housing, housing conversions, SSHE property acquisition, and police matters. Lack of data on area wide code enforcement, and uniform police data, make this a difficult area that requires the attention of the SSHE, the State legislature, and the municipal leadership.
- The SSHE must recognize that the municipalities' fiscal health directly relates to the ability of the municipality to provide services. While that seems like a self-evident statement, many University officials interviewed by PEL did not possess a general understanding of local government finance or of the structure of local government in Pennsylvania beyond that of an ordinary citizen. The recruitment of administration personnel at the University level draws on talent from within Pennsylvania, the United States, and the world. It is not surprising that the unique nature of local government in Pennsylvania would be lost on a newly arriving University official and challenge their belief that the University's economic benefit to a region would be enough to fund needed services. Municipalities need to continue to educate their University counterparts on the need for municipal revenue to fund services and that the

presence of a university data does not in itself generate local tax dollars based on Pennsylvania law.

- Numerous examples have been found of municipal and university cooperation in capital and infrastructure developments and improvements. Further, University's seem much more likely to help fund such capital activities. Municipal officials must aggressively pursue and seek university funding for those projects which benefit both entities.

CHAPTER 9  
RECOMMENDATIONS

- Based upon PEL’s statistical analysis, host municipalities consistently collect less revenue per capita in earned income tax, real estate tax and total taxes than their municipal counterparts. Consideration should be given by the legislature to **amendment of the definition of "domicile" in the Local Tax Enabling Act** to provide for a student definition that would permit some portion of student earned income tax payment to the municipality of their rental residence.
  - “Domicile.” The place where one lives and has his permanent home and to which he has the intention of returning whenever he is absent. Actual residence is not necessarily domicile, for domicile is the fixed place of abode which, in the intention of the taxpayer, is permanent rather than transitory. Domicile is the voluntary fixed place of habitation of a person, not for a mere special or limited purpose, but with the present intention of making a permanent home, until some event occurs to induce him to adopt some other permanent home. In the case of businesses, or associations, the domicile is that place considered as the center of business affairs and the place where its functions are discharged. (As amended 1978 P.L. 930, No. 177)
- There should be legislation which would authorize universities to negotiate and make payments to host municipalities for the fiscal impact of their future activities and actions. Such negotiated payments would be paid from the normal SSHE budget process. More specifically this **“hold harmless” legislation** would require universities to estimate the fiscal impact of future actions – such as purchase of currently taxable property, construction of a new facility, or expansion of enrollment without providing additional dormitory space – and then negotiate a special financial arrangement (payment in lieu of taxes or impact fee) with the municipality for any anticipated loss of revenue or increase in service demands.
- **There is a need for an outside facilitator – one capable of encouraging ongoing communication, conducting factual research, providing procedural guidance and offering problem-solving skills to support the process – that will help SSHE universities and their host municipalities collaborate more effectively. Cooperation is of the essence and the use of a third party facilitator can provide the necessary impartial information on costs and effects to both sides as well as assist in the development of cooperative agreements.**Regular, constructive, forward-looking dialogue between public officials and

university administrators would enable them to avoid unnecessary confrontations, allowing Pennsylvania's financial and human resources to be directed toward the achievement of mutually beneficial goals.

- Municipal officials need to **better communicate to their residents** that the university is an integral part of the municipality and an asset to the community.
- **University affiliated development foundations should be structured so that new dorms and apartment complexes pay real estate tax.** PEL has observed examples of "university affiliated" non profit entities that make a specific pledge to continue paying real estate taxes on land and buildings converted to student use. There did not seem to be a direct market penalty for the payment of these taxes as reflected in the cost of rent or in the occupancy rates for these facilities.
- **The legislature should consider the specific authorization of a tax on creation of a lease.** Millersville Borough has established a tax on leases and is currently defending the levy in Court. Such a specific authorization would allow the municipalities to recoup some of the cost of increased code enforcement required by the high proportion of rental units in host municipalities; other local governments could use the levy to begin or enlarge code enforcement of rental properties and landlord reporting requirements.
- **Consideration by the legislature should be given to the amending of the various municipal codes** to allow the payment for street lighting by assessment districts or other means. The Second Class Township Code already allows these assessments upon all entities, exempt or not. Specific authorization for SSHE from the legislature to pay a fee may be granted upon amendment of the various codes. Currently, street lighting is provided by all municipalities visited as hosts for this report, campus interior lighting is the university's responsibility. The lighting of streets on the perimeter of a campus is also a municipal service to the university and consideration of a payment based on services provided would be useful.
- **Neighboring municipalities should consider police force consolidation, with universities as a participating commission member of a regional police commission.** PEL has noted the pressures on local governments to provide adequate levels of police protection, both in established municipalities and in rapidly growing second-class townships. West Chester Borough contracts to provide dedicated police coverage for a neighboring township. While the provision of police protection for other municipalities may be beyond the means of other

host municipalities, the creation of a regional police commission is recognized statewide as an effective means of leveraging existing departments and satisfying the growing need for rapidly developing townships. Consideration should be given to allow the University force to be a part of any regional police commission and pay a portion of the costs as long as the commission police force can provide assistance to the university without sacrificing the internal security of the campus.

- **Clarification of the various interpretations of existing police legislation** between municipal and university police should be undertaken and clarifying legislation enacted if necessary.
- At a minimum **a mutual aid agreement should be developed between municipal and campus police** delineating response protocols under the controlling legislation.
- The State system cannot ignore the experience of many of Pennsylvania's boroughs and cities: inadequate revenue streams and rising costs have resulted in reduced service levels regardless of higher taxes. The problems of out migration from the older urban centers is now affecting urban centers that host the SSHE schools. **Municipal decline will affect the ability of the SSHE to compete for students; increased legislative funding for the SSHE to provide current assistance to the municipalities in the maintenance of valuable public services will be money well spent.**
- **Universities should consider how its expertise might be used through in kind services to assist municipalities in such areas as data system processing and development.**
- **Good capital and infrastructure investment and development in the areas of water and sewage capacity have historically involved both the municipalities and the SSHE.** This should be continued and enlarged where possible. Municipalities need to partner with the Universities for all types of capital activities when there are mutual benefits.
- **Universities should determine if capital contributions for items like police equipment and vehicles may be made as is now the case for contributions for fire equipment.** Alternatively, donations for such items might be made through foundation grants, SSHE leases or other third party arrangements to benefit the municipality.
- **“Town and Gown” meetings should be encouraged and an attempt made to elevate them to address substantive issues.** A third party facilitator could arrange for regular

meetings, relevant topics, and impartial information as the basis for Town and Gown meetings.

- To the extent possible and without violating any privacy issues student resident information should be shared between the municipality and university.
- As some of the universities begin to house major campus components outside the host municipality, inter municipal and university planning meetings with all the municipalities should be instituted.
- Some of the university campuses are locked into limited physical configurations which limit their potential for expansion. PEL has seen within its case studies an approach where a university has acquired for the most part existing non taxable property. This approach has the practical effect of not further reducing the existing municipal tax base and should be encouraged.
- Assuming the public's interest and usage can be provided for, municipalities should consider the "transferring" of certain defined public areas to the university on condition that the university will maintain them.