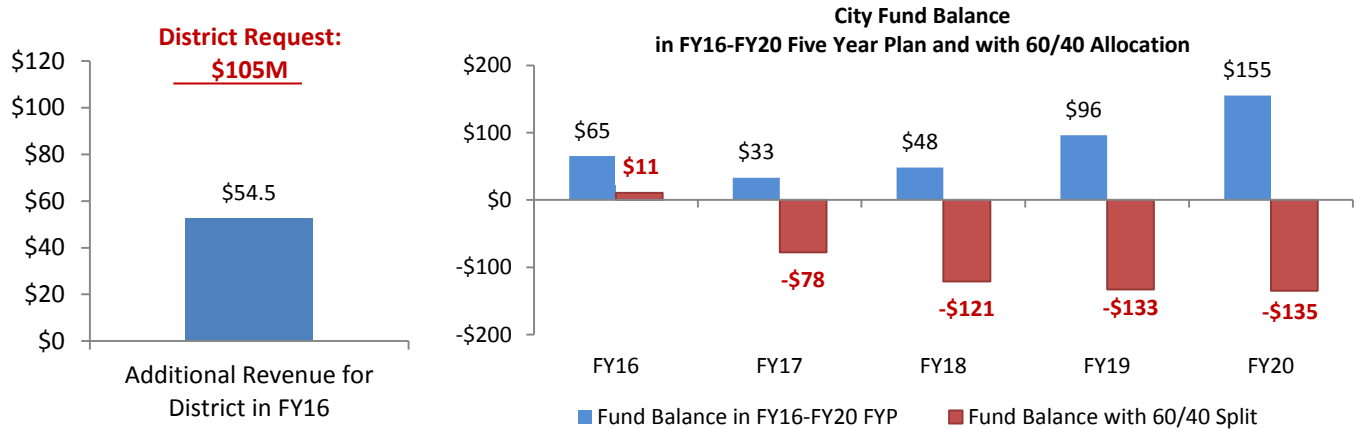


Changing the Split of the Real Estate Tax to 60:40 – Why It Doesn't Work

- Adjusting the real estate tax split simply means reducing the amount of Real Estate taxes going to City services and providing more to the School District
- The loss will cause a \$54.5 million hole in the City's budget, which will mean cuts to City services
- The District will only gain \$54.5 million – \$50.5 million lower than its request of the City – and will not even receive enough to close its deficit, let alone invest in critical services for Philadelphia's school children.



Even without a change in the Property Tax split, the FY17 fund balance goes to \$33 million, which is the lowest the City can afford to go in order to ensure that the City has enough cash to meet payroll and pay vendors. With the split, the fund balance drops to \$11 million in FY16, goes negative in FY17 and reaches a low of negative \$135 million by FY20. The City would be required to take steps to balance its five year plan if the proposed split were enacted.

In order to balance the City's five year plan, it is likely that the first place the City would be forced to turn would be the investments that are currently proposed in the Mayor's FY16 Budget and FY16-20 Five Year Plan. Among those investments are:

- **Youth Workforce Investments:** \$3.9 million for summer jobs, to combat youth unemployment
- **Police Department Equipment:** \$3.6 million for essential equipment in the Department to meet training needs and for body cameras
- **Department of Licenses and Inspections:** Critical safety reform totaling \$26 million annually after FY18 (\$5.5 million in FY16)
- **New Vehicle Purchases:** \$3 million annually for new vehicles to ensure that departments can provide core services – like Streets picking up trash on time
- \$1.6 million to enable **low income Philadelphians** to receive federal tax benefits

Even if all the "new investments" are removed, other cuts will be needed, which could mean reducing planned hires in the **Police Department** and **Fire Department**.

Even with these sacrifices by the City, school students would still not receive all the resources that they need to thrive. We must meet Dr Hite's request of \$105 million so that we can move away from inadequately funding our schools and move to providing the resources that our children need.