2005

Pennsylvania Metropatterns

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Scranton

Community Classification

Three central cities define the region: Scranton, Wilkes-Barre and Hazleton. Most of the Scranton communities are classified as at-risk older and at-risk lower-density communities; they account for 58 and 56 places, respectively, and are home to nearly 60 percent of the region's households. At-risk, older communities fall in a line roughly following Highways 81 and 11, spanning the three central cities. There are no places categorized as at-risk, segregated in the Scranton region.

There are 46 bedroom-developing communities, where 16 percent of the region's households live. These places have the lowest rates of school poverty of all the communities in the region. As a group, bedroom-developing communities saw 25 percent growth in new households, far higher than any of the other categories in the Scranton region. (The next highest growth rate, 6 percent, took place in at-risk, lower density places.) That rapid population growth comes with attendant stresses like an influx of new students in the schools, surging housing construction, loss of open space and lengthening commute times.

There are eight affluent job centers in the Scranton area, including North Branch, Franklin, Clifton and Thornhurst. These communities have the newest housing, very low poverty and much higher than average tax capacity. These places appear to be gaining in the regional struggle for tax base and fiscal stability, but these places are home to just a tiny fraction of the region's residents.

Social Separation and Sprawl

Scranton has traditionally been known for its historic coal, iron and steel mining industries. Today it is better known as part of the Pocono Mountain vacation area, replete with downhill skiing, lodges and national parks. Tourism in the Poconos continues to boost the economy of the Scranton region.

The metropolitan area was home to 625,000 in 2000, down 2 percent from 1990. In the 1990s, Columbia County showed the biggest population increase at 1.5 percent, Wyoming County's population held steady at about 28,000, and Lackawanna and Luzerne counties each lost nearly 3 percent of their population.

The majority of Scranton-area workers stay in the metropolitan area for their jobs; the largest share work in Luzerne County, home to Wilkes-Barre, and the next largest group work in Lackawanna County, home to Scranton.

Increasingly, the Pocono region is a bedroom community for workers employed in Philadelphia and New York City. Out of the top 25 longest average commutes in the nation, six were from Pike and Monroe counties (located just east of Scranton).[28]

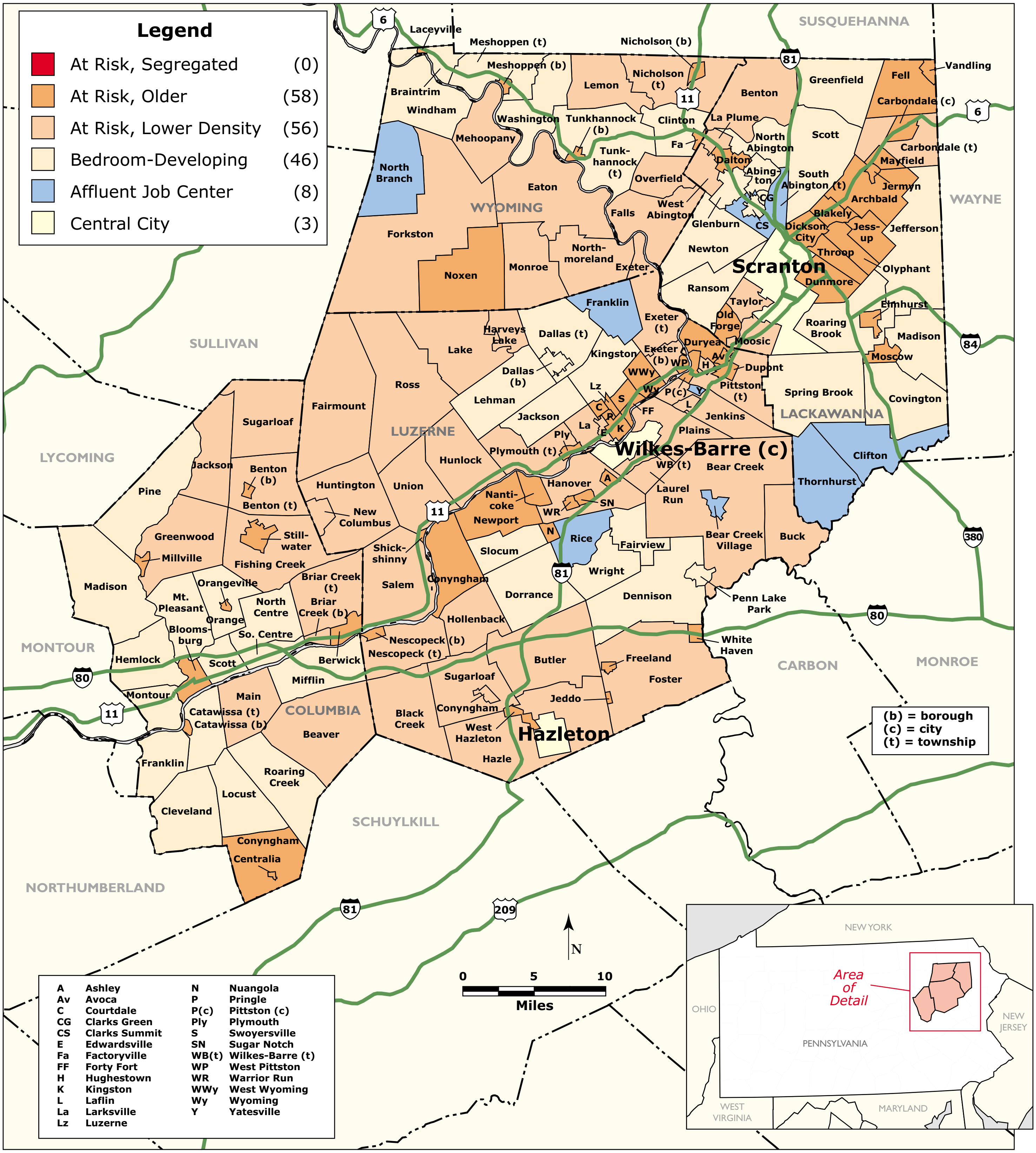
The fastest growth in percentages of children aged 5 to 17 is occurring in Abington Heights and Crestwood School districts, nearly all of which is comprised of bedroom-developing and affluent suburbs.

Seniors are not too concentrated anywhere in the region; in most places they make up between 10 and 30 percent of the population.

The Scranton school district has five schools with levels of school poverty over 60 percent, but many Scranton schools have more moderate levels of poverty. Wilkes-Barre Area schools show quite a mix of poverty levels, from 14 percent to 67 percent. While a few schools in Scranton, Wilkes-Barre and Hazleton are experiencing increases in school poverty, a handful of schools located in the outer communities of the Scranton region, such as Carbondale, Tunkhannock and North Pocono, are seeing even greater leaps in free and reduced lunch eligibility.

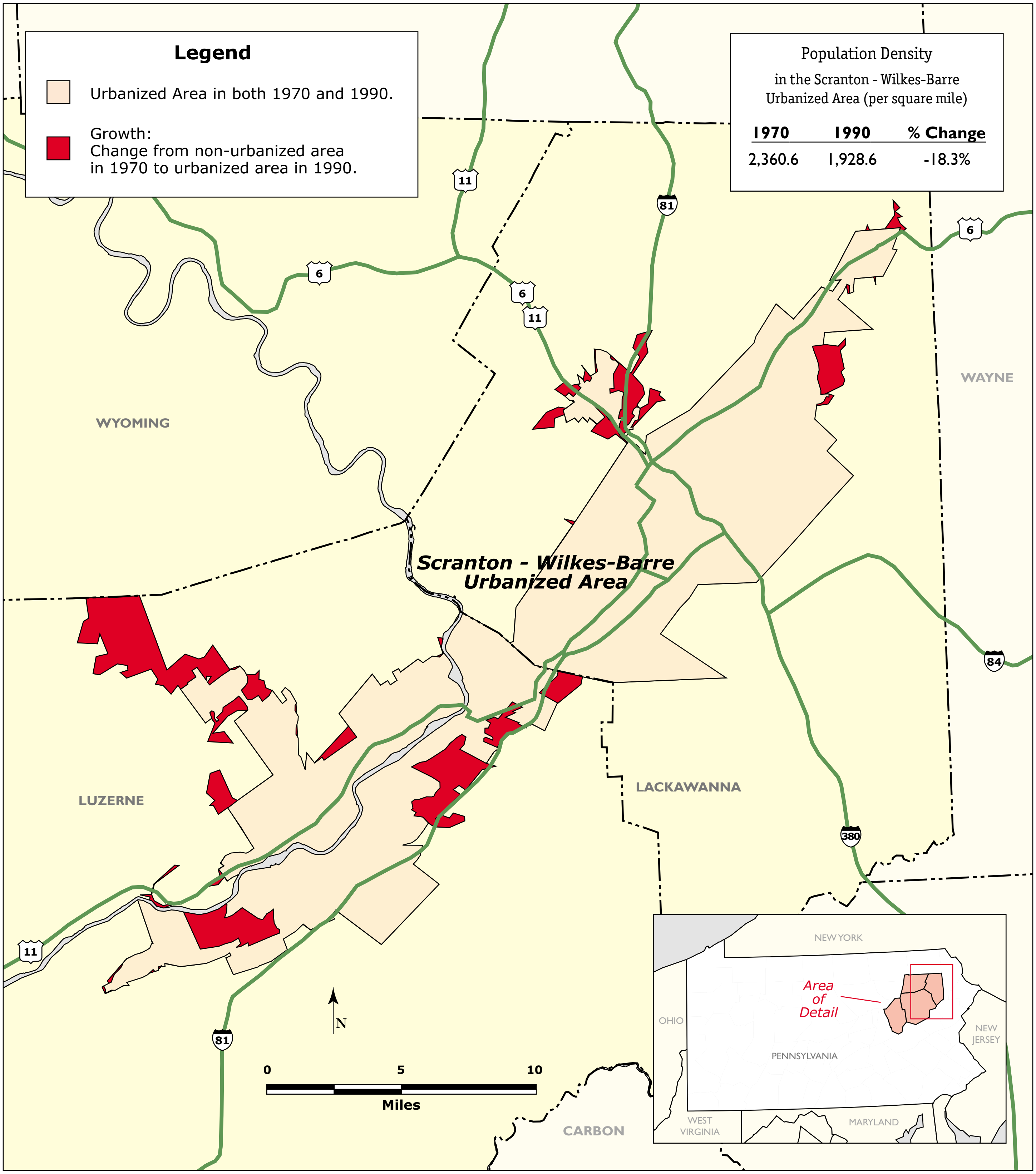
Metropolitan Area Research Corporation

SCRANTON REGION: Community Classification



Data Source: Metropolitan Area Research Corporation.

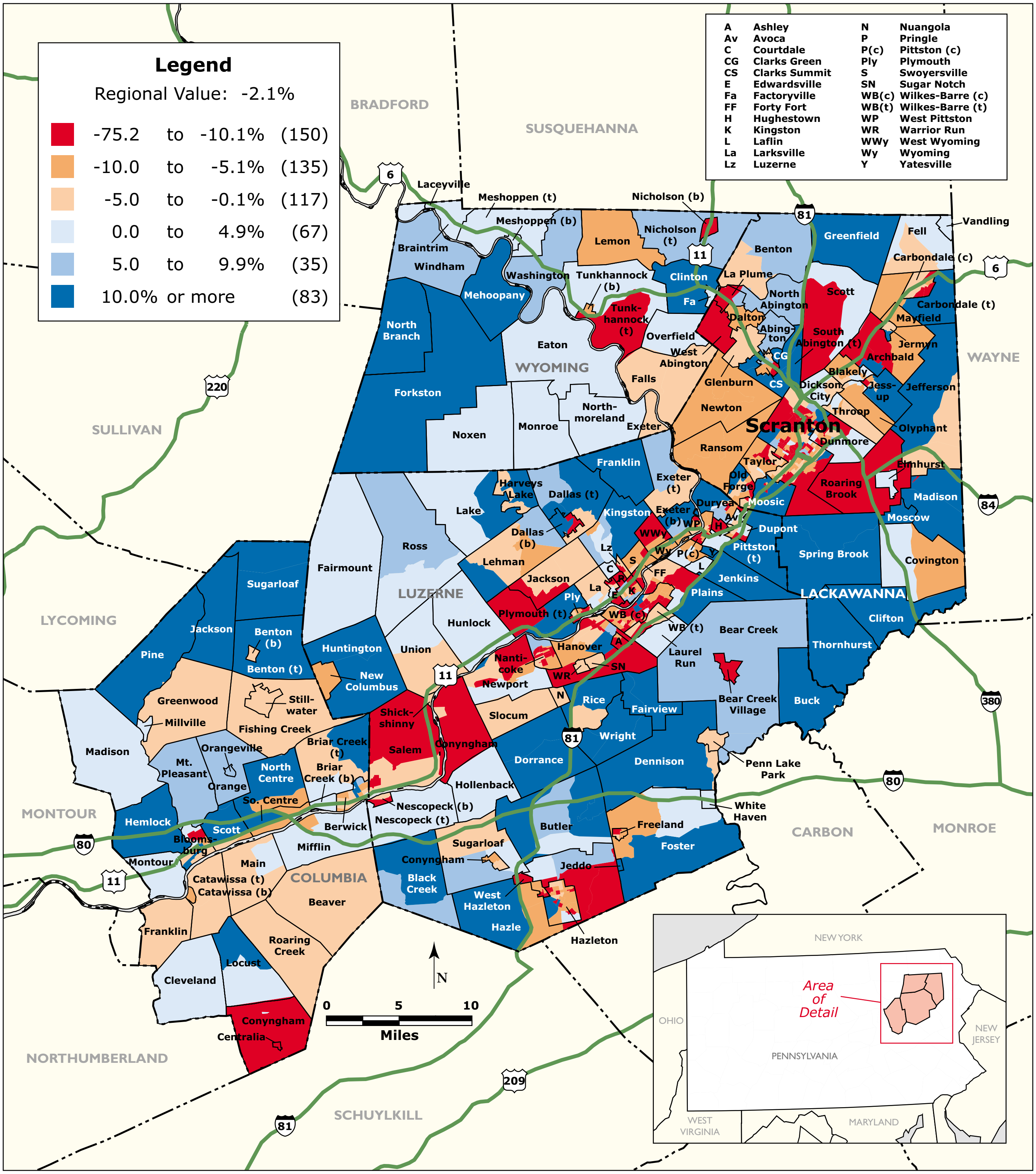
SCRANTON REGION:
Change in Urbanized Area, 1970-1990



Data Source: U. S. Census Bureau.

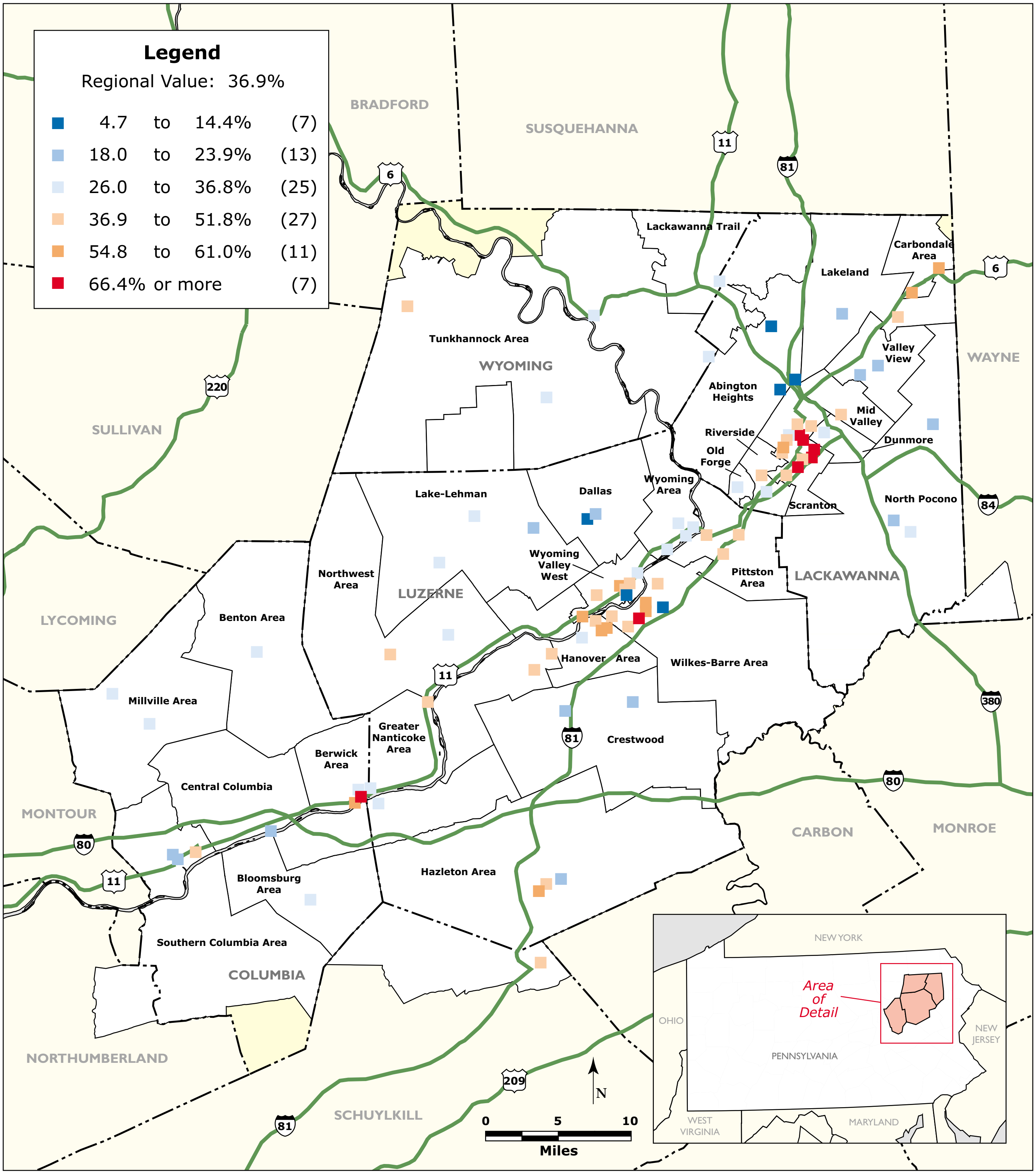
Metropolitan Area Research Corporation

SCRANTON REGION: Percentage Change in Population by Census Block Group, 1990-2000



Data Source: U.S. Census Bureau.

SCRANTON REGION:
Percentage of Elementary Students Eligible for Free and Reduced Lunch by School, 2001



Data Source: Pennsylvania Department of Education.

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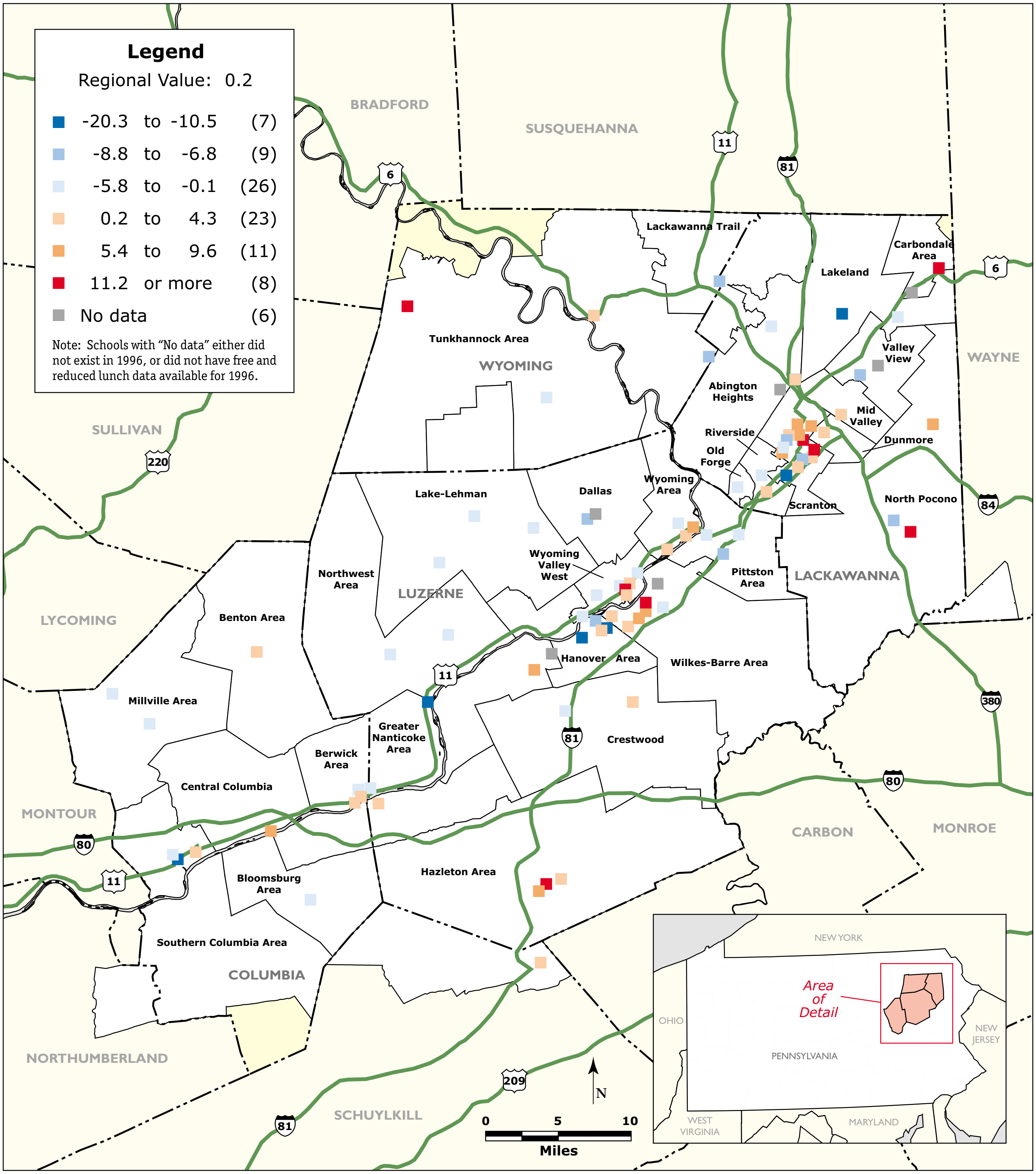
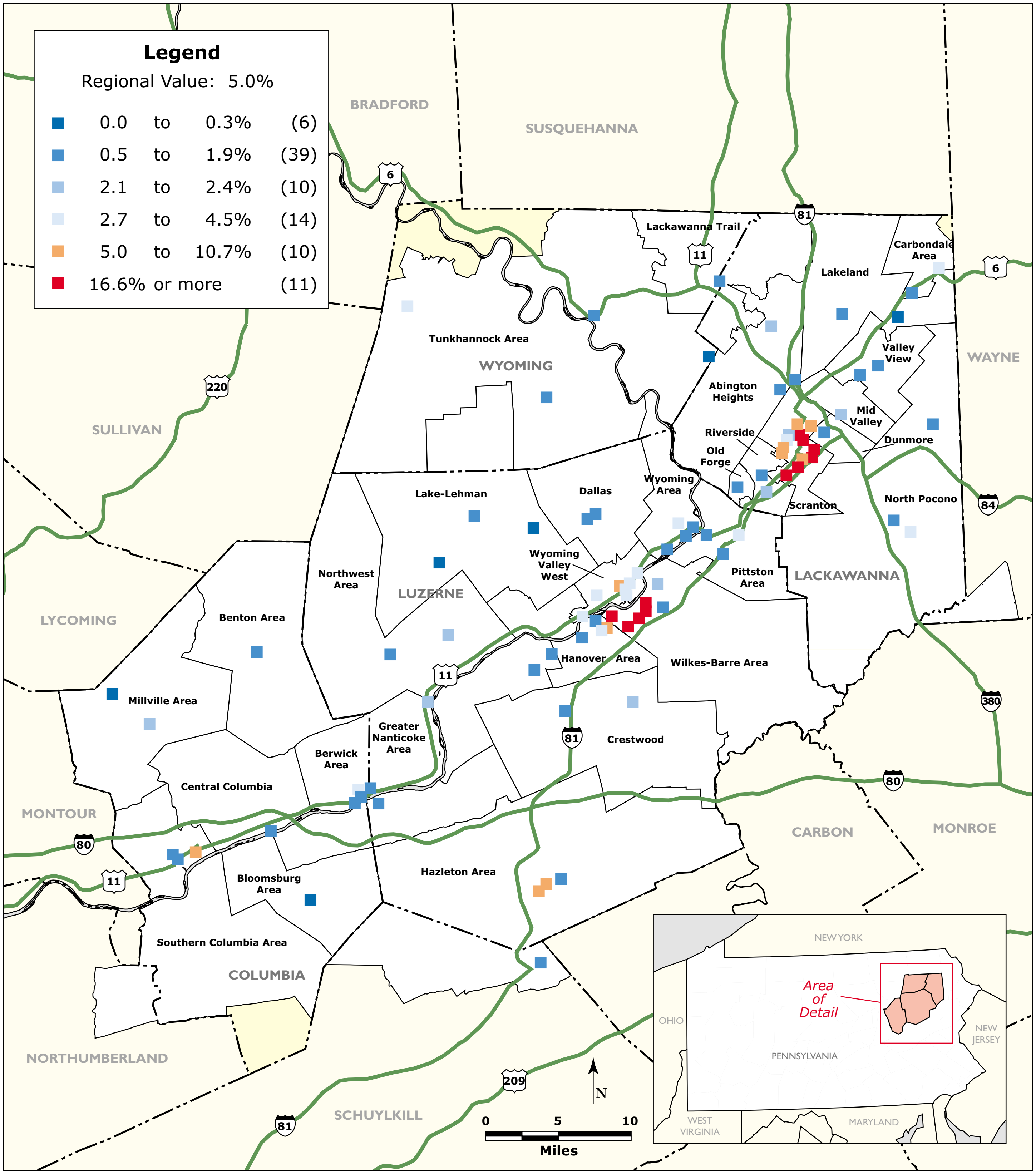
Metropolitan Area Research Corporation

SCRANTON REGION:
Change in Percentage Points of Elementary Students Eligible for Free and Reduced Lunch by School, 1996-2001



Data Source: Pennsylvania Department of Education.

SCRANTON REGION:
Percentage of Non-Asian Minority Elementary Students by School, 2001



Data Source: Pennsylvania Data Services Department.

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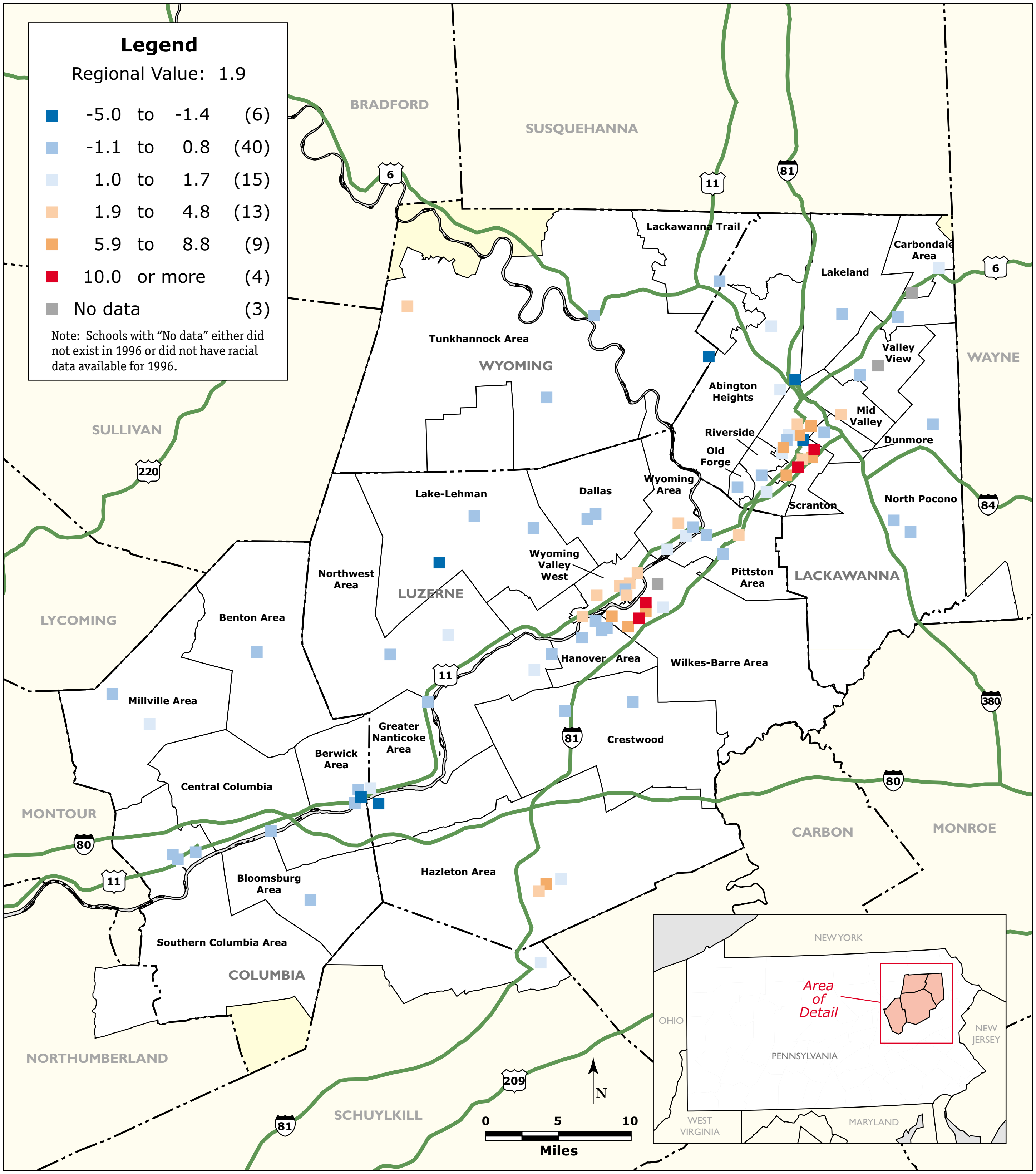
Change in Percentage Points of Non-Asian Minority Elementary Students by School, 1996-2001



Data Source: Pennsylvania Data Services Department.

The Scranton region has no high capacity/low cost schools, which correlates with the low number of households living in the more affluent communities; only 18 percent of the region's households live in bedroom-developing communities or affluent job centers, a figure far lower than in any other region in Pennsylvania.

The Millville Area school district is losing students, a circumstance that comes with its own set of stresses if the district is not able to maintain facilities and staffing levels.

Carbondale's rising school poverty is reflected in its school district classification as a low capacity/high cost district. The least struggling school districts surround Carbondale in the northeast. Lake-Lehman and Southern Columbia Area districts also fall into this category.

Municipal Tax Capacities

Across the Scranton area, tax base disparities narrowed somewhat between 1993 and 1999. In that period the ratio of property tax capacity in the 95th to 5th percentile municipalities dropped from 4.3 to 3.8. Affluent job centers across the Scranton region are the places where per-household property tax base and income tax base are the highest. Total tax capacity in the affluent job centers is 165 percent of the regional average, but only 2 percent of Scranton households live in affluent job centers, so few people benefit from their disproportionately high property tax bases.

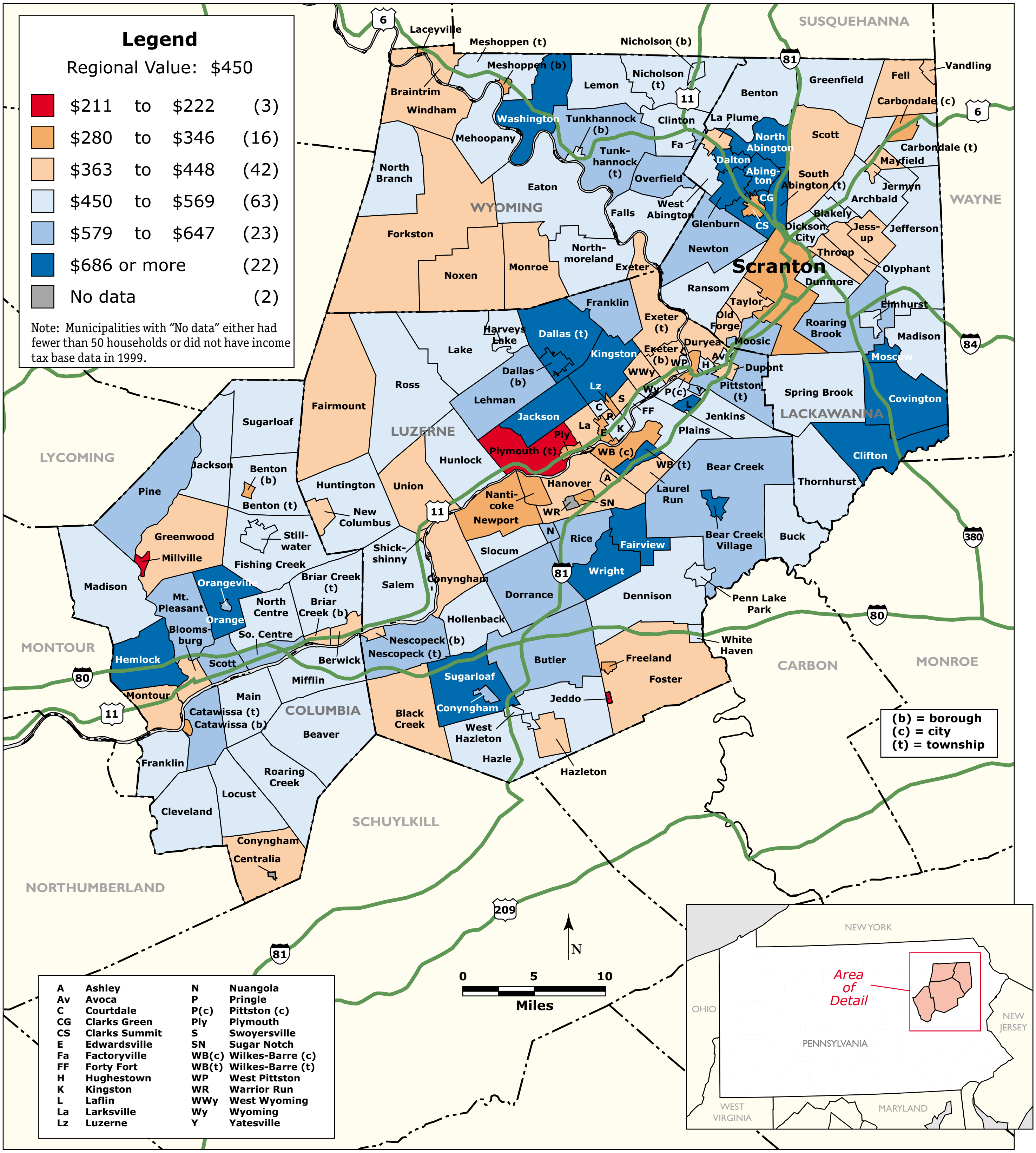
While tax-base rich communities like these can provide high-quality services at reasonable rates, fast-growing places with low tax bases often struggle to keep up with the onslaught of new residents and the schools, roads and sewers they require. Older at-risk communities, burdened with stagnant tax bases, must cut services or raise taxes to provide the level of service desired by residents. Either choice puts them at a disadvantage in the regional competition for jobs and residents.

Property tax base per household is lowest in the communities following the Susquehanna River, as well as those surrounding Scranton. Some of the weakest property tax bases are in Newport, Nanticoke, Ashley and West Pittston. The highest property tax bases are found largely in the outer edges of the region, in places like Washington, Abington, Covington and Clifton. Places with high property tax bases are primarily bedroom-developing and affluent communities. But the property tax base advantage can erode over time; Washington, Covington, Clifton and Abington all lost significant shares of property tax base between 1993 and 1999. Clifton and Covington are part of a large block of communities south of Scranton and east of Wilkes-Barre that lost between 8 and 28 percent of their property tax base in the 1990s.

Income tax capacity across the Scranton region stayed stable over the six-year period; the 95th percentile municipality could generate just over 3 times the income tax capacity of the 5th percentile community in both years. Disparities in total tax capacity in the Scranton region also stayed about the same; in both years the high capacity place could generate 2.8 times the capacity of the low capacity place.

Plymouth Township, Millville and Clarks Summit—two at-risk suburbs and a bedroom-developing community—have the lowest tax capacity in the region (property and income tax capacity combined), and rapidly lost ground between 1993 and 1999. It is worth noting that some of the at-risk, older communities, places like Fell, Conyngham (in Columbia and Lackawanna counties) and Stillwater, actually gained tax capacity in the mid- to late-1990s.

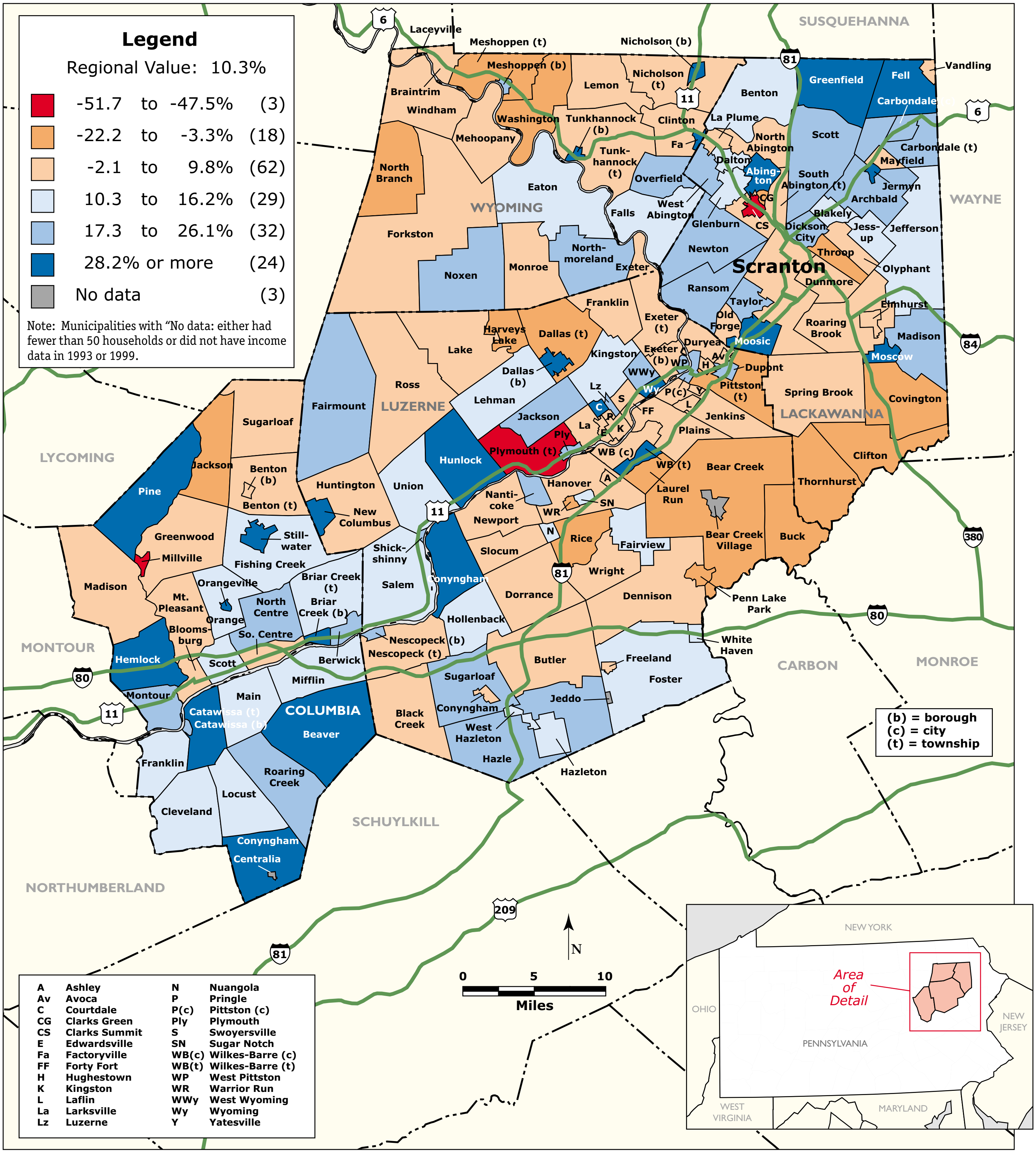
SCRANTON REGION:
Tax Capacity per Household by Municipality, 1999



Data Sources: Pennsylvania State Tax Equalization Board; Pennsylvania Department of Community and Economic Development; MARC.

Metropolitan Area Research Corporation

SCRANTON REGION:
Percentage Change in Tax Capacity per Household by Municipality, 1993-1999



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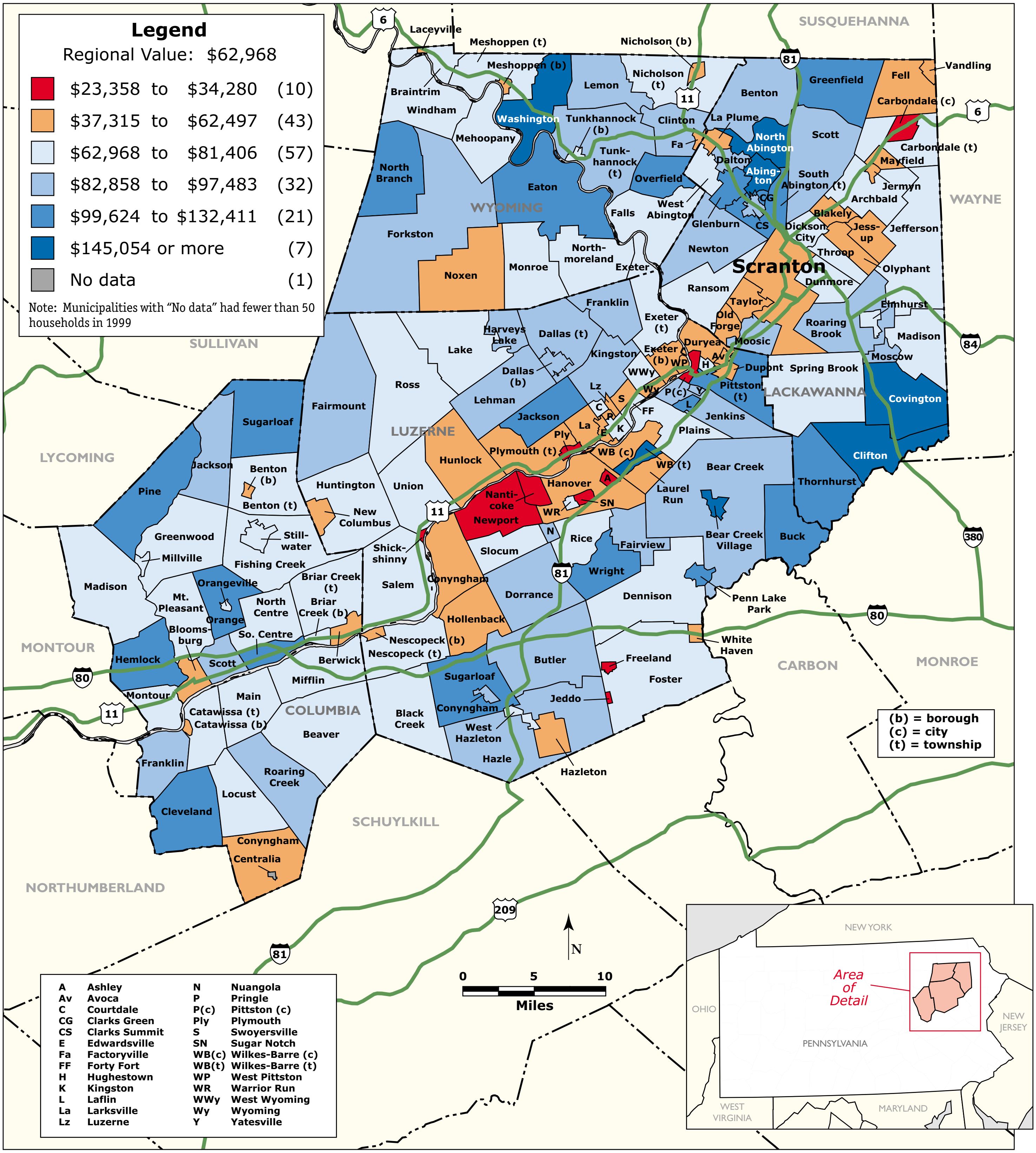
SCRANTON REGION:
Property Tax Base per Household by Municipality, 1999



Data Sources: Pennsylvania State Tax Equalization Board; MARC.

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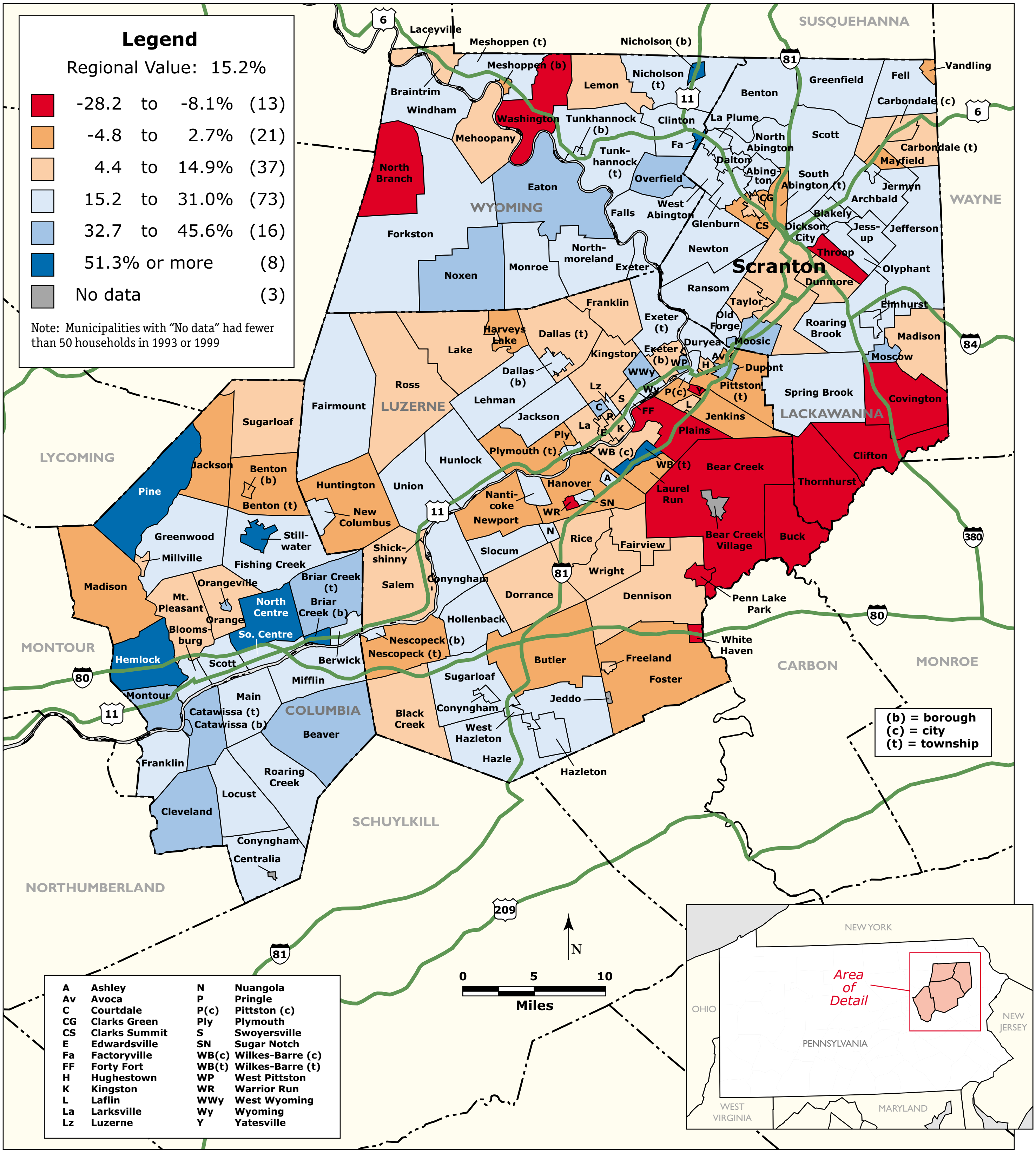
SCRANTON REGION: Percentage Change in Property Tax Base per Household by Municipality, 1993-1999



Data Sources: Pennsylvania State Tax Equalization Board; MARC.

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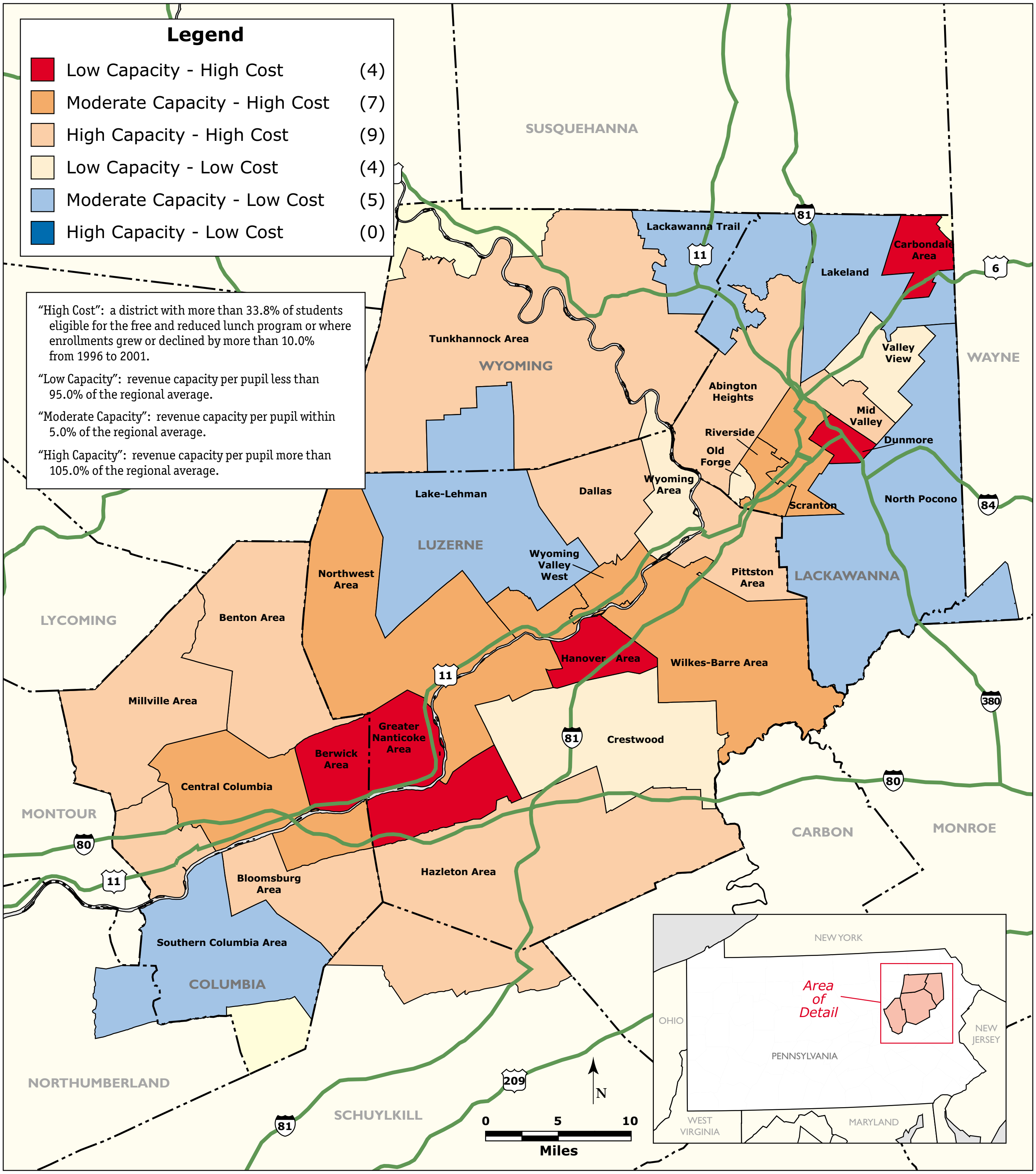
Research Corporation

SCRANTON REGION:
School District Classification



Data Source: MARC.

Lancaster

Community Classification

Lancaster is the sole central city in its region, and home to just 12 percent of the region's households live. Nine percent live in at-risk segregated communities, where school poverty is actually double that of Lancaster (70 percent of students in the region's at-risk segregated communities are eligible for free lunch, compared to 34 percent in the city of Lancaster). At-risk older places and at-risk lower-density places each have just over 20 percent of the region's population. School poverty is about 20 percent in each of the places. The difference between these two groups is tax capacity; at-risk lower density places have greater-than-average tax capacities while at-risk, older places have lower-than-average tax capacities.

There are 18 bedroom-developing communities in the Lancaster region, and the more than a third of the region's households live in them. Here the tax capacity is highest and the school poverty is lowest. Bedroom-developing suburbs are seeing the greatest household growth in the region, 10 percent, and consequently it is here that the tensions between new commercial development and farmland preservation are highest. There are no affluent job centers in Lancaster.

Social Separation and Sprawl

The Lancaster region, consisting of Lancaster County, was home to 470,658 people in 2000, up 11 percent from 1990. There were 56,350 people living in the city of Lancaster in 2000. The vast majority of Lancaster County workers worked in the county. Of the 11 percent of workers who commuted outside of the area, most headed to adjacent metropolitan areas: Philadelphia (most of them to Chester County), Harrisburg, Reading and York.

Lancaster County, located in the southeastern portion of Pennsylvania, is marked by a strong economy, led by both farming and industry. The county has a large degree of tourism, generated by curiosity in the Old Order Amish and Mennonite populations and the unique culture they have preserved, along with the picturesque rolling farmland that characterizes much of the county.

Throughout the 1990s, Lancaster gained a reputation throughout Pennsylvania as the model for efforts at controlling suburban sprawl. Because preserving farmland is such a strong value, and in fact a religious commitment for Plain Sect residents, Lancaster has adopted comprehensive land use planning and growth management to curb sprawling development patterns of the previous three decades. Its efforts have amounted to one of the most extensive voluntary growth management programs in the nation.[29]

While the Lancaster region as a whole experienced considerable growth from 1990 to 2000, increases in number of school-aged children and senior citizens occurred in a very limited number of communities. Growth in children ages 5 to 17 was most predominant in the Lampeter-Strasburg school district, located just southeast of the central city, and in the extreme northernmost Cocalico school district. The 65 and older population grew in small pockets in and around the central city, as well as in outlying communities such as Elizabethtown, East Drumore and Little Britain.

Most of the schools in Lancaster County have school poverty rates below the regional average of 26 percent—64 of the schools are below the average while 18 of the schools are at or above it. The poorest schools are scattered across the county, with only two in the city of Lancaster, one in Warwick and one in Donegal. Likewise, the schools with the lowest rates of eligibility for free and reduced lunch are spread out across the county, particularly the northern half of Lancaster County. Increasing school poverty rates are found scattered among the

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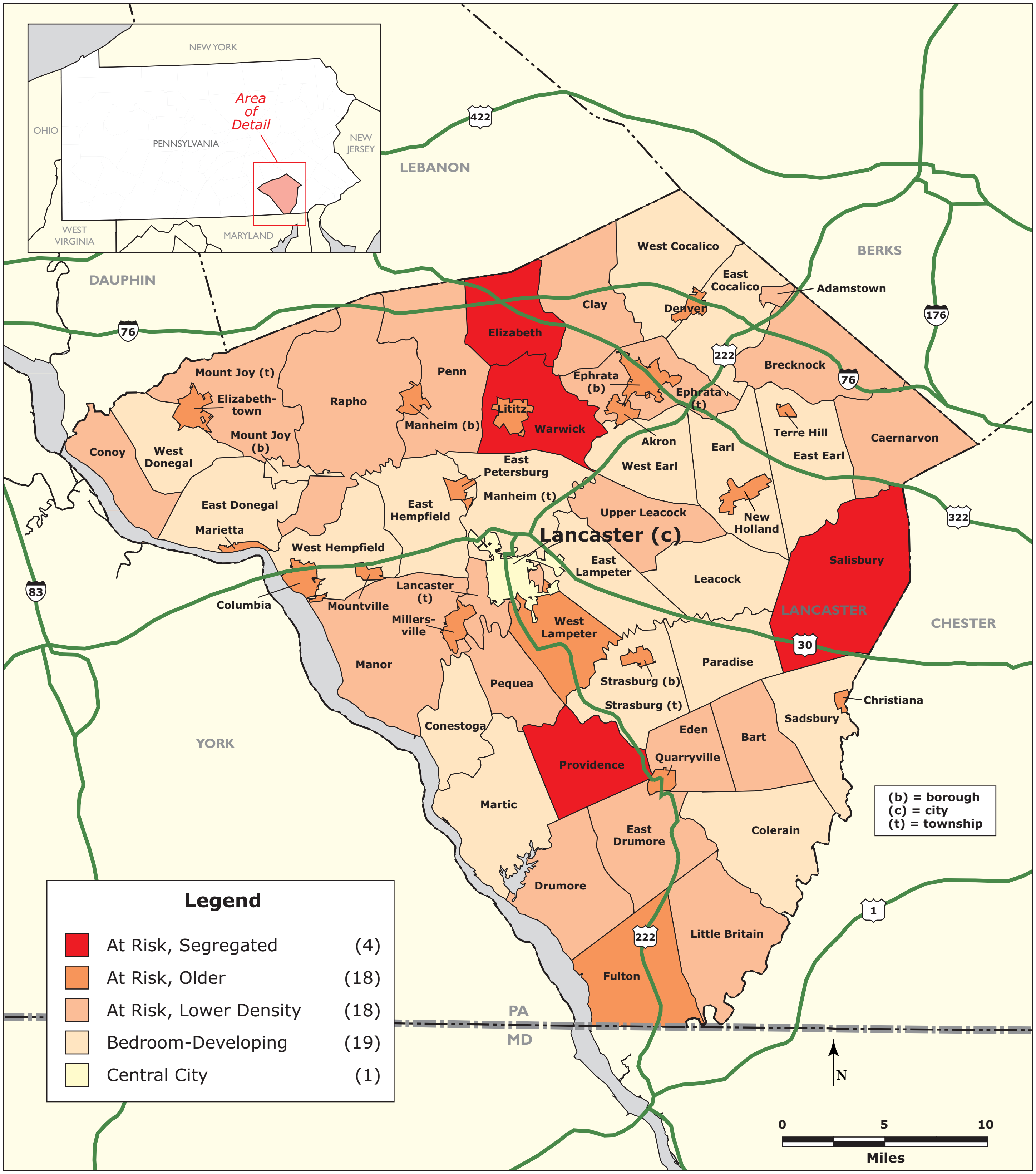
Community Classification



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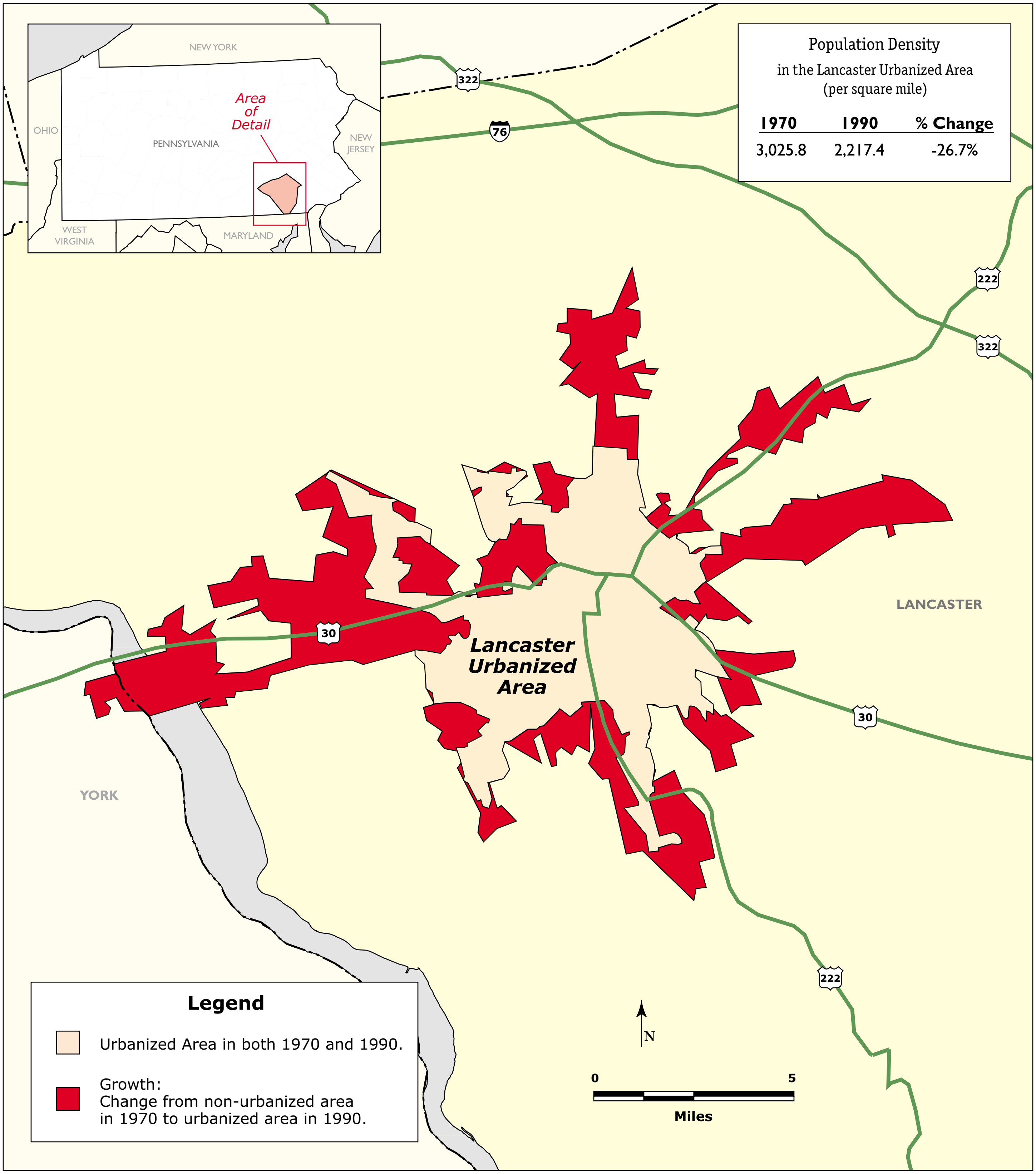
LANCASTER REGION
Change in Urbanized Area, 1970-1990



Population Density in the Lancaster Urbanized Area (per square mile)		
1970	1990	% Change
3,025.8	2,217.4	-26.7%

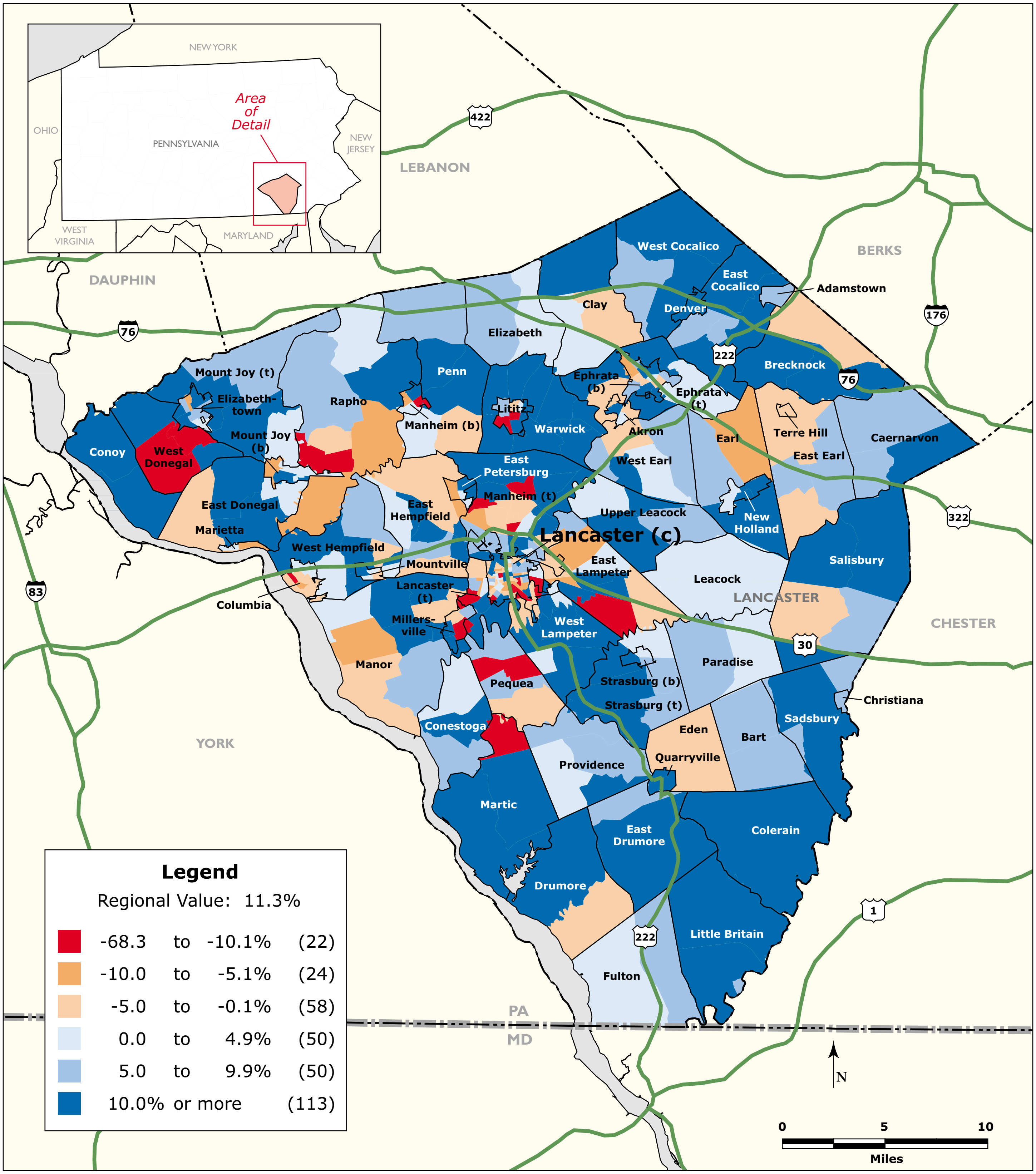
Legend

Urbanized Area in both 1970 and 1990.

Growth: Change from non-urbanized area in 1970 to urbanized area in 1990.

Data Source: U.S. Census Bureau.

LANCASTER REGION
Percentage Change in Population by Census Block Group, 1990-2000



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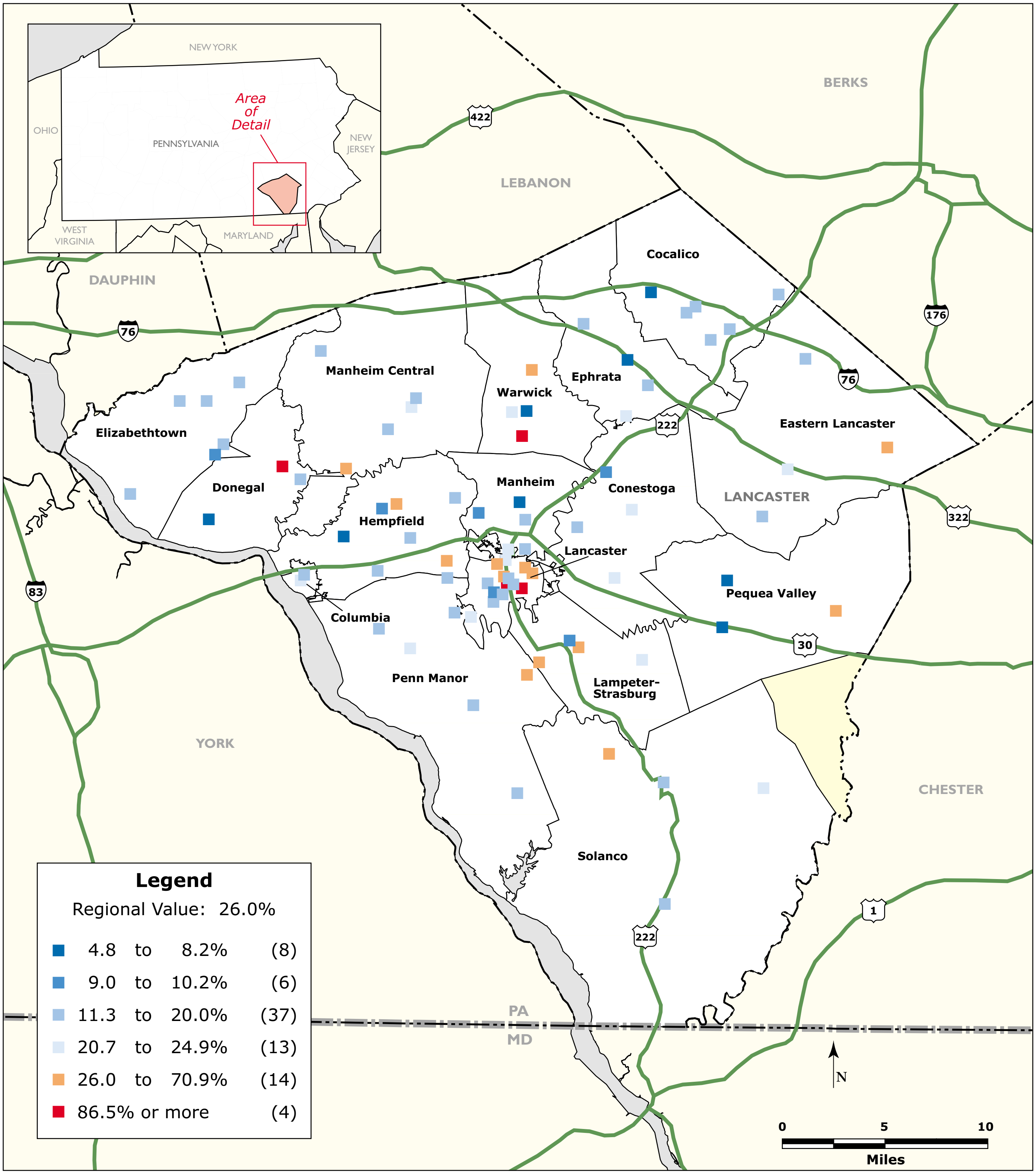
LANCASTER REGION: Percentage of Elementary Students Eligible for Free and Reduced Lunch by School, 2001



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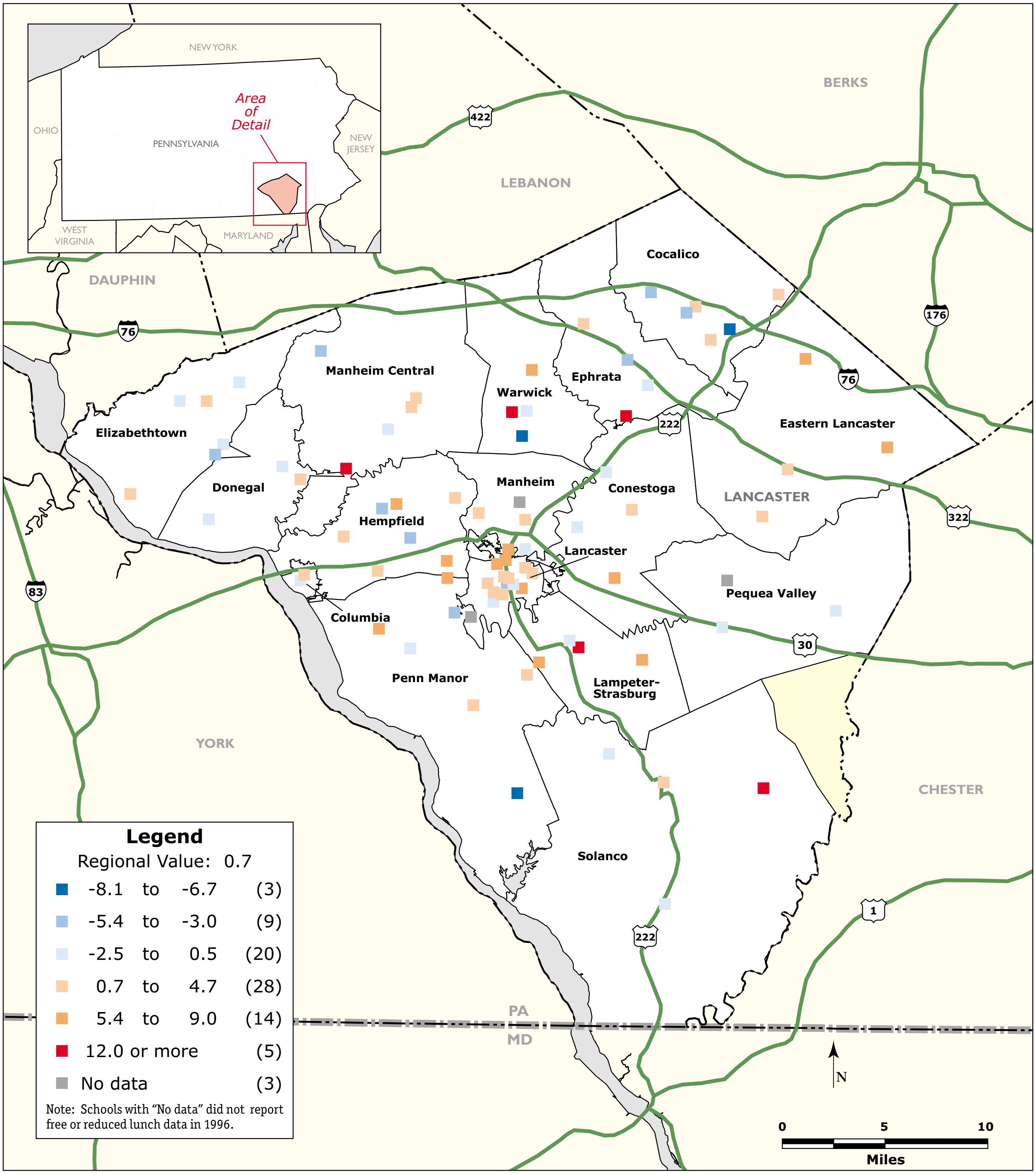

Data Source: Pennsylvania Department of Education.

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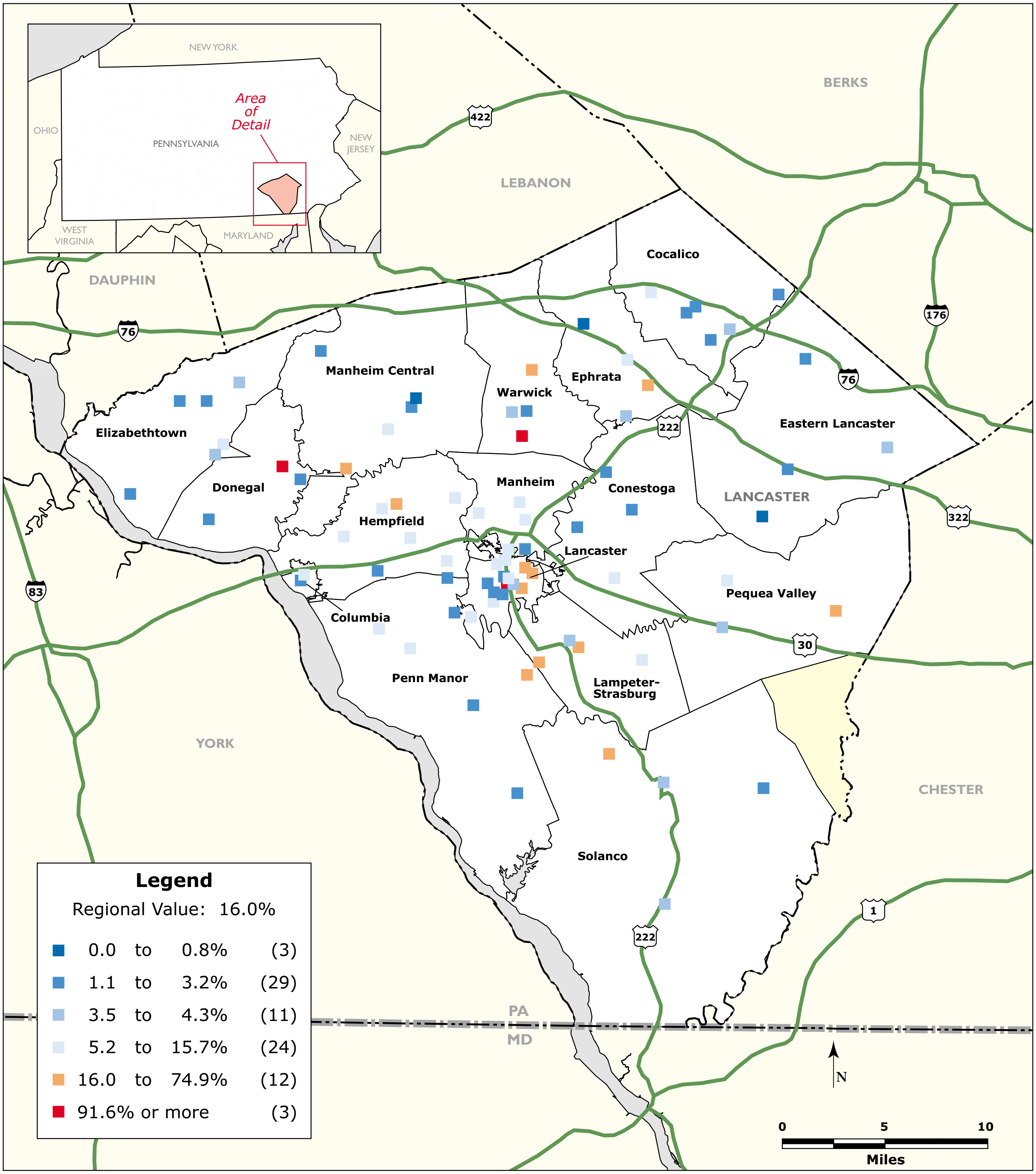
LANCASTER REGION: Percentage of Non-Asian Minority Elementary Students by School, 2001



Data Source: Pennsylvania Data Services Department.

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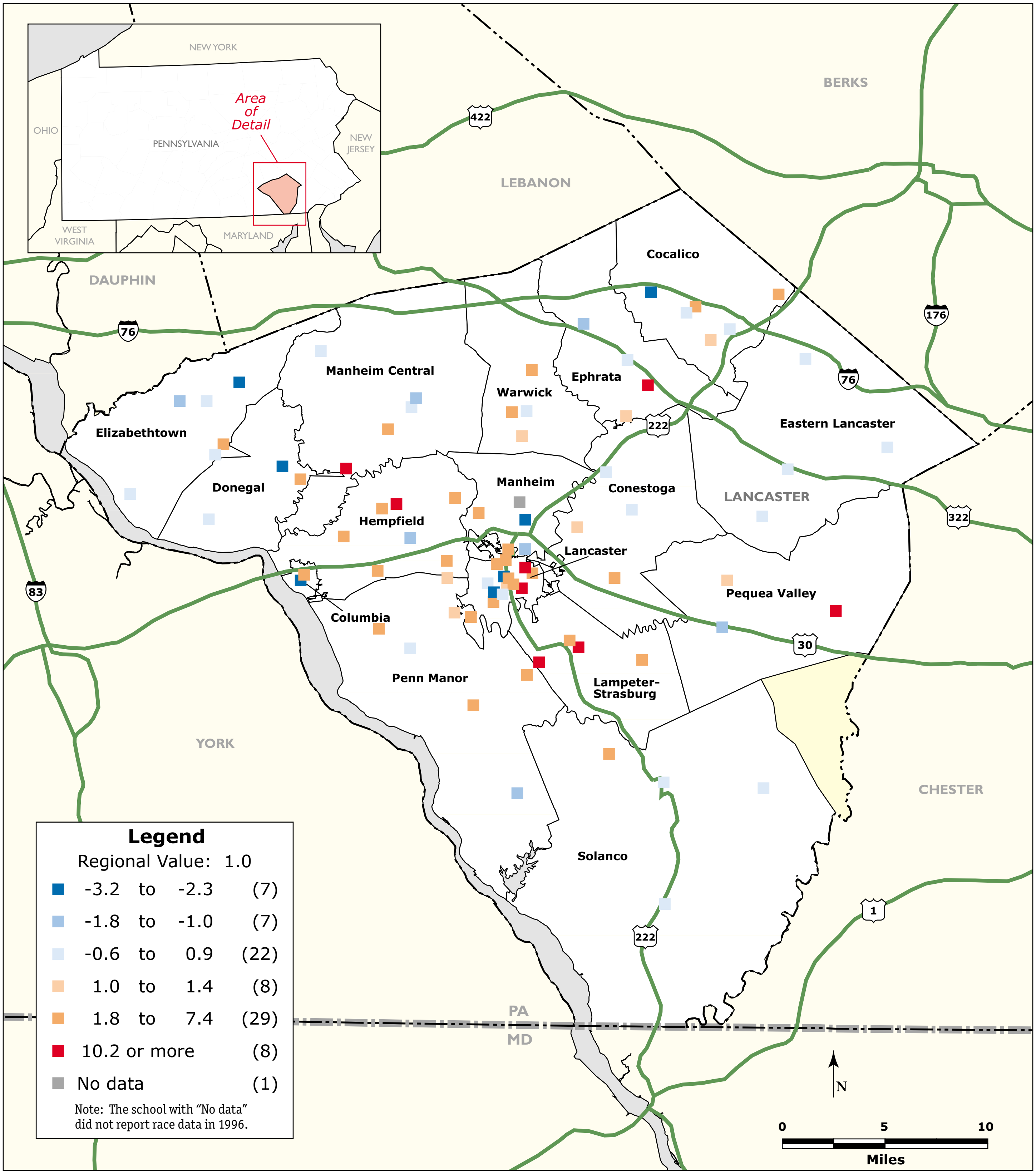

Data Source: Pennsylvania Data Services Department.

townships ringing the city of Lancaster, while Lancaster proper is seeing very slow increases in poverty and even some declines in poverty rates.

The school district classification map indicates that the townships across the northernmost portion of Lancaster County are struggling with high costs and low capacity, as is the Lancaster school district itself. Conestoga and Eastern Lancaster, where revenue capacity is high and costs are low, stand in stark contrast to their northern neighbors.

Municipal Tax Capacities

Although much less severe than Pennsylvania's larger metropolitan areas, communities' abilities to raise revenues vary across the Lancaster region. Had all of the municipalities within the Lancaster region taxed the same property and earned income tax rates, the revenues coming to the 95th percentile municipality would have been nearly twice the revenue of the 5th percentile municipality. In other words, if every municipality within the entire Lancaster region provided the same level of public services, those municipalities with the lowest tax base would need to tax their residents at two times the rate of those with the highest tax base.

As noted above, a stark contrast in household tax capacity exists among the region's at-risk, older areas and its at-risk, low-density counterparts. While at-risk, older areas' combined property and income tax capacity is only 84 percent of the regional tax capacity, at-risk, low-density areas' total tax capacity exceeds the regional average. As in most metropolitan areas, Lancaster's single central city is itself facing difficulties, with total tax capacity per household amounting to a mere 57 percent of the regional average tax capacity. Bedroom-developing communities, most notably East Hempfield, East Petersburg and Strasburg borough, far exceed the regional average; taken as a whole, tax capacity in these communities is 116 percent of the regional average.

Atlhough tax capacity disparities persevered throughout the 1990s, total tax capacity per household increased throughout the Lancaster region. The communities with the greatest gain in tax capacity per household during this period were the bedroom-developing and at-risk, segregated communities, where tax capacities grew by 27 percent, 2 percentage points above the regional average. At-risk older communities, as well as at-risk, low density and the central city itself all experienced modest gains in total tax capacity, although they were all slightly below the regional average.

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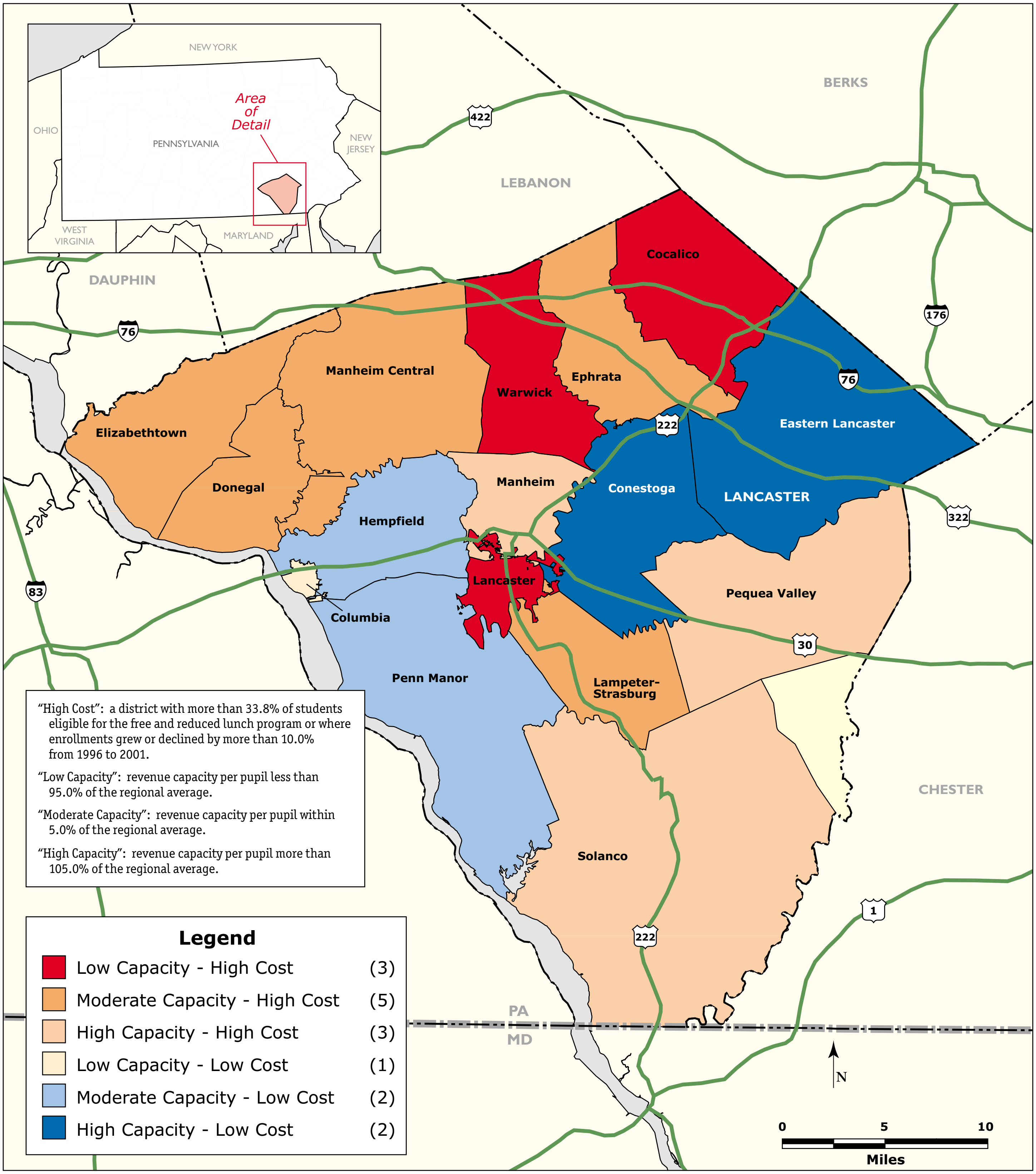
School District Classification



Data Source: Metropolitan Area Research Corporation.

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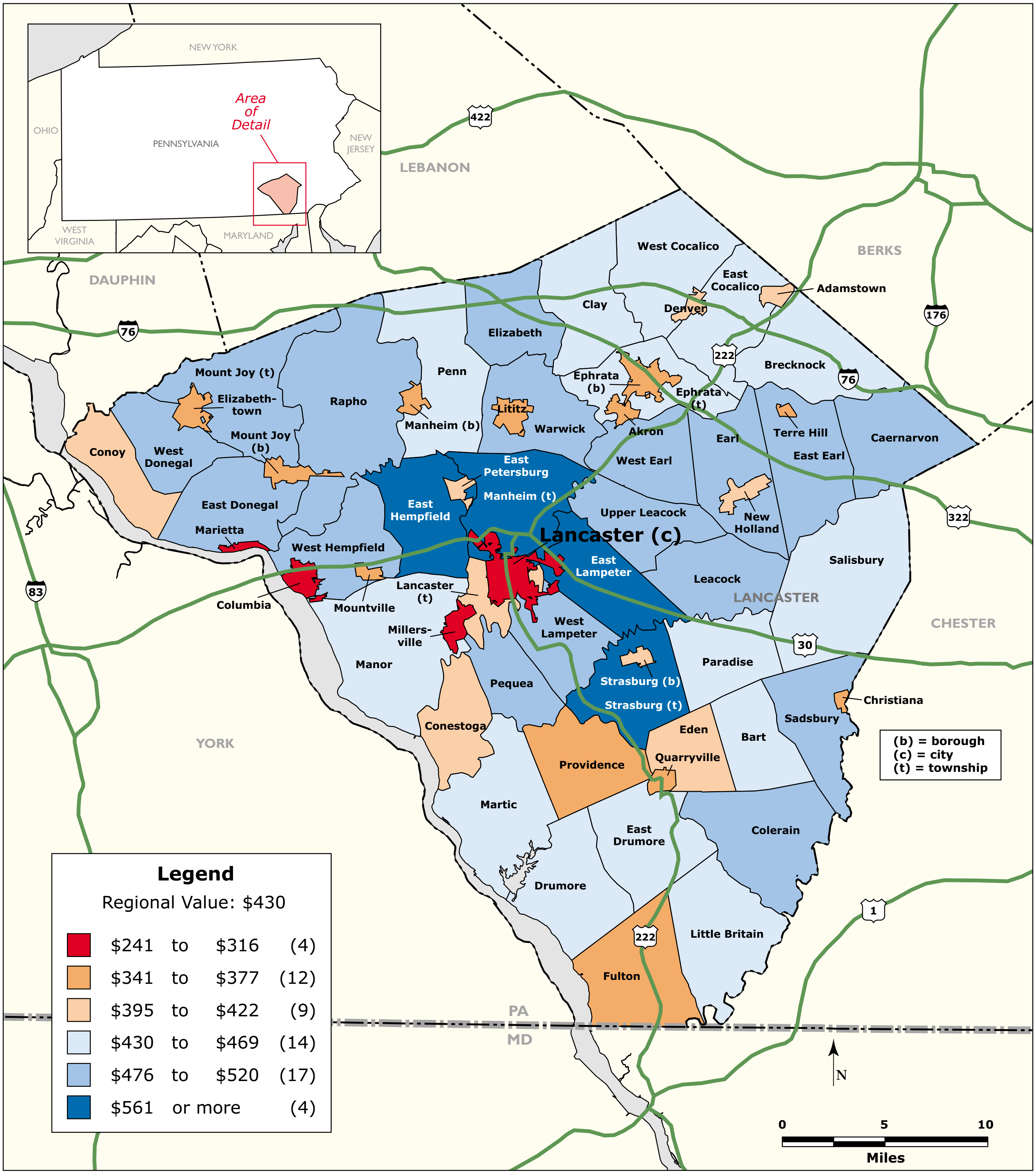
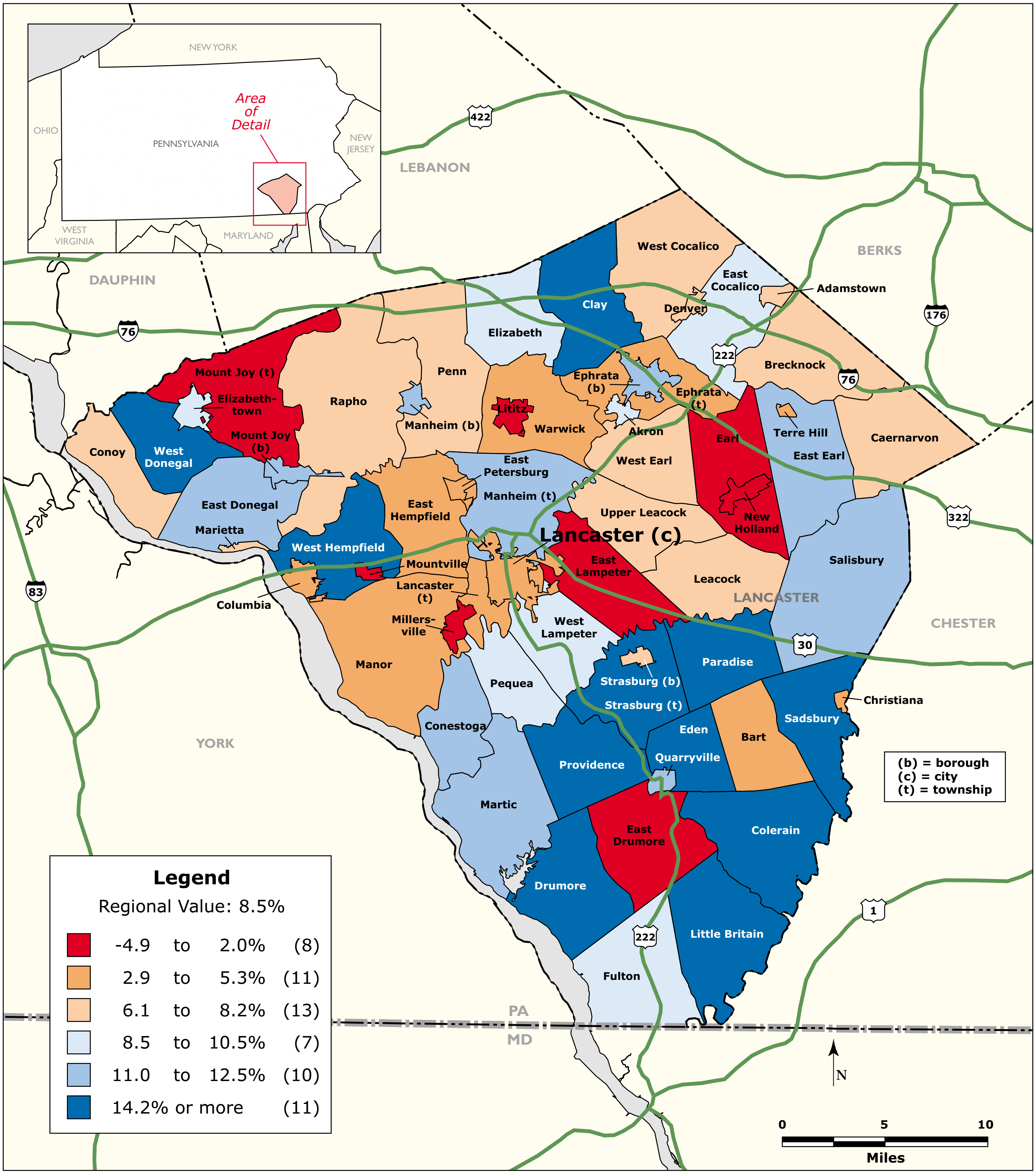
LANCASTER REGION: Tax Capacity per Household by Municipality, 1999



Data Sources: Pennsylvania Department of Community and Economic Development; Pennsylvania State Tax Equalization Board; MARC.

Metropolitan Area Research Corporation

LANCASTER REGION:
Percentage Change in Tax Capacity per Household by Municipality, 1993-1999



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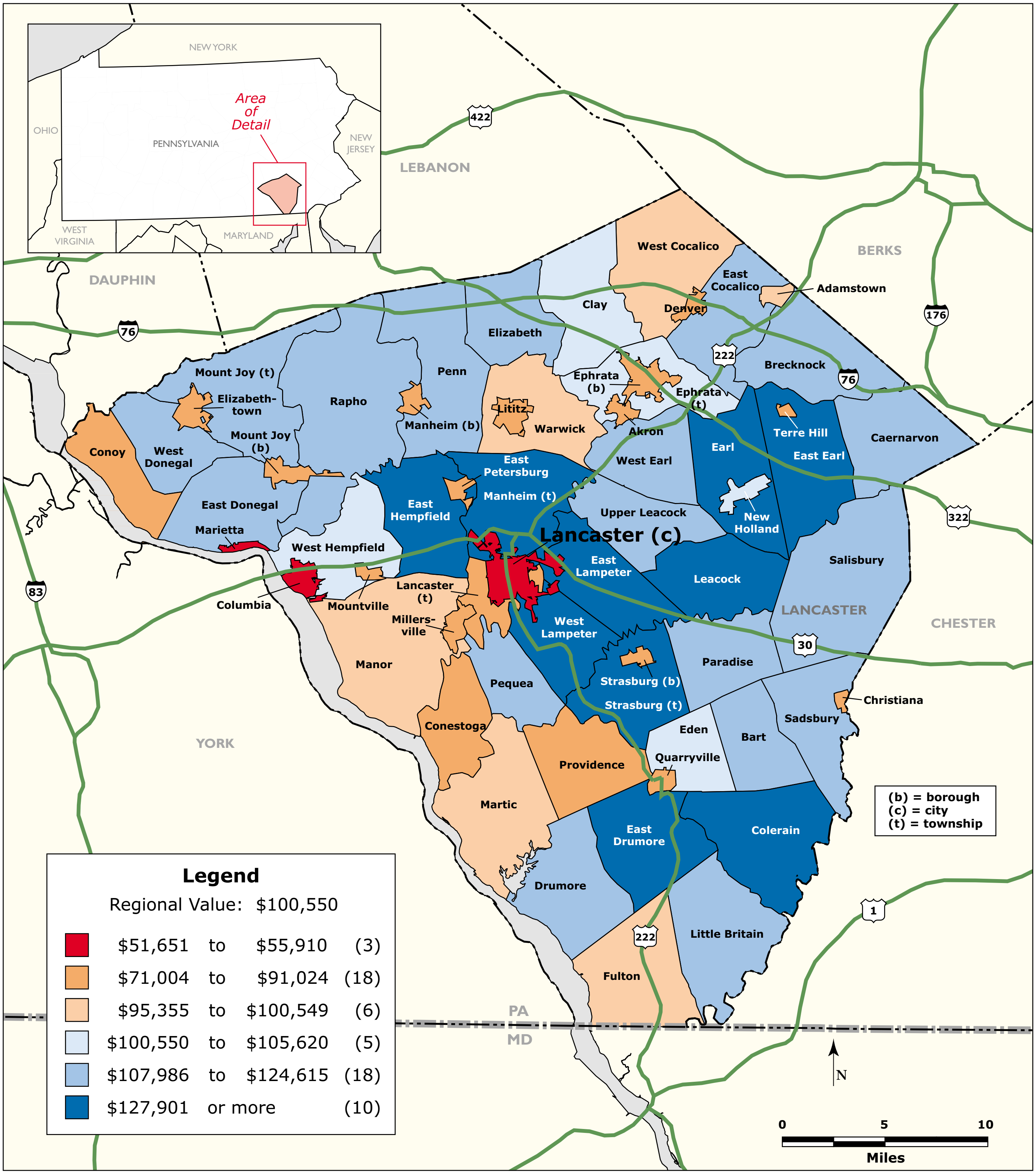
LANCASTER REGION:
Property Tax Base per Household by Municipality, 1999



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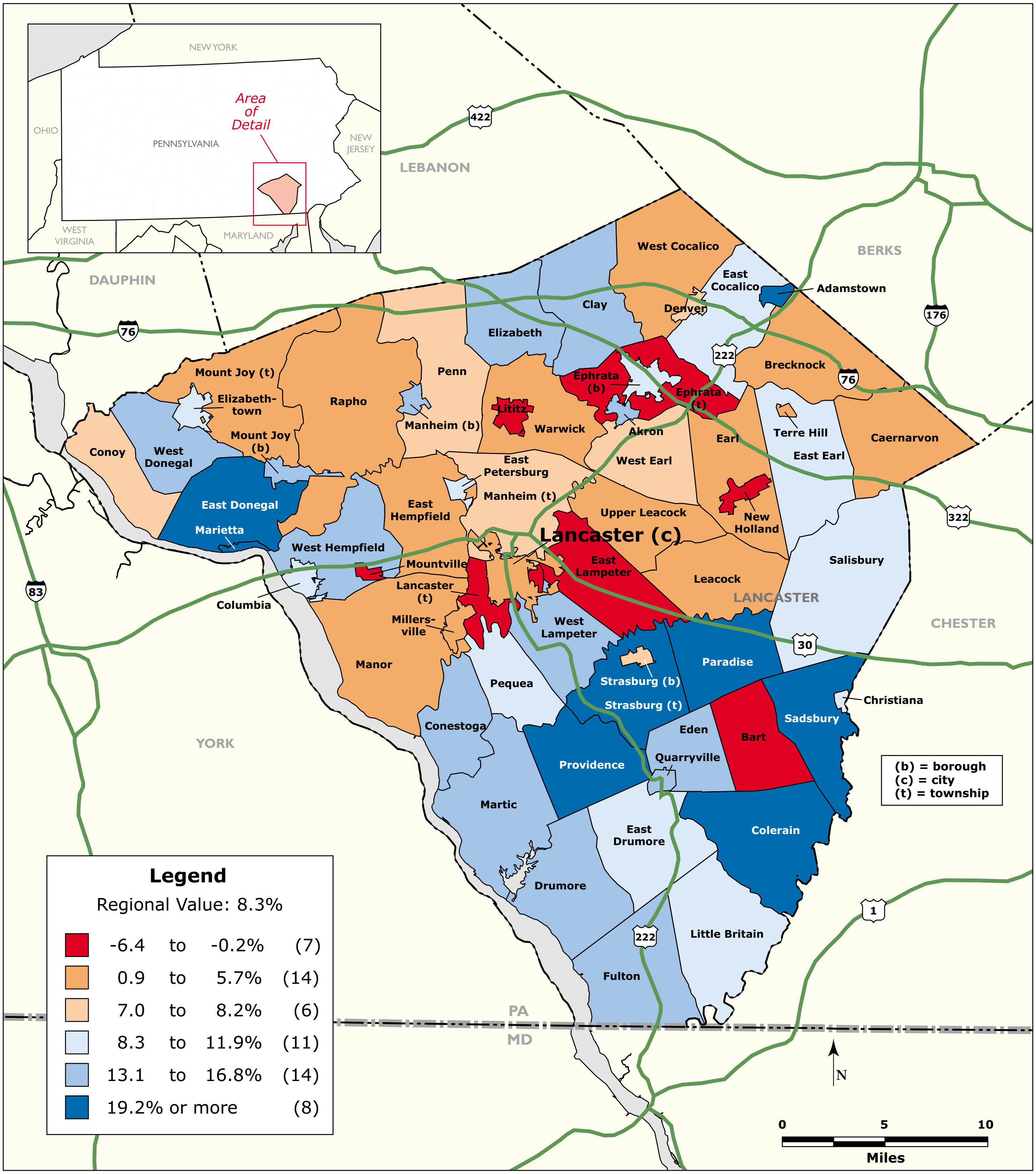


Data Sources: Pennsylvania State Tax Equalization Board; MARC.

York

Community Classification

The York region consists of York County, located in the southeastern portion of Pennsylvania. The city of York, home to just 11 percent of the region's households, is its sole central city. The city has a high level of poverty in its schools—76 percent of elementary students were eligible for free or reduced-cost lunches in 2001. Adding to its difficulties, its tax capacity is half the regional average, making it difficult for the city to provide for its social and physical needs.

The York region has no at-risk, segregated communities. The majority of the region's households (37 percent) are found in 35 at-risk, older places. There are also 17 at-risk, lower-density places where 24 percent of households are found. Combined, over 60 percent of the region's households live in at-risk suburbs that are struggling with stagnant population growth or sprawling development.

There are 19 bedroom-developing communities in the York region, and 28 percent of households live in these places. Here the tax capacity is highest and the school poverty is lowest. Bedroom-developing suburbs are seeing steady household growth, 12 percent, which is the same rate of growth as in at-risk, lower-density communities. Like Lancaster and Erie, there are no affluent job centers in the York region.

Social Separation and Sprawl

York County has experienced strong economic growth and relatively low poverty rates in recent years. Its economic success is attributed primarily to the health of its manufacturing sector during a period of time in which other region's manufacturing base collapsed. Although losses occurred in York, the loss was much less severe than neighboring communities. Over the period from 1973 to 1988, Harrisburg lost 8 percent of its factory workers, Reading 12 percent, Lehigh Valley 31 percent, while the York area's factory employment remained stable (plus 1 percent).

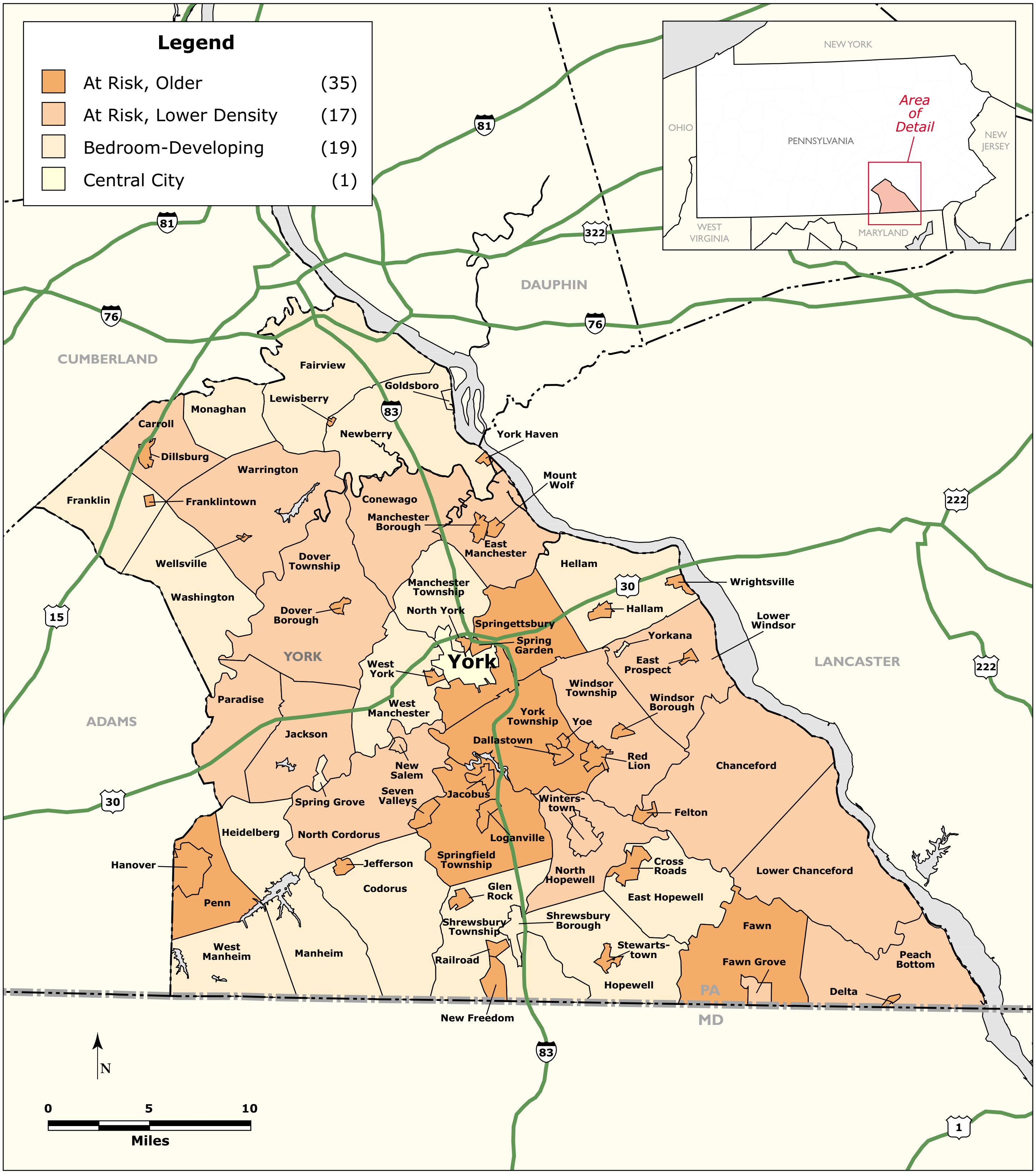
Troubles associated with suburban sprawl are facing York County. In 1969, farmland comprised 70 percent of all land in York County; by 1992, only 43 percent of this farmland remained.[30] The York County Planning Commission projects that, if current trends continue, by two decades from now, the total percentage of farmland may be less than 20 percent.

The York metro area was home to 381,751 people in 2000, up 12 percent from 1990, the largest rate of growth of any metropolitan area in the state. The city of York had a population of 40,900 in 2000, making it the eighth largest county in Pennsylvania.

One-third of York County workers commuted to jobs outside of the county in 1990 (the latest figures available). Of those workers, the largest group commuted to Adams County, home of Gettysburg, located just to the west. Other destinations of Adams County workers included the Carlisle, Harrisburg and Baltimore areas.

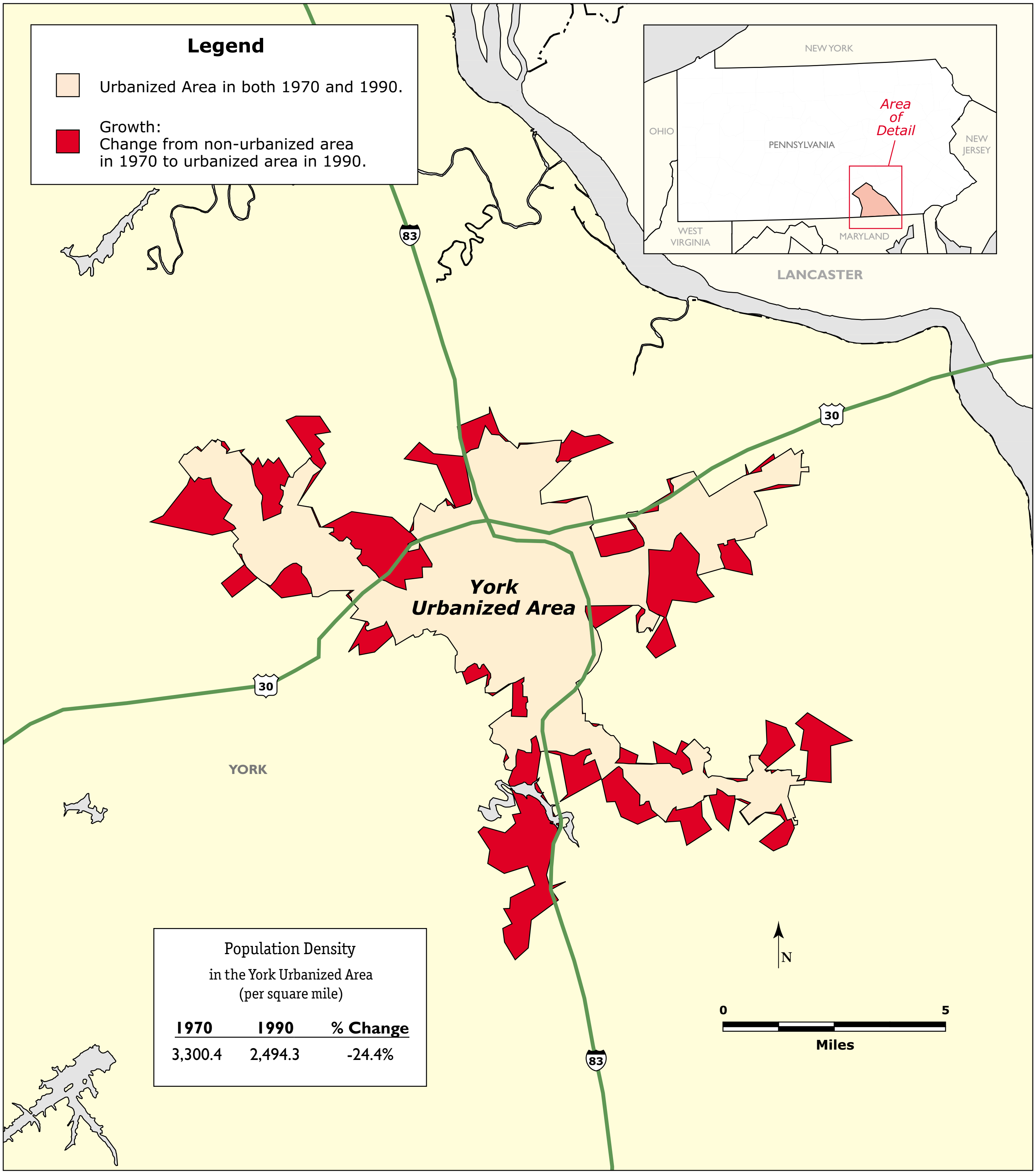
In contrast to the fairly widespread overall population growth that occurred from 1990 to 2000, population growth among school-aged children and seniors was concentrated among a small number of communities. Large increases in school-aged children took place in West York Area and Central York school districts, both adjacent to the city of York. The South Eastern school district, partially bound by the Pennsylvania-Maryland border and the Susquehanna River, similarly saw high increases in the school-aged population. The senior population grew in and around the City of York, as well as in portions of Hanover and Shrewsbury Township, both located on the region's edge.

YORK REGION:
Community Classification



Data Sources: Metropolitan Area Research Corporation.

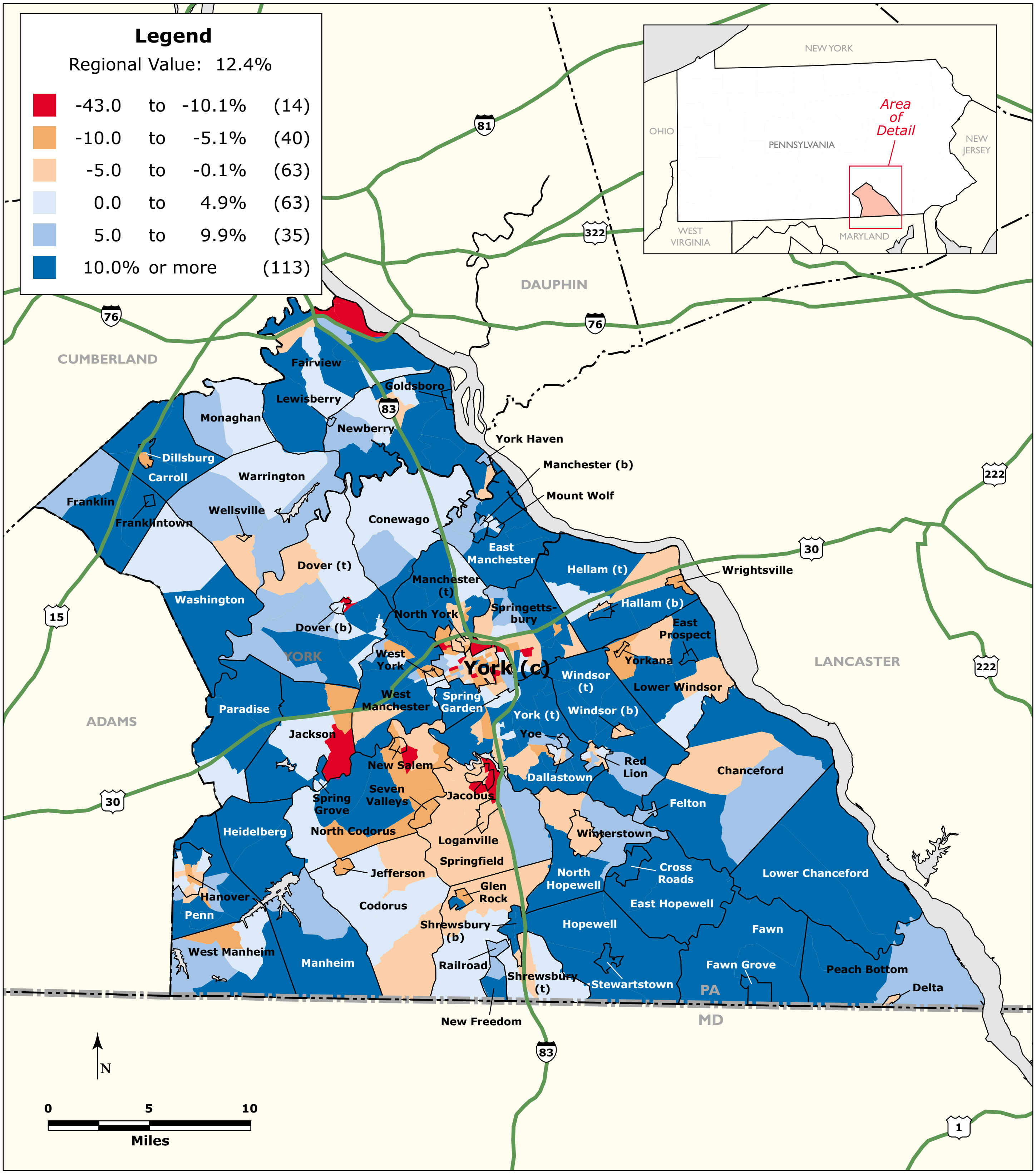
YORK REGION
Change in Urbanized Area, 1970-1990



Data Source: U.S. Census Bureau.

Metropolitan Area Research Corporation

YORK REGION
Percentage Change in Population by Census Block Group, 1990-2000



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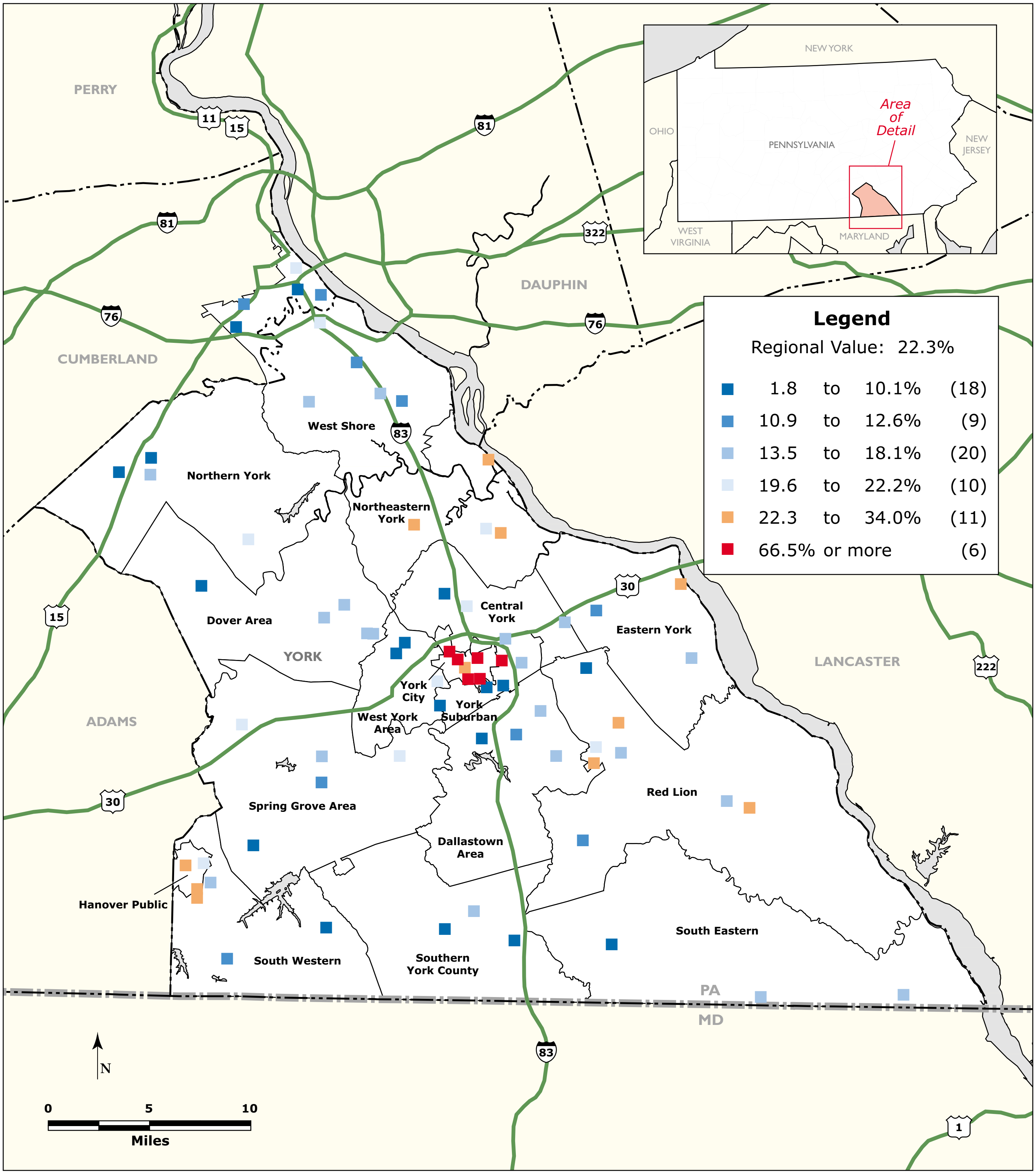

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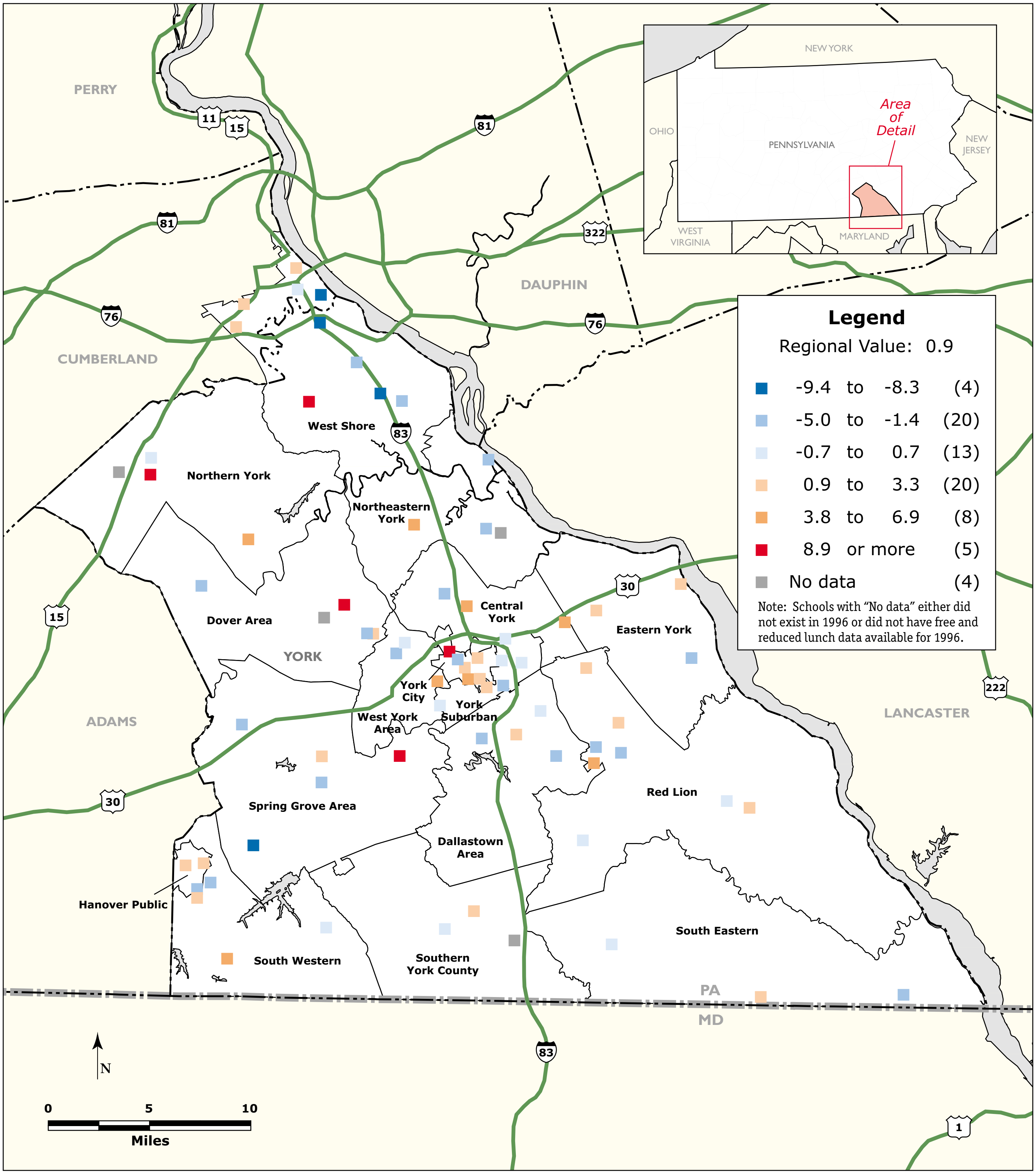

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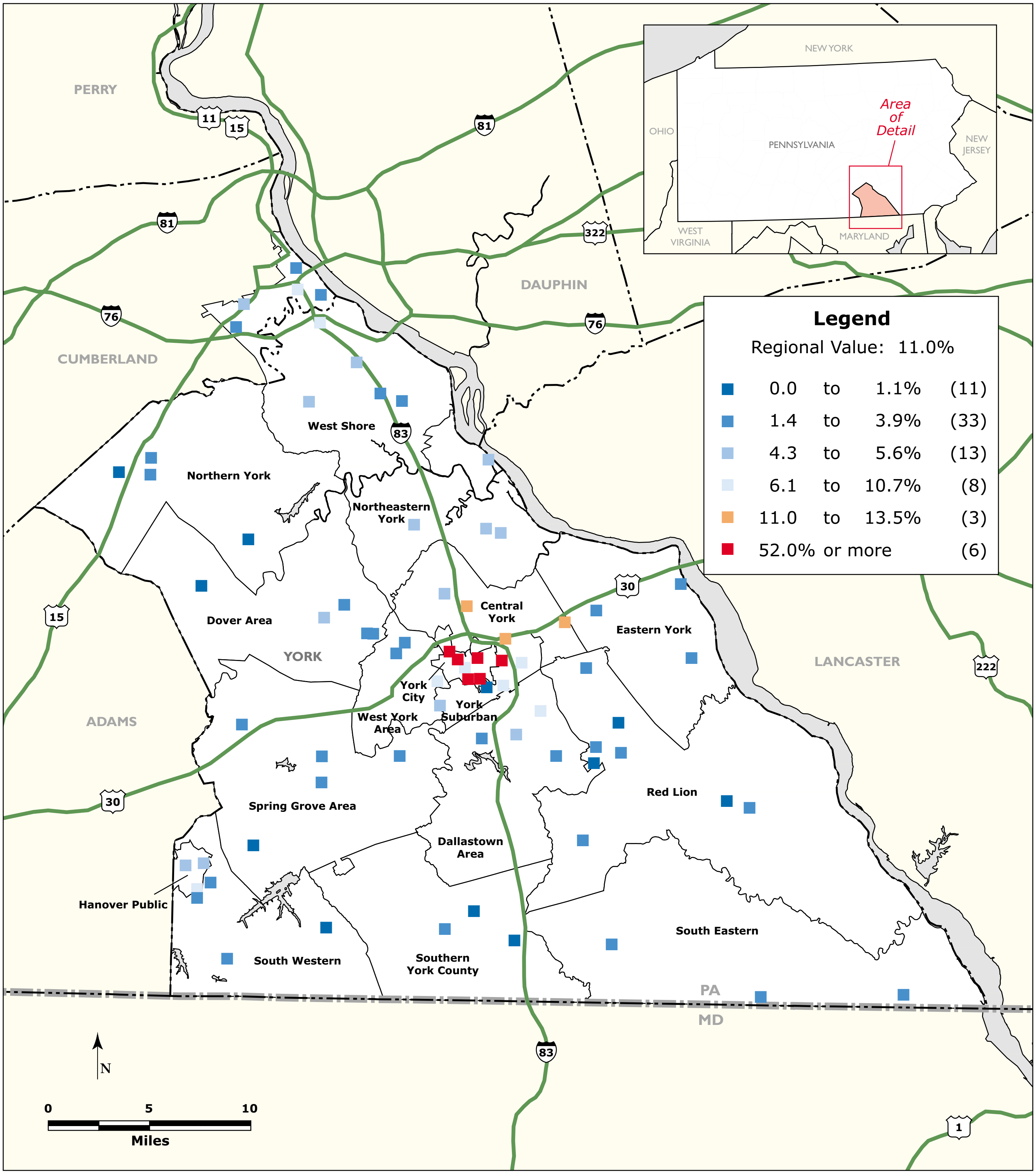

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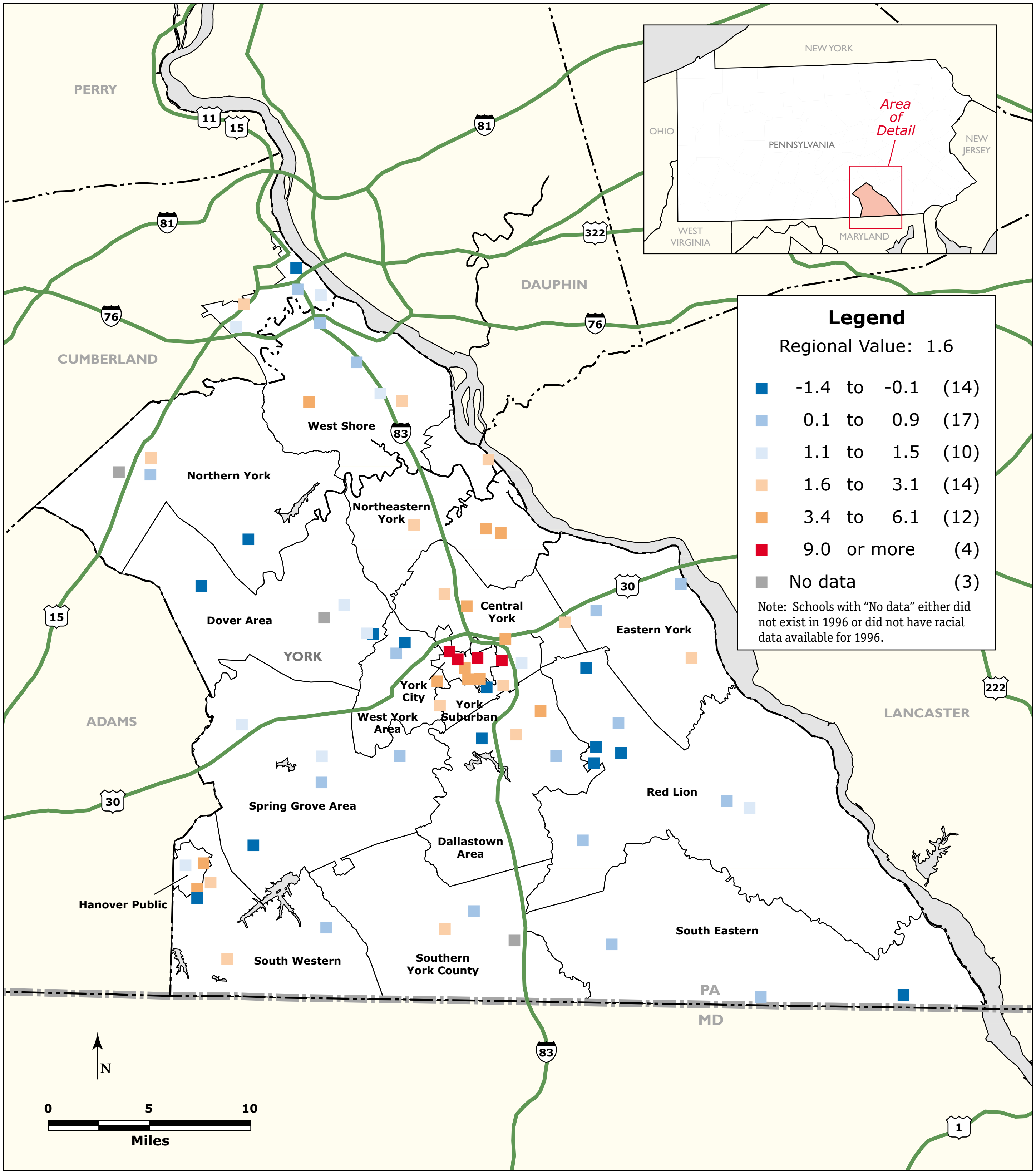


Data Source: Pennsylvania Data Services Department.

The York City is the only place in the region where school poverty is uniformly high; all of York City's schools have free and reduced lunch eligibility rates of 67 percent and higher. Although the city of York is surrounded by very low poverty schools, poverty rates are beginning to creep up in some suburban districts as well. In fact, the highest increases in school poverty can be found in outlying schools to the north and west of York.

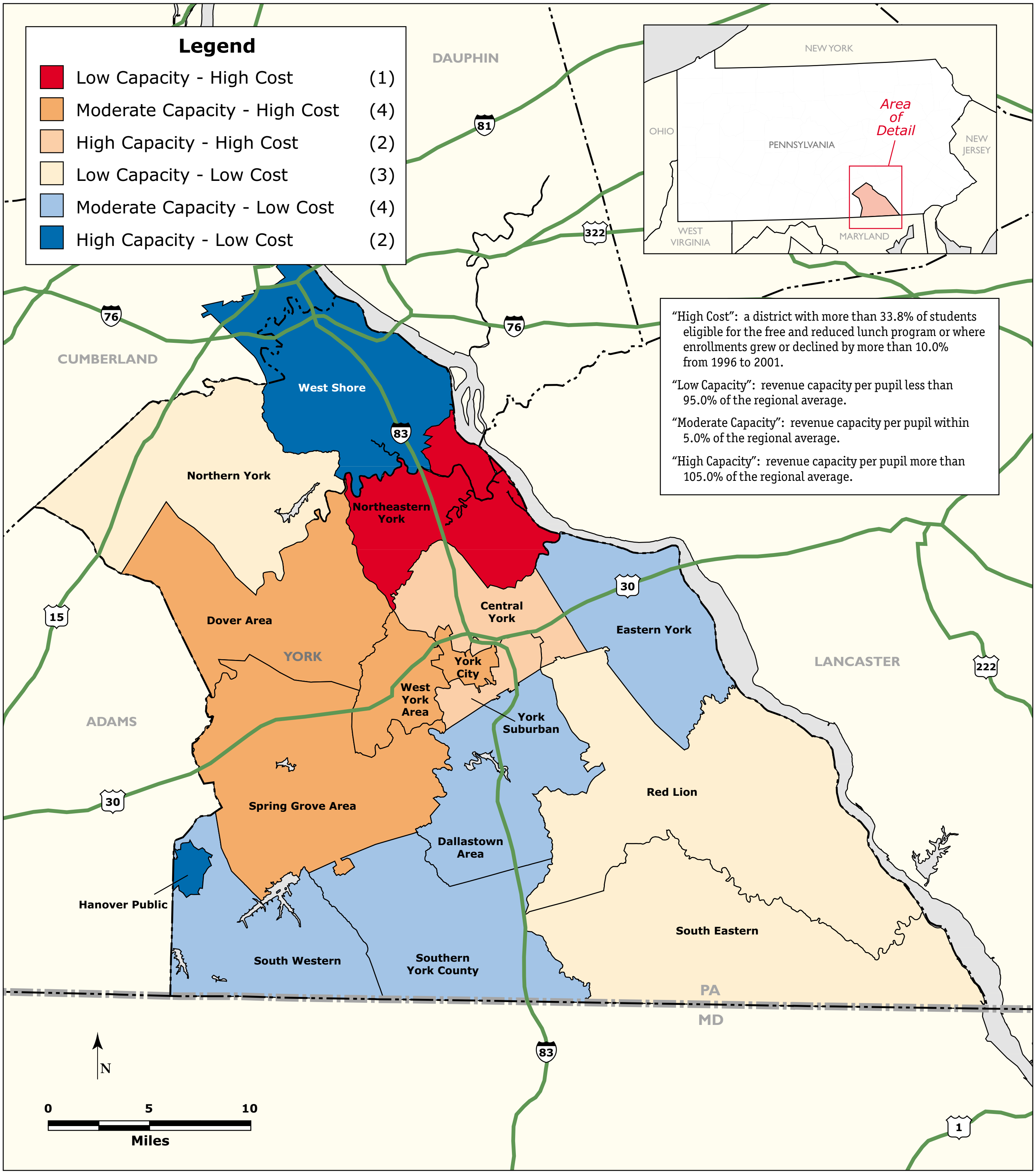
With a weak tax base and growing poverty, Northeastern York is struggling the most to meet the needs of its student body. The West Shore school district, just to the north, is faring much better, with sufficient fiscal resources, low levels of poverty and manageable enrollment growth. Likewise, the Hanover Public school district has the ability to raise relatively high revenues and few special needs that raise costs.

Municipal Tax Capacities

Tax capacity within the York region varies across community types. The central city and at-risk, older communities (notably Yoe and Windsor Borough) exhibit very low tax capacities per household, far below the regional average. By contrast, bedroom-developing communities (largely located in the south-central and northern parts of the region) and at-risk, low-density communities have tax capacities that greatly exceed the regional average. Notable exceptions to most at-risk older communities, Spring Garden and Springfield Township exhibit relatively high tax capacities. Had all municipalities within the York region levied the same property and earned income tax rates, the revenues coming to the 95th percentile municipality would have been more than two times the revenue of the 5th percentile municipality.

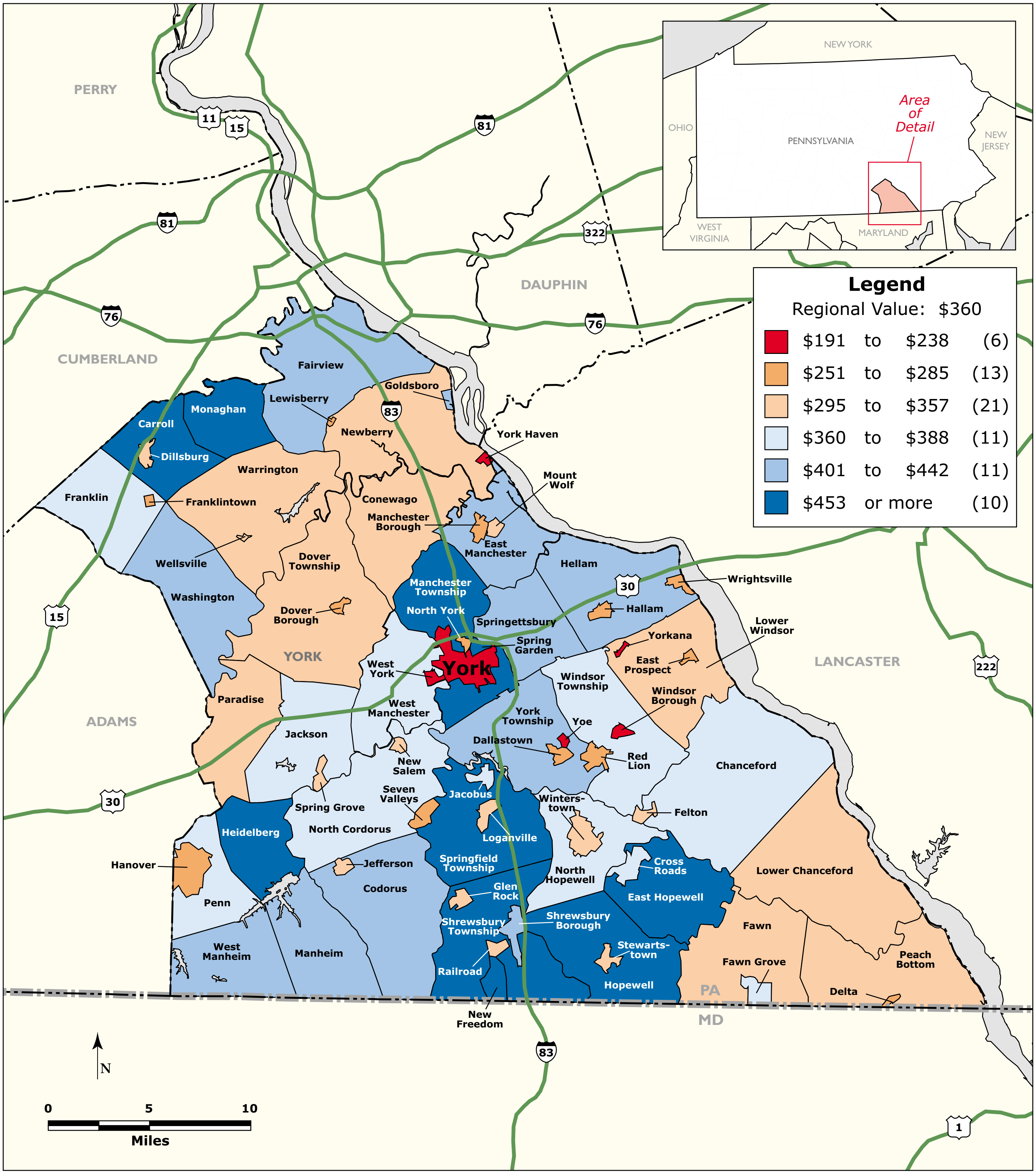
Changes in tax capacity per household from 1993 to 1999 illustrates an outward spread of fiscal strain from the central city, engulfing bedroom-developing, at-risk, older, and at-risk lower density communities alike. Several communities dispersed throughout the southern portion of the metropolitan area experienced the most severe losses in tax capacity (Fawn Township, Shrewsbury Borough and Spring Grove). Bedroom communities that remain far from the effects of central city decline continued to exhibit above-average tax capacity growth.

YORK REGION:
School District Classification



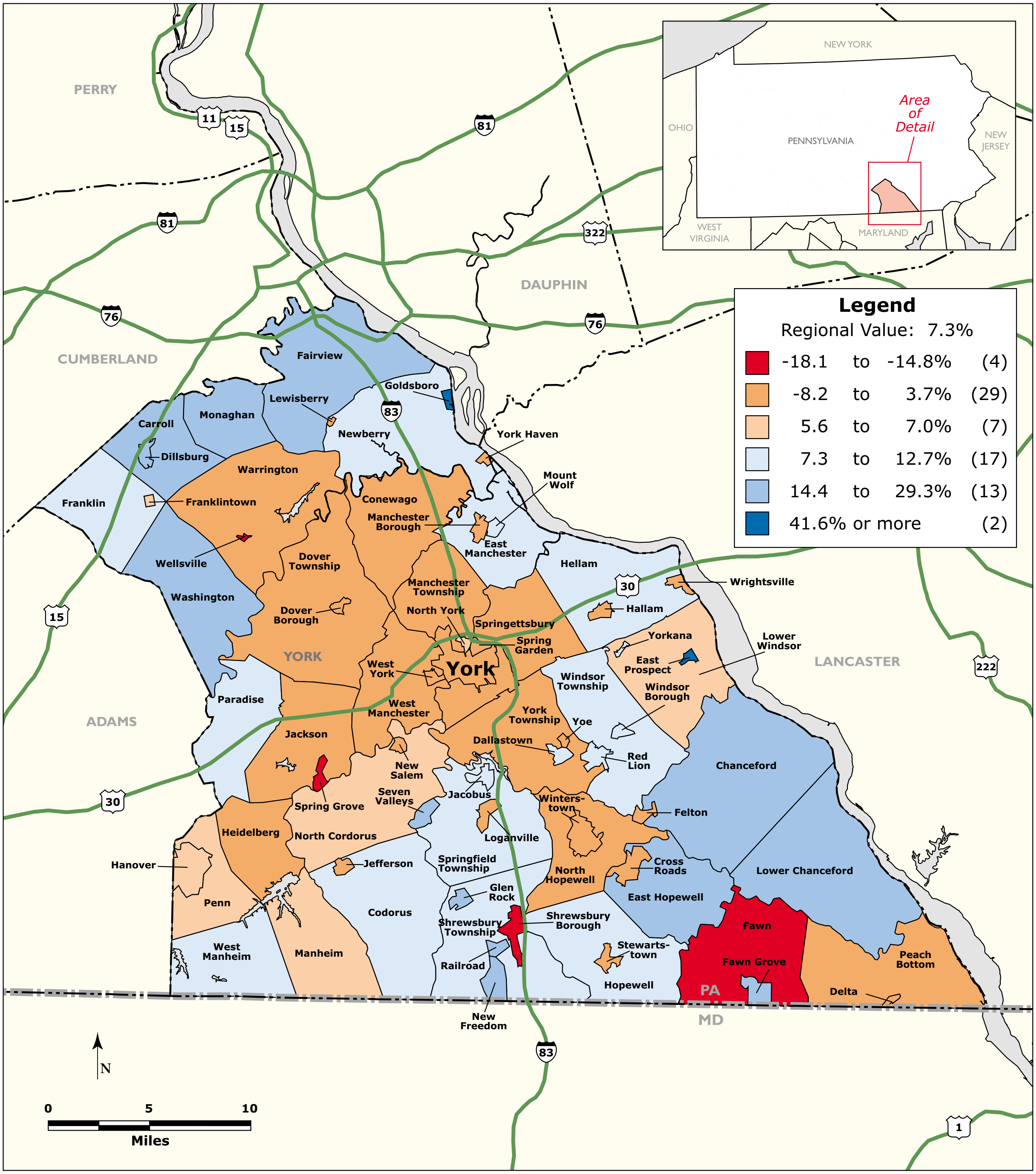
Data Source: Metropolitan Area Research Corporation.

YORK REGION:
Tax Capacity per Household by Municipality, 1999



Data Sources: Pennsylvania State Tax Equalization Board; Pennsylvania Department of Community and Economic Development; MARC.

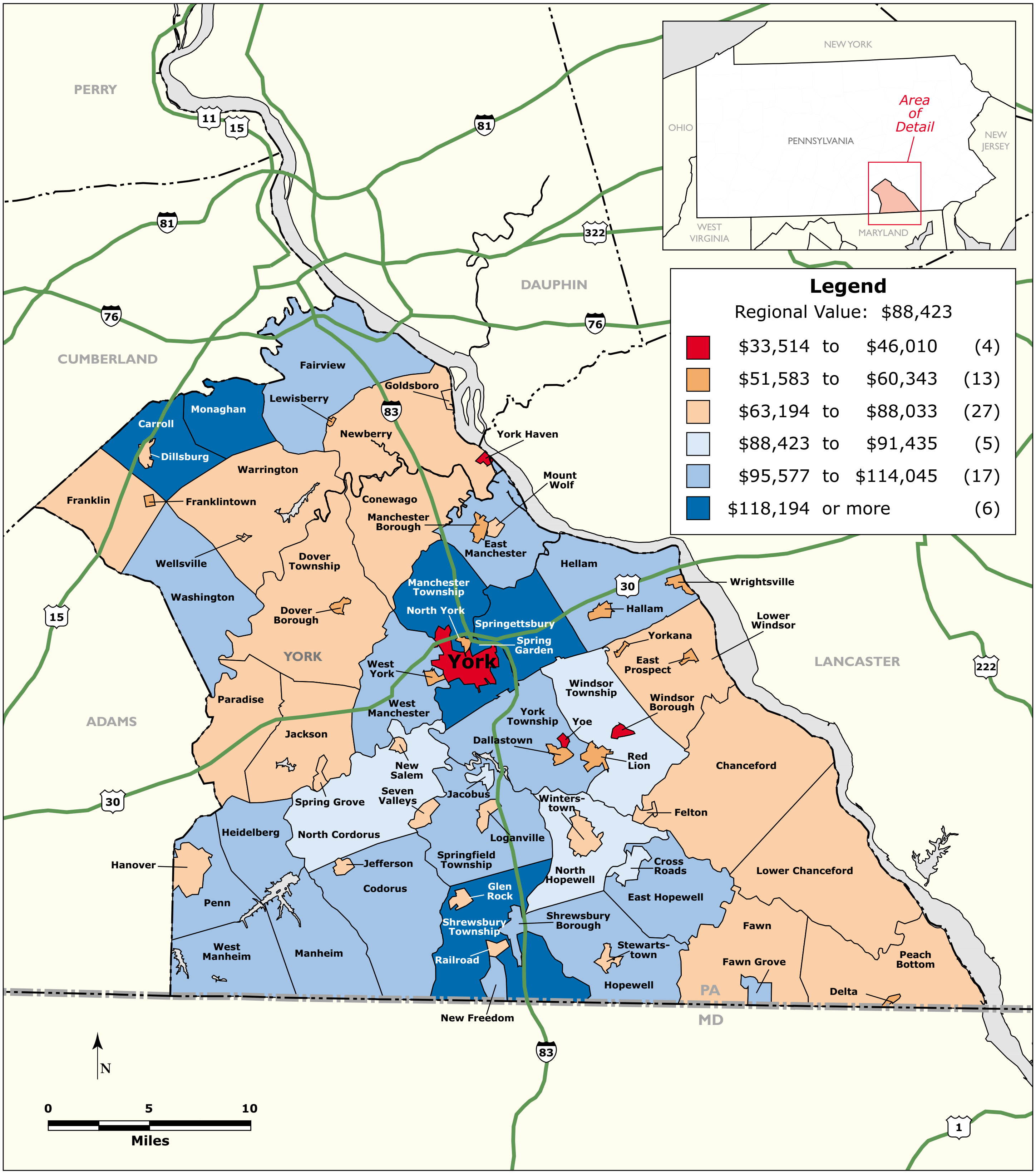
YORK REGION:
Percentage Change in Tax Capacity per Household by Municipality, 1993-1999



Data Sources: Pennsylvania State Tax Equalization Board; Pennsylvania Department of Community and Economic Development; MARC.

marc
Metropolitan Area Research Corporation

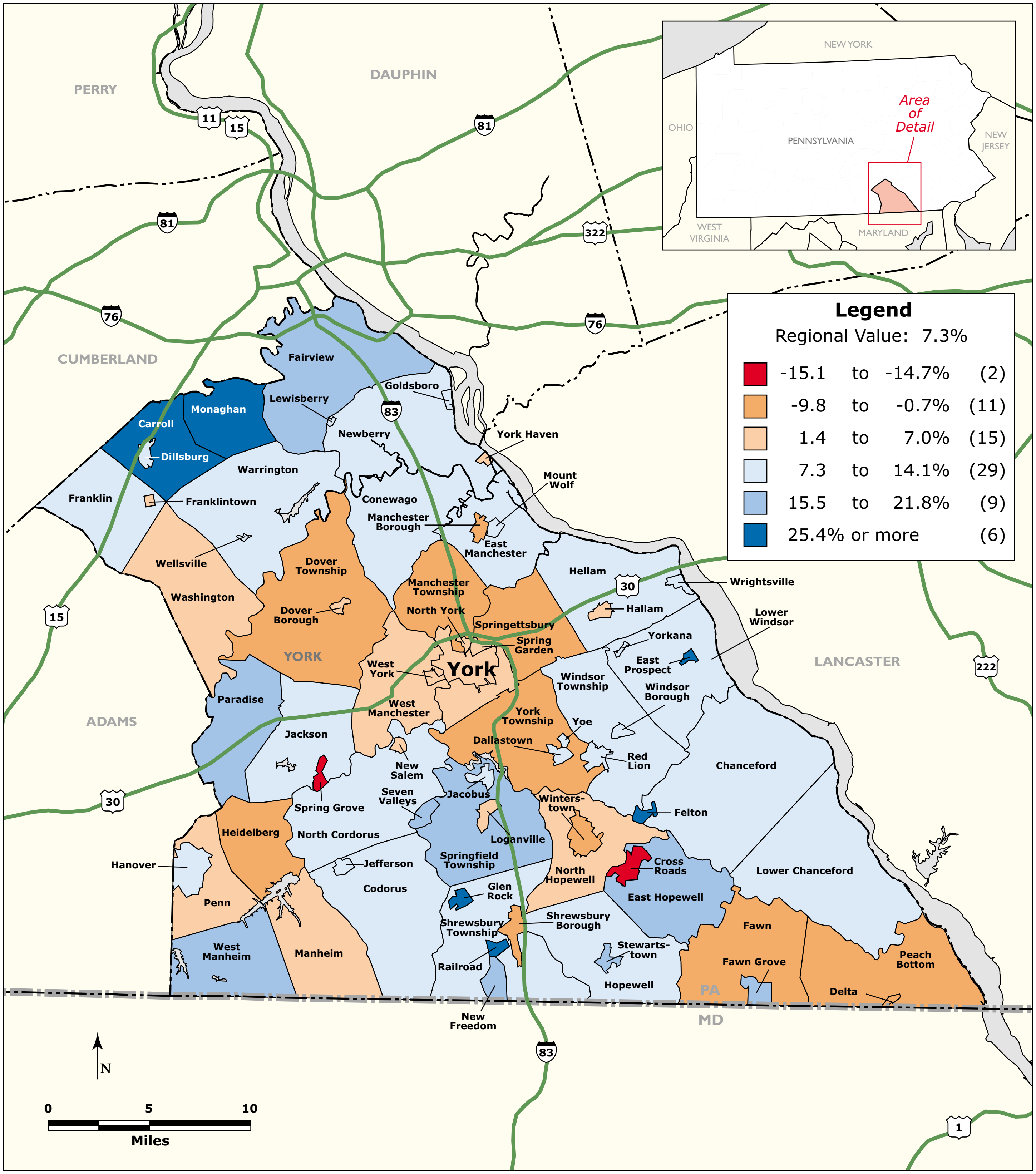
YORK REGION:
Property Tax Base per Household by Municipality, 1999



Data Sources: Pennsylvania State Tax Equalization Board; MARC.

marc
Metropolitan Area Research Corporation

YORK REGION: Percentage Change in Property Tax Base per Household by Municipality, 1993-1999



Data Sources: Pennsylvania State Tax Equalization Board; MARC.

Erie

Community Classification

The Erie metropolitan area consists of Erie County in the northwest corner of Pennsylvania. Its namesake, the city of Erie, is the only central city in the region. Most households reside in either the city of Erie (39 percent) or bedroom-developing communities (41 percent). There are no at-risk segregated places, and only eight at-risk, older communities, all of which are small places—often boroughs—engulfed in larger townships. Some examples are North East Borough, McKean Borough, Albion and Mill Village. There are 17 at-risk lower density communities in the Erie region that are primarily clustered in two groups, one on the Ohio border, and one due southeast of the city of Erie.

There are 12 bedroom-developing communities that roughly ring the city of Erie. These places have the lowest rates of school poverty of all the communities in the region, the newest housing stock, and the highest growth of new households in the region, 7 percent. There are no affluent job centers in the Erie area.

Social Separation and Sprawl

Since before the Industrial Revolution, Erie County has been an industrial center; today 28 percent of its workforce is still involved in the manufacturing sector.[31] The region is also known for its plastics industry as well as tourism relating to its perch on Lake Erie.

Today, Erie County faces the threats of social and economic polarization and wasteful development patterns. Economic blight is highly concentrated in the City of Erie, the region's boroughs and a few outlying townships, but economic strains can be found throughout the region, including several suburbs that might otherwise be considered prosperous.

The metropolitan area had a population of 281,000 in 2000, down 2 percent from 1990. The city of Erie experienced an even larger rate of population decline in that period, falling 5 percent, from 109,000 to 104,000 people.

Despite overall population loss, the region experienced slight gains in school-aged and elderly populations from 1990 to 2000. The Erie region's population of school-aged children increased in the Corry Area, Girard and Mill Creek Township school districts. The region's senior population growth was concentrated in small areas in and around the City of Erie.

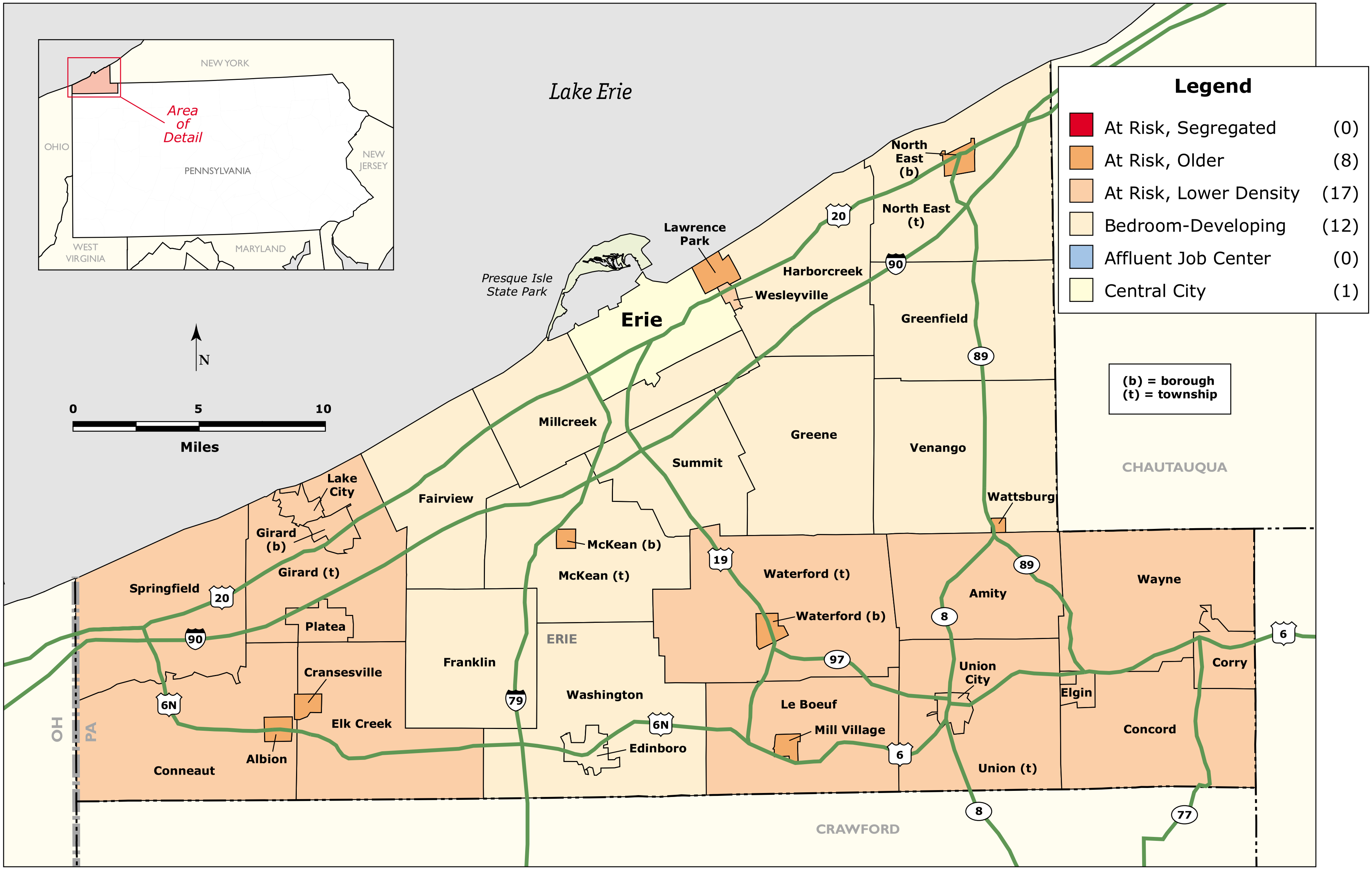
Erie County shows the classic signs of concentrated poverty in the core, poverty that is deepening over time. The Erie City schools are all impacted by high rates of school poverty—every elementary building has eligibility for free and reduced lunch above 46 percent. With a few exceptions, significant increases in school poverty are concentrated in the city of Erie. Erie County as a whole has the highest rate of free and reduced-price lunch eligibility of any Pennsylvania metropolitan area, 34 percent.

The school district classification map reveals that most Erie County school districts are socially or fiscally stressed, and many are experiencing both characteristics. There are no high capacity/low cost districts, and there is only one moderate capacity/low cost district. The majority of the districts are struggling with inadequate revenues to cover the social costs.

Municipal Tax Capacities

The ability of communities to raise adequate tax revenues varies from one part of the region to another. The city of Erie's tax capacity is just 66 percent of the regional average and tax capacities in at-risk, low-density communities in the region's southwestern and southeastern corners are only 86 percent of the regional average. Both types of communities would benefit greatly from regional reform. By contrast, bedroom developing communities and at-risk, older communities throughout the

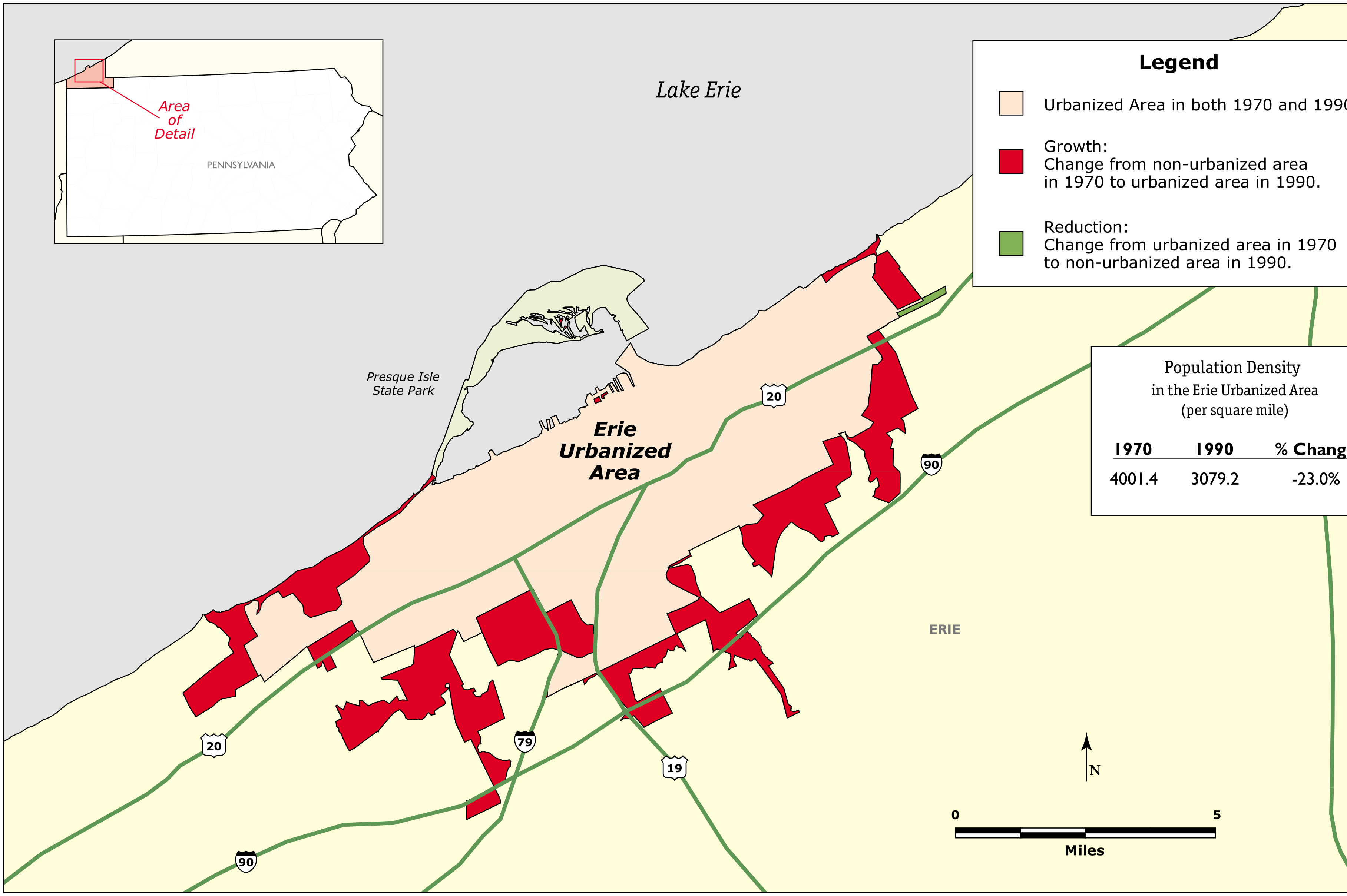
ERIE:
Community Classification



Data Source: Metropolitan Area Research Corporation.

Metropolitan Area Research Corporation

ERIE REGION: Change in Urbanized Area, 1970-1990



Legend

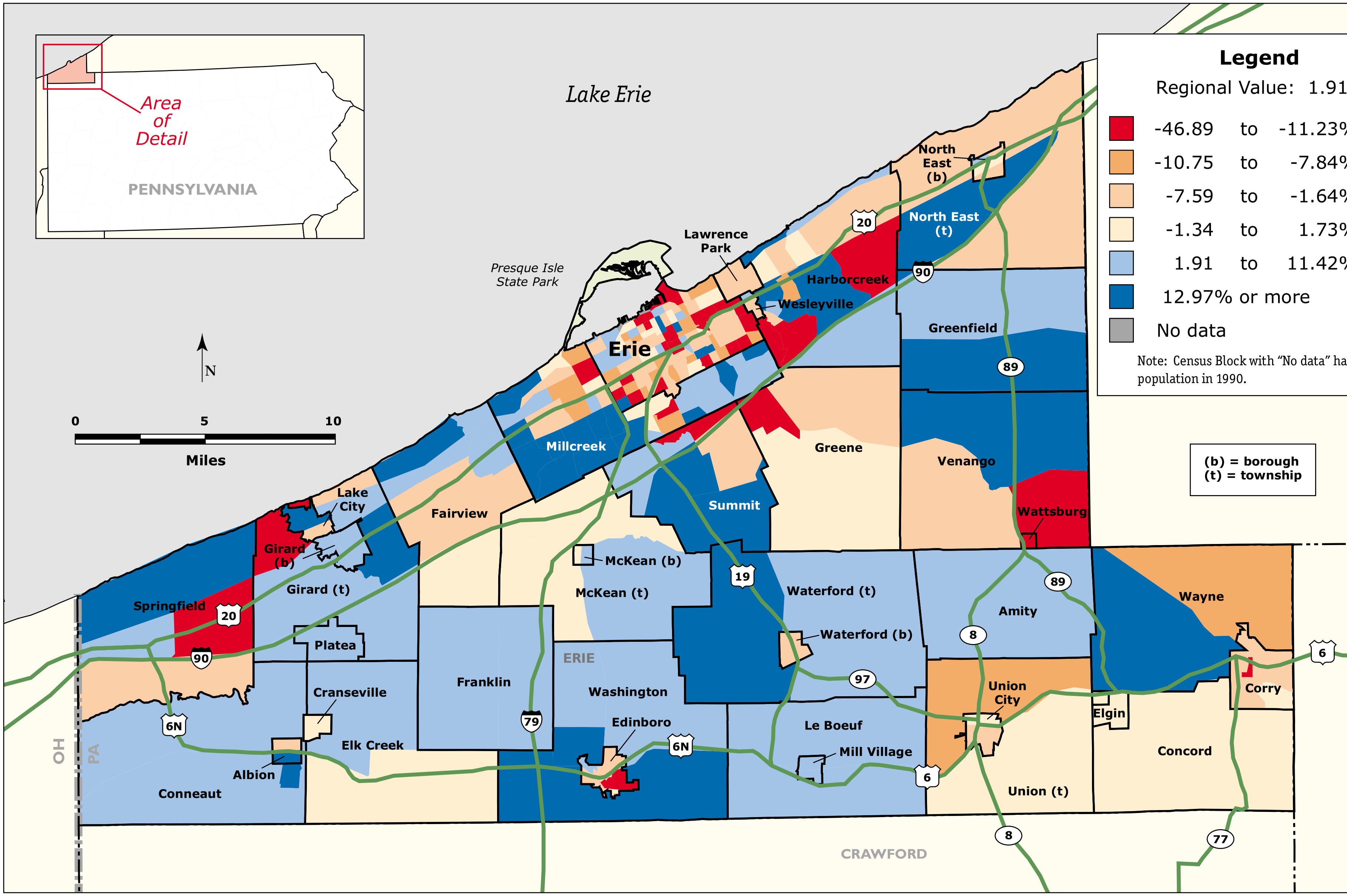
- Urbanized Area in both 1970 and 1990.
- Growth: Change from non-urbanized area in 1970 to urbanized area in 1990.
- Reduction: Change from urbanized area in 1970 to non-urbanized area in 1990.

Population Density
in the Erie Urbanized Area
(per square mile)

1970	1990	% Change
4001.4	3079.2	-23.0%

Data Source: U. S. Census Bureau.

ERIE REGION:
Percentage Change in Population by Census Block Group, 1990-2000



Legend

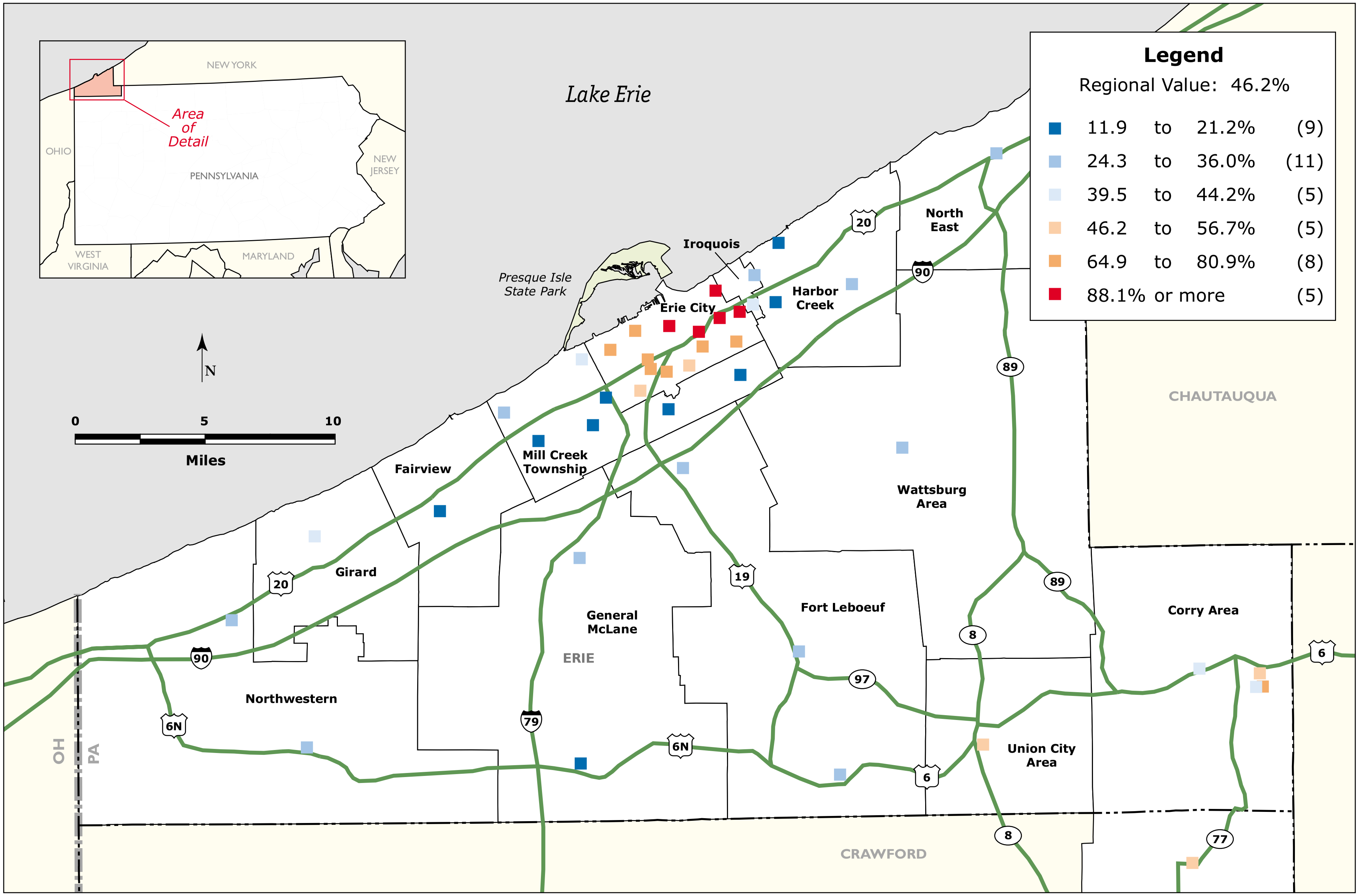
Regional Value: 1.91%

-46.89	to -11.23%	(30)
-10.75	to -7.84%	(25)
-7.59	to -1.64%	(83)
-1.34	to 1.73%	(31)
1.91	to 11.42%	(45)
12.97% or more		(37)
No data		(1)

Note: Census Block with "No data" had zero population in 1990.

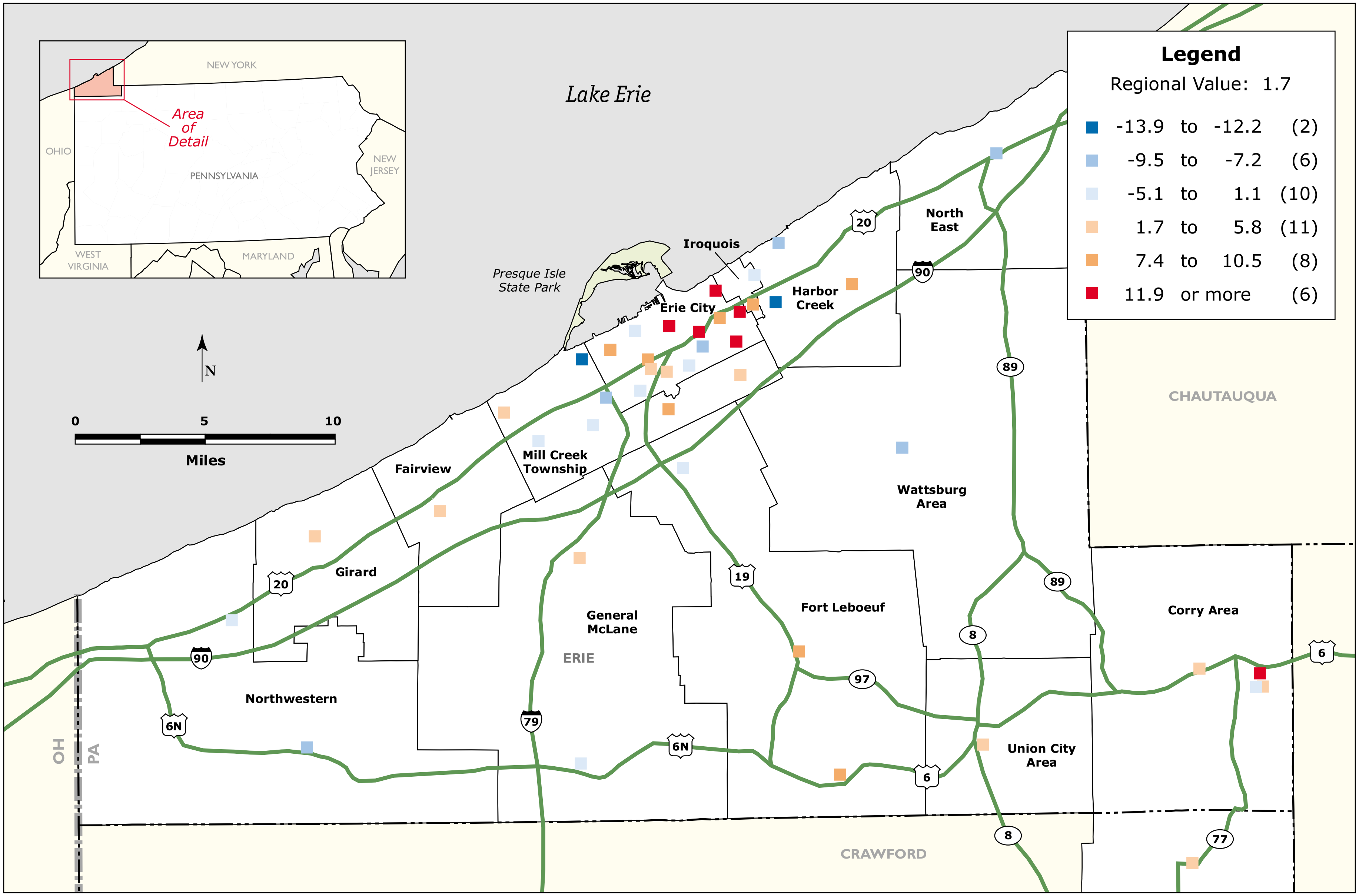
Data Source: U.S. Census Bureau.

ERIE REGION:
Percentage of Elementary Students Eligible for Free and Reduced Lunch by School, 2001



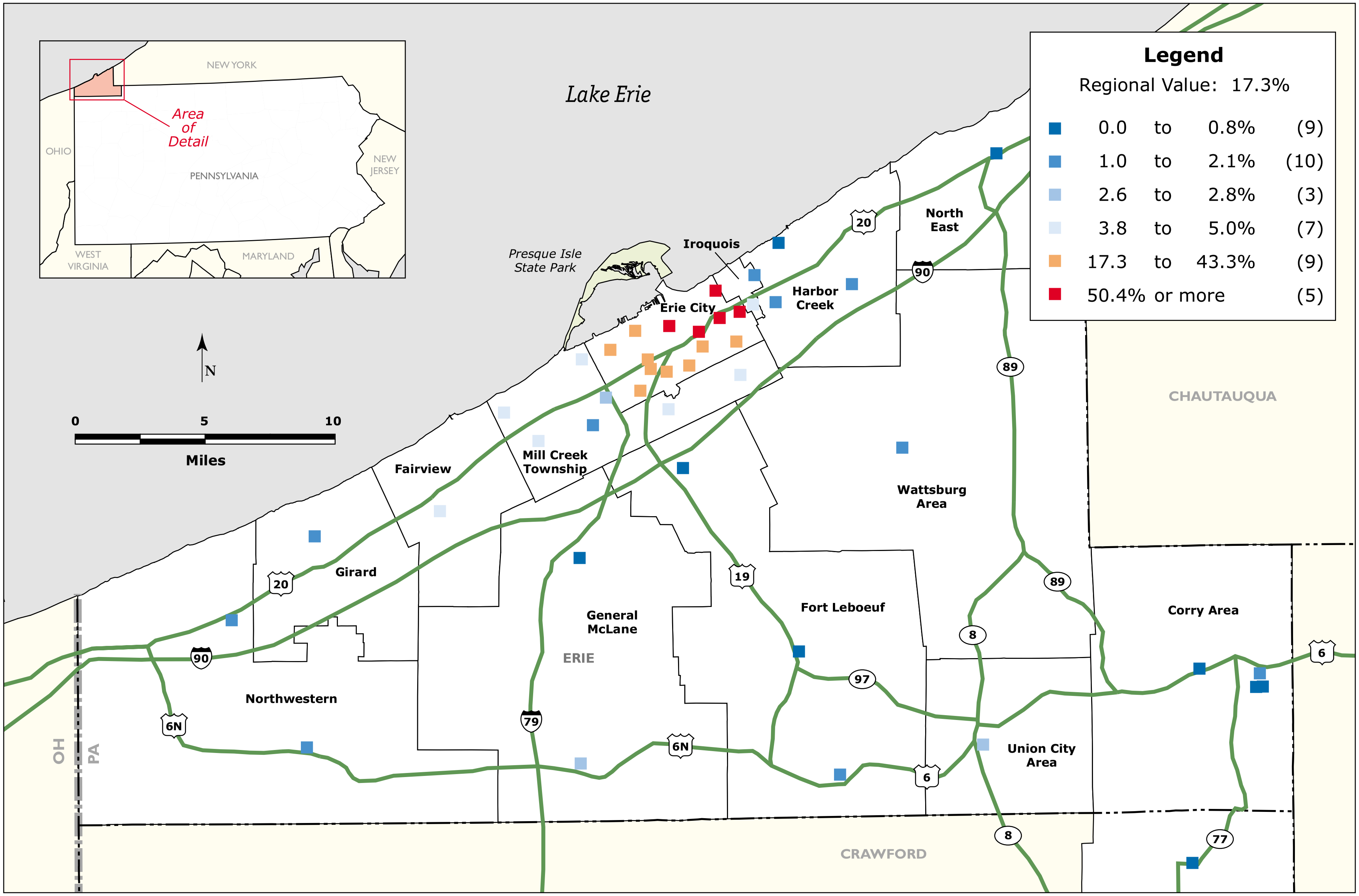
Data Source: Pennsylvania Department of Education.

ERIE REGION:
Change in Percentage Points of Elementary Students Eligible for Free and Reduced Lunch by School, 1996-2001



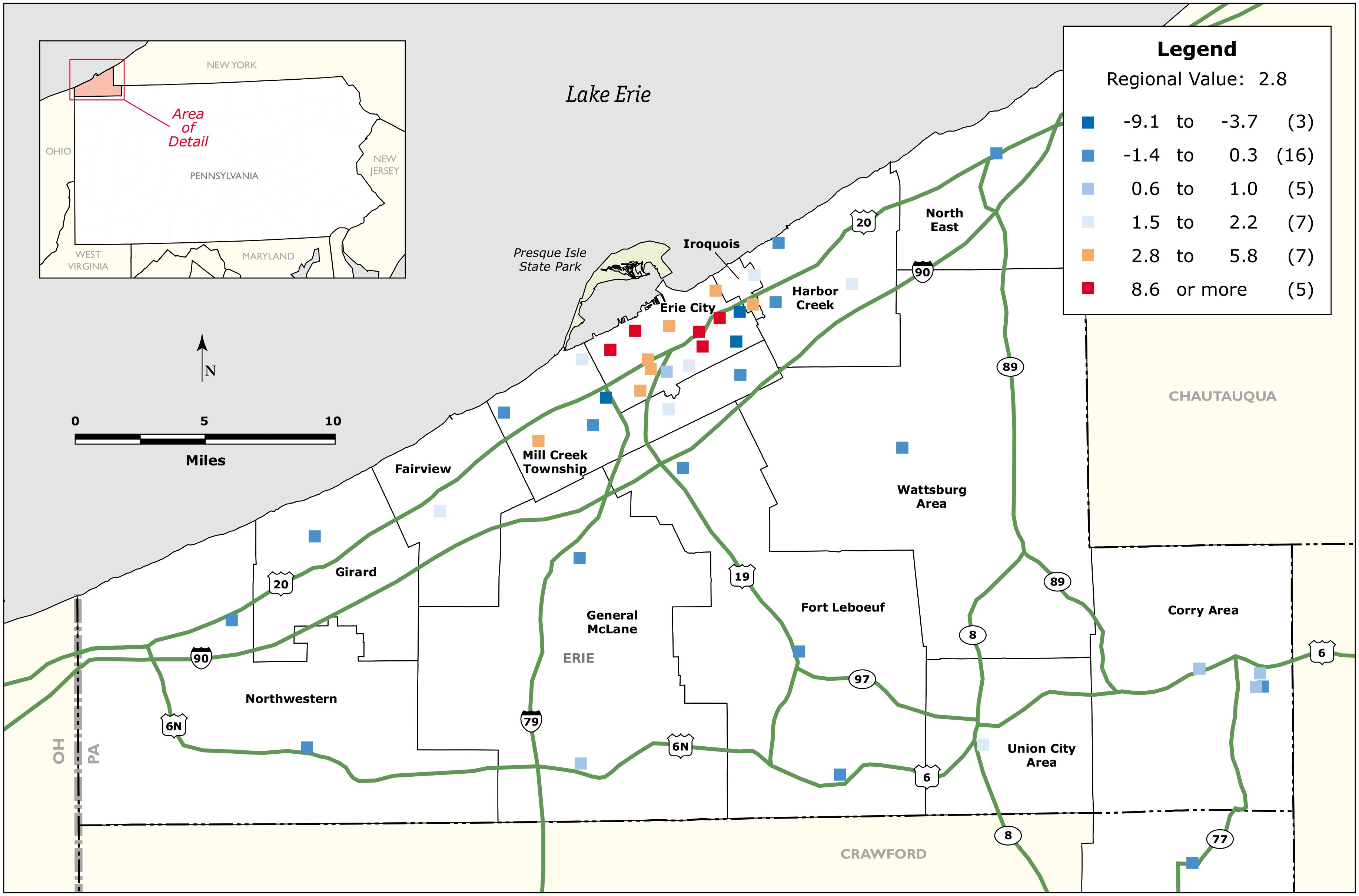
Data Source: Pennsylvania Department of Education.

ERIE REGION:
Percentage of Non-Asian Minority Elementary Students by School, 2001



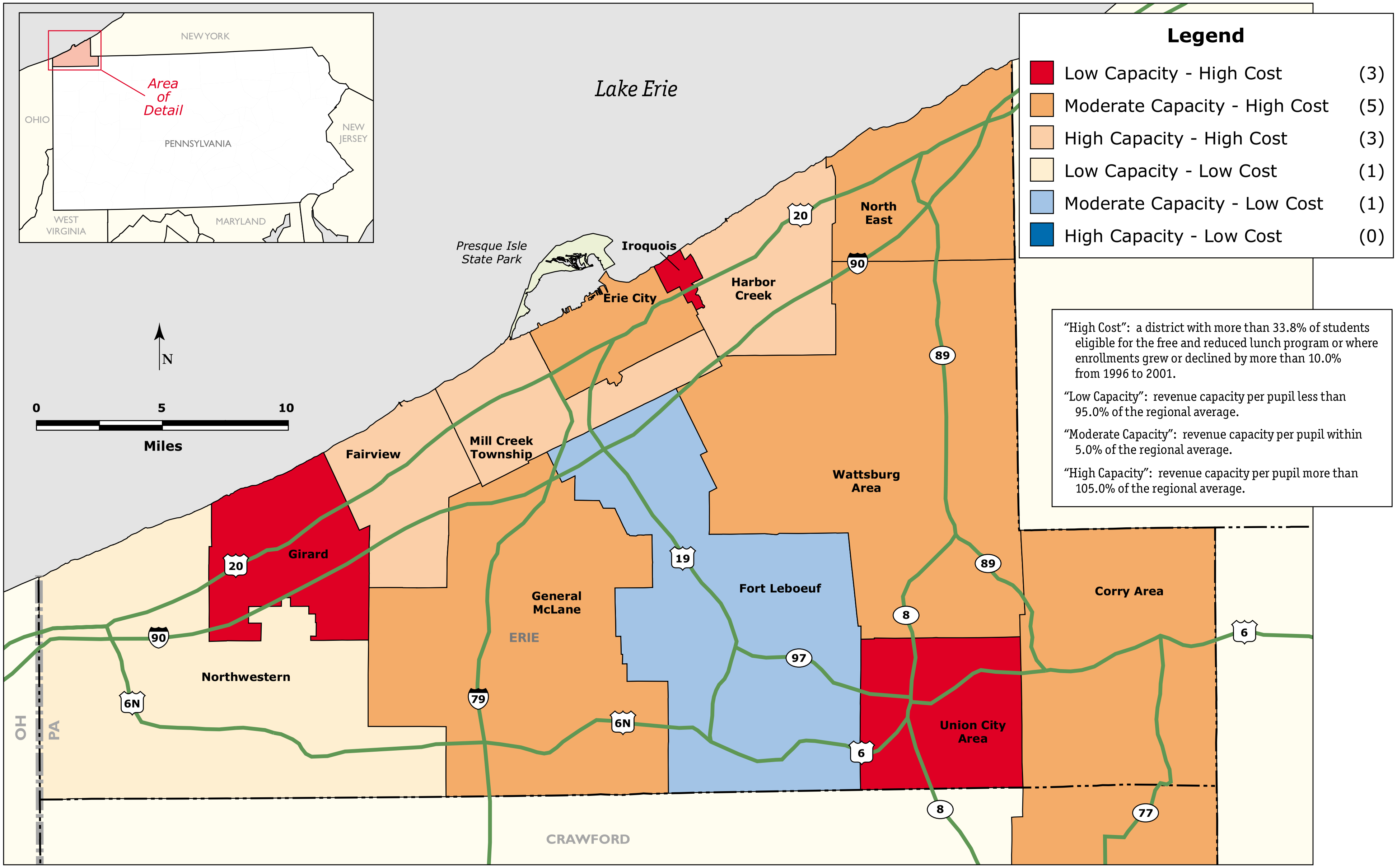
Data Source: Pennsylvania Data Services Department.

ERIE REGION: Change in Percentage Points of Non-Asian Minority Elementary Students by School, 1996-2001



Data Source: Pennsylvania Data Services Department.

ERIE REGION:
School District Classification



"High Cost": a district with more than 33.8% of students eligible for the free and reduced lunch program or where enrollments grew or declined by more than 10.0% from 1996 to 2001.

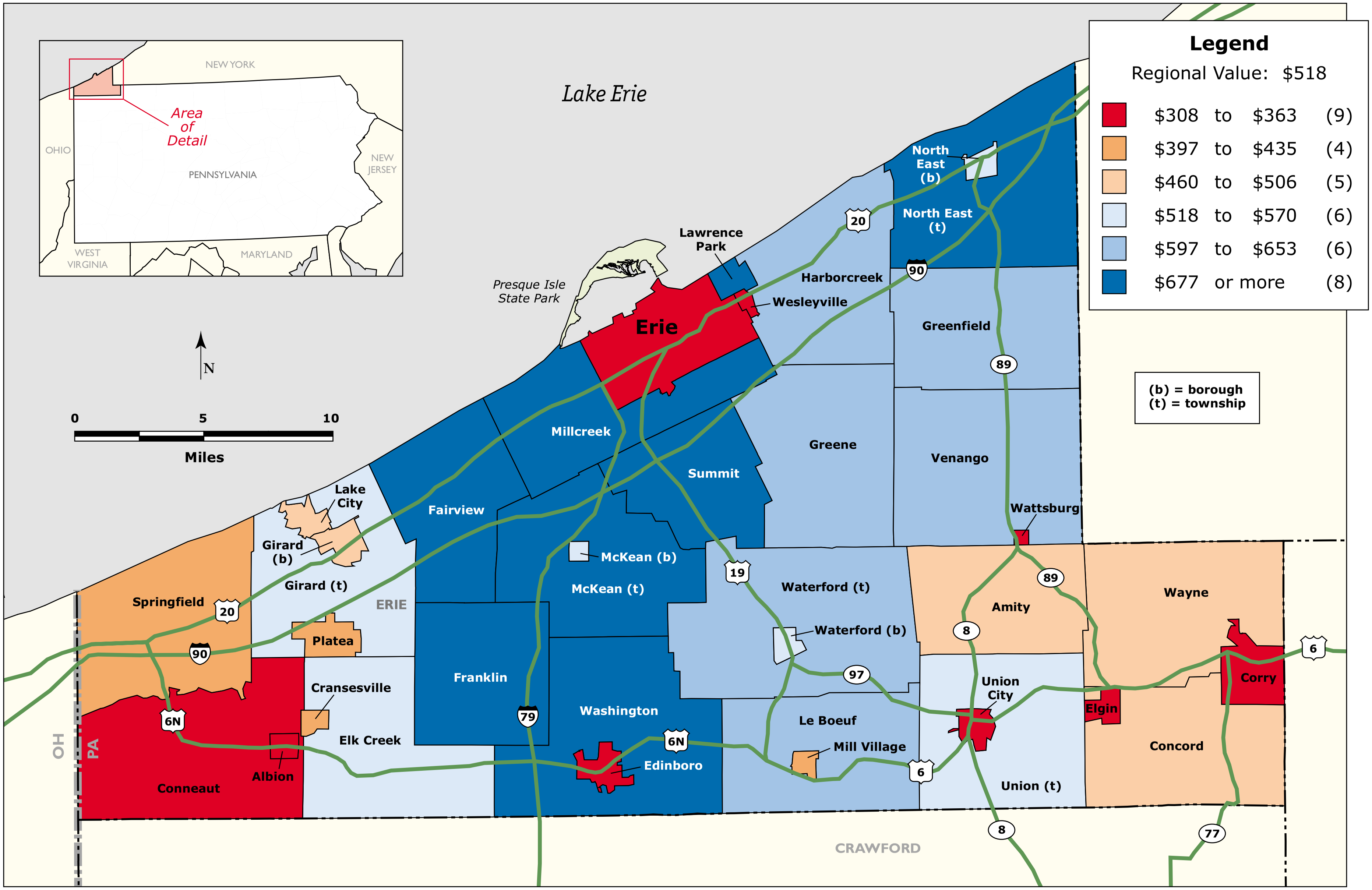
"Low Capacity": revenue capacity per pupil less than 95.0% of the regional average.

"Moderate Capacity": revenue capacity per pupil within 5.0% of the regional average.

"High Capacity": revenue capacity per pupil more than 105.0% of the regional average.

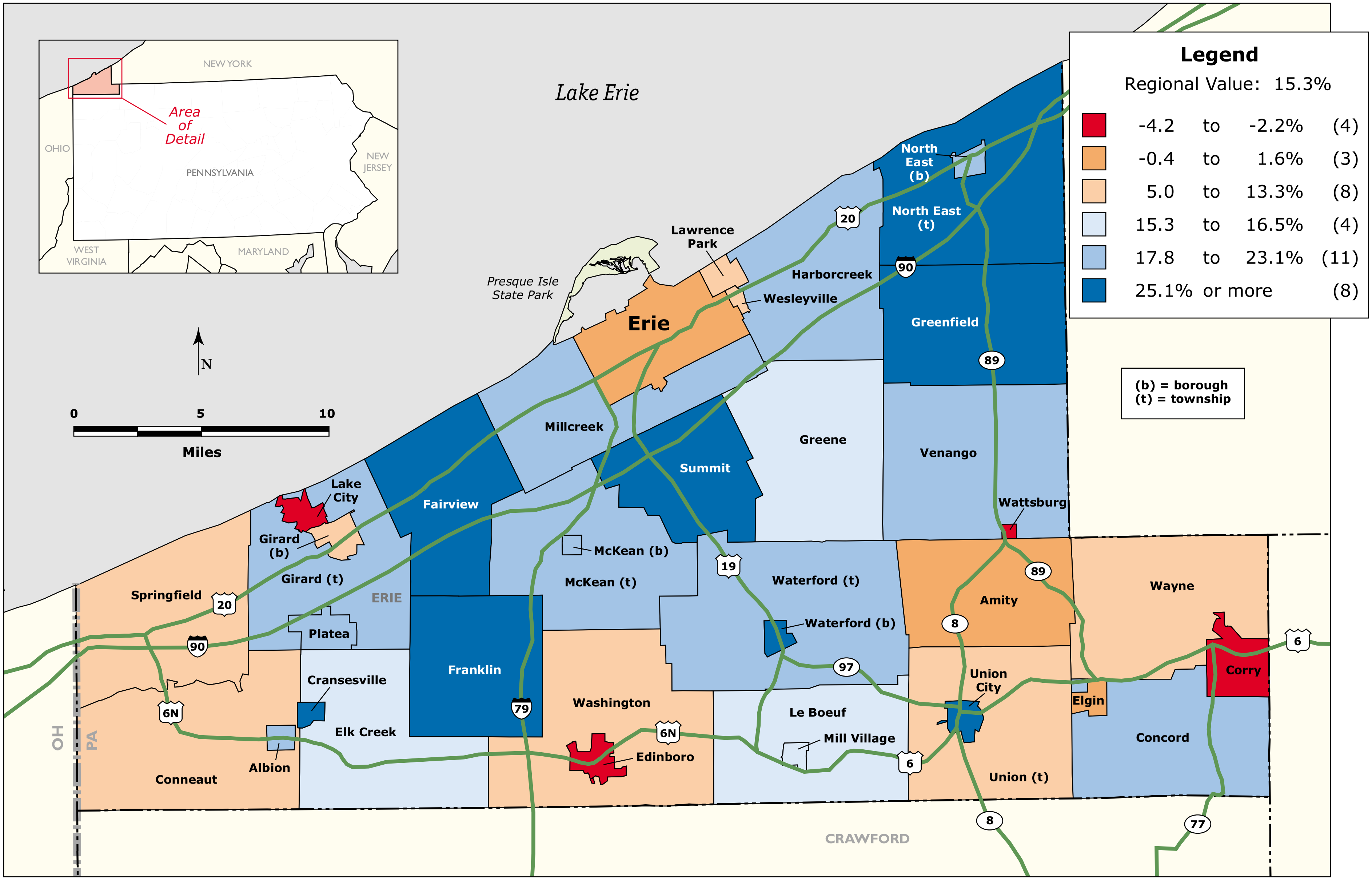
Data Source: Metropolitan Area Research Corporation.

ERIE REGION:
Tax Capacity per Household by Municipality, 1999



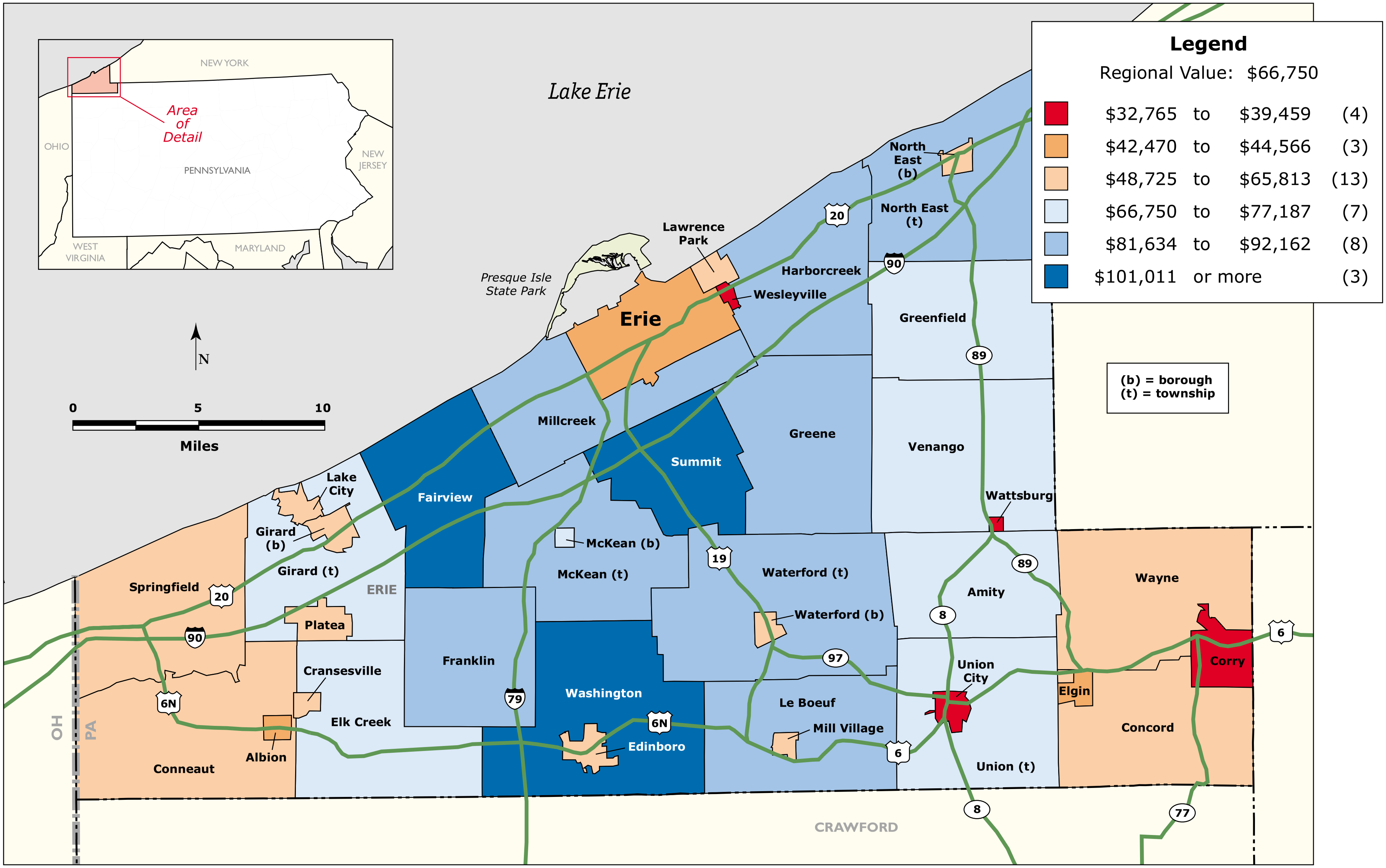
Data Sources: Pennsylvania Department of Community and Economic Development; Pennsylvania State Tax Equalization Board; MARC.

ERIE REGION: Percentage Change in Tax Capacity per Household by Municipality, 1993-1999



Data Sources: Pennsylvania Department of Community and Economic Development; Pennsylvania State Tax Equalization Board; MARC.

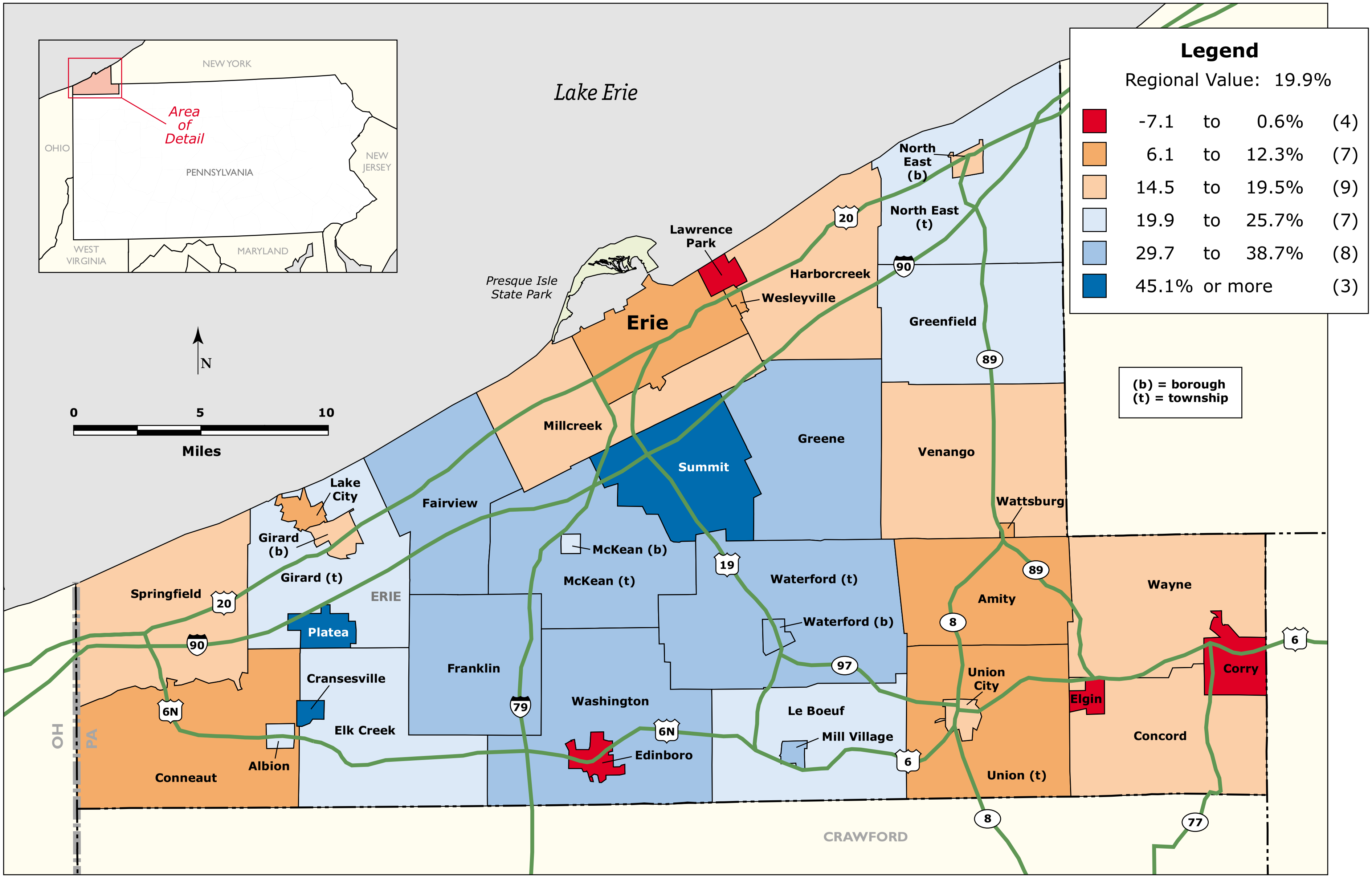
ERIE REGION:
Property Tax Base per Household by Municipality, 1999



Data Sources: Pennsylvania State Tax Equalization Board; MARC.

Metropolitan Area Research Corporation

ERIE REGION: Percentage Change in Property Tax Base per Household by Municipality, 1993-1999



Data Sources: Pennsylvania State Tax Equalization Board; MARC.

region exhibit relatively high capacities, 137 percent and 104 percent of the regional average, respectively. Had all of the municipalities within the Erie region levied the same property and earned income tax rates, the revenues coming to the 95th percentile municipality would have been nearly three times the revenue of the 5th percentile municipality. Put another way, for each municipality within the Erie region to provide the same level of public services, the municipalities with the lowest tax bases would have to tax their residents at three times the rate of those with the highest tax bases.

Current tax capacity levels can in part be explained through the change in tax capacity over the latter portion of the 1990s. The majority of bedroom-developing communities and at-risk older communities continued to increase above the regional average, while the central city and a portion of the at-risk, lower density communities exhibited tax capacities well below the regional average.

LOOKING FORWARD: STRATEGIES FOR REGIONAL REFORM

This study finds that the regional competition for tax base hurts almost every city and suburb in a region—leading to concentrated poverty and abandoned public facilities in central cities; growing social and fiscal strain in at-risk suburbs; and causing traffic snarls, overcrowded schools and degraded natural resources in communities on the urban fringe.

These problems diminish the quality of life throughout a region. They require region-wide solutions. Broad policy areas where reforms are most needed to combat social separation and wasteful sprawl include:

- Greater **fiscal equity** to equalize resources among local governments.
- Smarter **land-use planning** to support more sustainable development practices.
- Accountable **metropolitan governance** to give all communities a voice in regional decision-making.

These reforms offer relief to all types of metropolitan communities. For central cities, regionalism means enhanced opportunities for redevelopment and for the poor.

For older at-risk suburbs, it means stability, community renewal, lower taxes and better services.

For rapidly growing at-risk and bedroom-developing communities, it means sufficient spending on schools, infrastructure and clean water.

For affluent suburban communities, regional cooperation offers the best hope for preserving open space and reducing congestion.

In addition to addressing individual problems, these strategies are mutually reinforcing. Successfully implementing one makes implementing the others much easier, both substantively and politically. Regional approaches can also be more easily tailored to reflect the specific circumstances of individual metropolitan areas.

Greater Fiscal Equity

Pennsylvania's tax system is by all accounts in need of reform, and is an area that could benefit greatly from regional strategies. Pennsylvanians are currently subjected to a variety of taxes that residents of other states do not shoulder, and many of them have the unfortunate effect of overly burdening city residents and favoring residents of bedroom-developing communities in the outer reaches of the metropolitan regions.

Act 511 taxes, widely known as the "tax anything" law, allows municipalities, counties and school districts in Pennsylvania to levy taxes on items not taxed by the state.[32] The taxes can be applied to wages and occupations, among other things. The Act 511 taxes vary so substantially from city to city, county to county, and school district to school district, that decisions like choosing a workplace, residence and school are being influenced by the relative tax rates those choices will incur. The result is to drive residents away from the highest tax burden places to places with lower taxes and, paradoxically, higher services.

The Philadelphia wage tax, a subset of the Act 511 taxes, results in a tax burden on Philadelphians that is 20 to 30 percent higher than in virtually every other major city in the United States, and city taxes are hundreds or thousands of dollars higher than in the suburbs.[33] The effects of the Philadelphia wage tax are compounded by the city-county structure of Philadelphia: the county *is* the city. Most U.S. cities have other municipalities in their counties that help offset the regional disparities, but Philadelphia has no other municipalities with whom it can share the cost of providing services to its residents. In this way Philadelphia is effectively cut off from the rest of the region as it taxes its own residents and businesses at nearly four times the rate of other places.

There is good news in the state. One of the few examples of tax-revenue sharing programs in the country is found in Allegheny County. Act 77, passed by the Pennsylvania General Assembly in 1993, created a tax-revenue sharing program within the Allegheny Regional Asset District (ARAD) for Pittsburgh and the surrounding municipalities in Allegheny County. The goals of Act 77 are to provide more funding for regional assets, promote intergovernmental cooperation, and to provide new revenues to local government. Distributions of sales tax revenue have allowed financially strapped cities to hold down property tax rates and increase municipal services at the same time.[34] The local model of the Allegheny County tax-revenue sharing program could be expanded to include more municipalities for greater effect, and could also be a model exported to other regions in the state.

At the local level, Pennsylvania is a national leader in the use of the so-called "split-rate" property tax—a property tax system that taxes land more heavily than improvements to land (such as buildings). The split-rate tax encourages more intensive use of land and discourages land speculation or abandonment. Fifteen cities in Pennsylvania currently use the tax.[35] There is research suggesting that Pittsburgh's split-rate tax has had positive economic outcomes, such as an increase in infill development, more downtown jobs, and an enhanced urban housing stock.[36] Although local economic development has been the primary rationale for the use of the tax, because it promotes more intensive use of land, it could also be a constructive component of a broader anti-sprawl program.

There are regional policies available that can decrease the incentives for local governments to engage in wasteful competition for tax base. A tax-base sharing program like the Twin Cities Fiscal Disparities program is an example of such a policy. Since 1971, local governments in the Minneapolis-St. Paul region contribute 40 percent of their growth in commercial-industrial tax base to a regional pool. The tax base in the regional pool is then redistributed back to local governments according to local tax base per capita. Tax-base-poor communities get back more than they paid in to the pool, while tax-base-rich communities get back less. Because all communities keep 60 percent of the growth, the program allows municipalities to cover the costs of development, but, because they lose 40 percent, the program reduces the incentives for inter-local competition for tax base.[37]

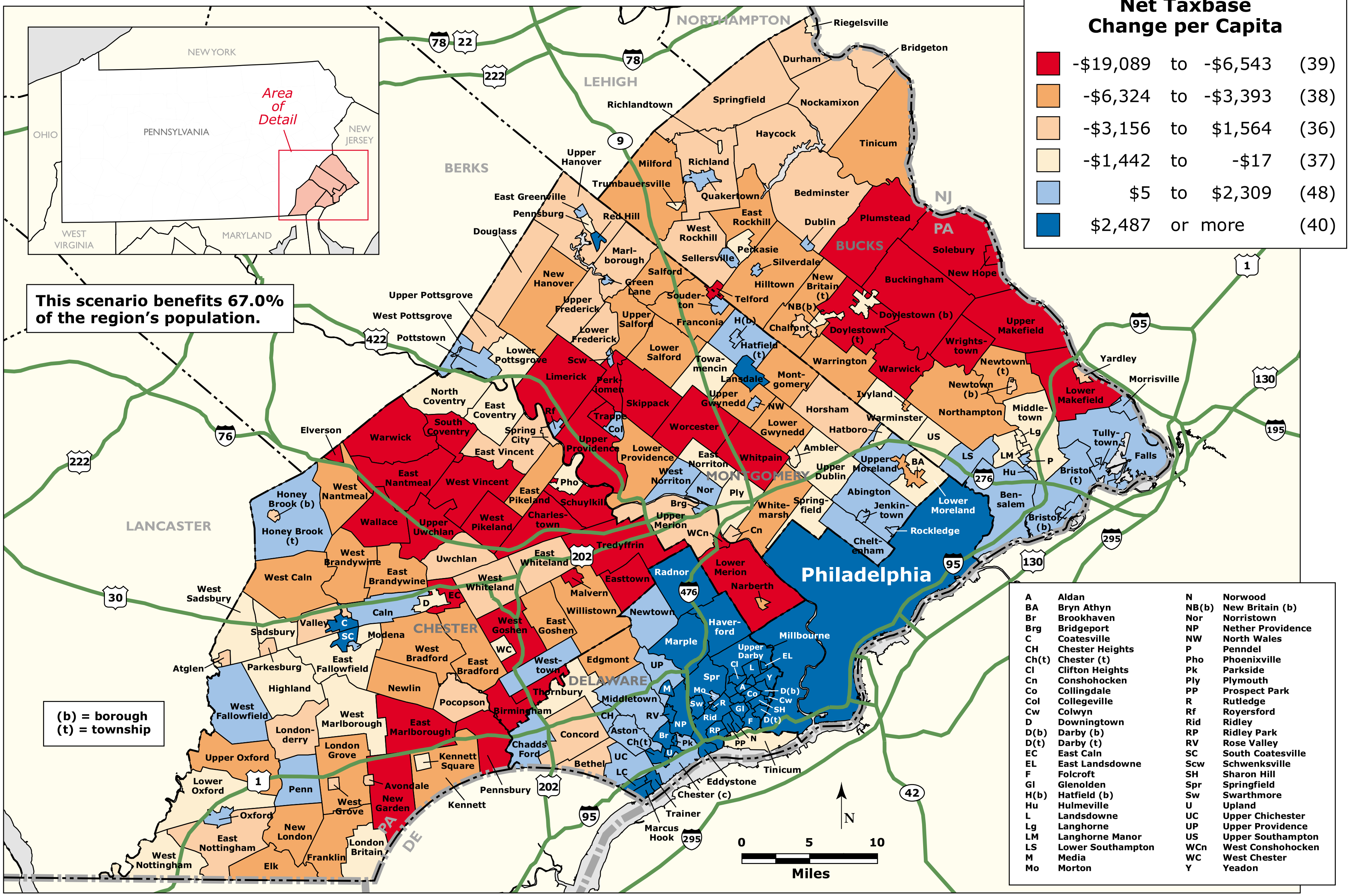
The geographic distribution of tax-base sharing benefits was simulated for each of the eight Pennsylvania metropolitan areas (see maps). The Fiscal Inequalities table shows how tax-base inequality in 1999 would have been reduced in the eight metropolitan areas if a program similar to Fiscal Disparities had been instituted in 1993.[38] In 6 regions, more than 63 percent of the region's population would have been net recipients of the program, and in the two others, more than 56 percent would benefit. These residents could expect to receive more or better public services with no increase (or, potentially, an actual decrease) in local tax rates under tax-base sharing.

Regional Land-Use Planning

In addition to creating great disparities in the fiscal capacity of local governments, there are many other costs associated with the inequitable and inefficient growth taking place in much of Pennsylvania. Valuable and sensitive open space is destroyed. Traffic congestion increases. Expensive public infrastructure is built on the urban edge, while existing facilities within cities are underutilized, and sometimes abandoned.

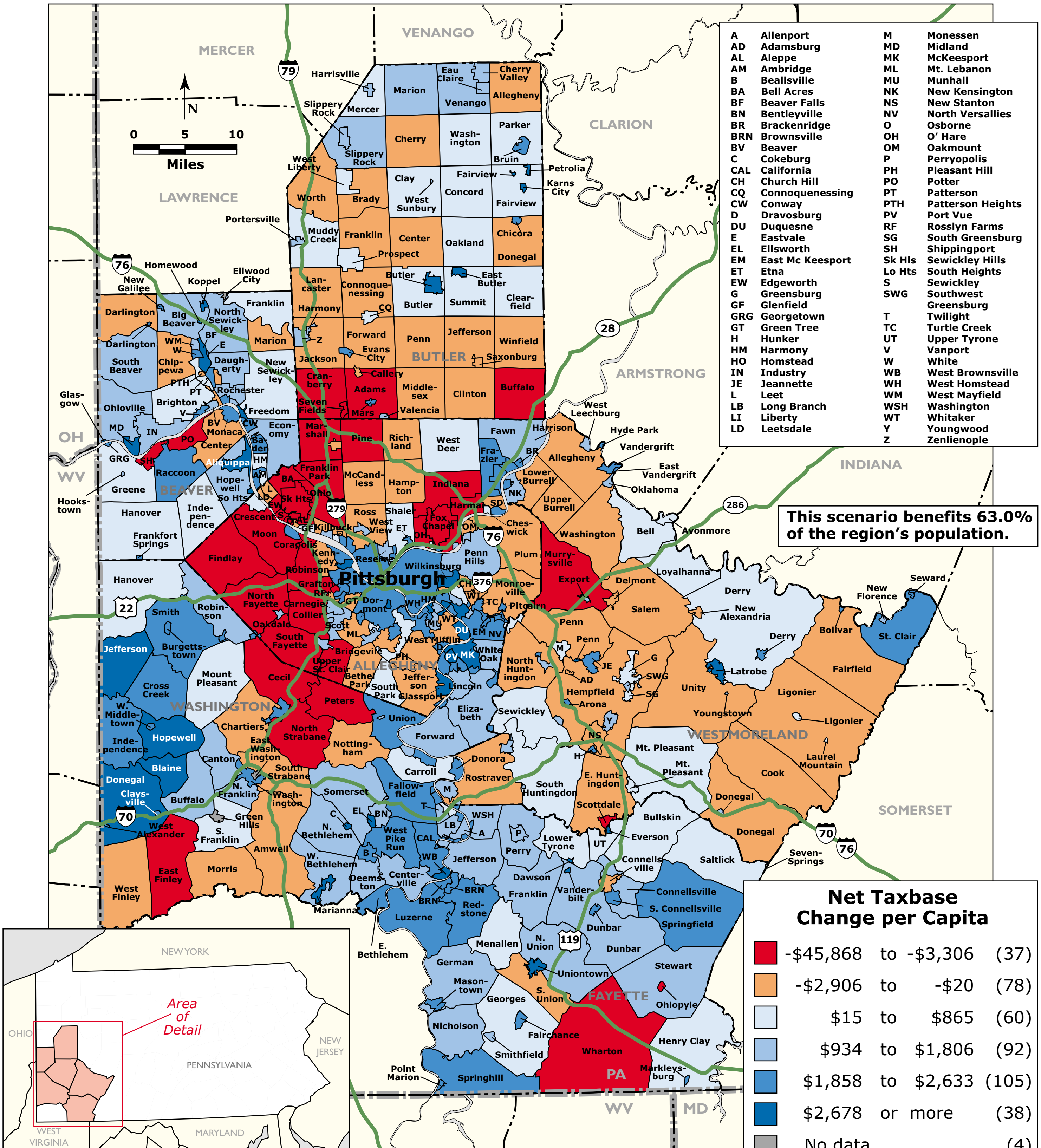
The local nature of planning efforts contributes to unbalanced growth patterns, and makes it very difficult to implement

PHILADELPHIA REGION:
40% of Tax Base Growth 1993-1999
Redistributed According to Population



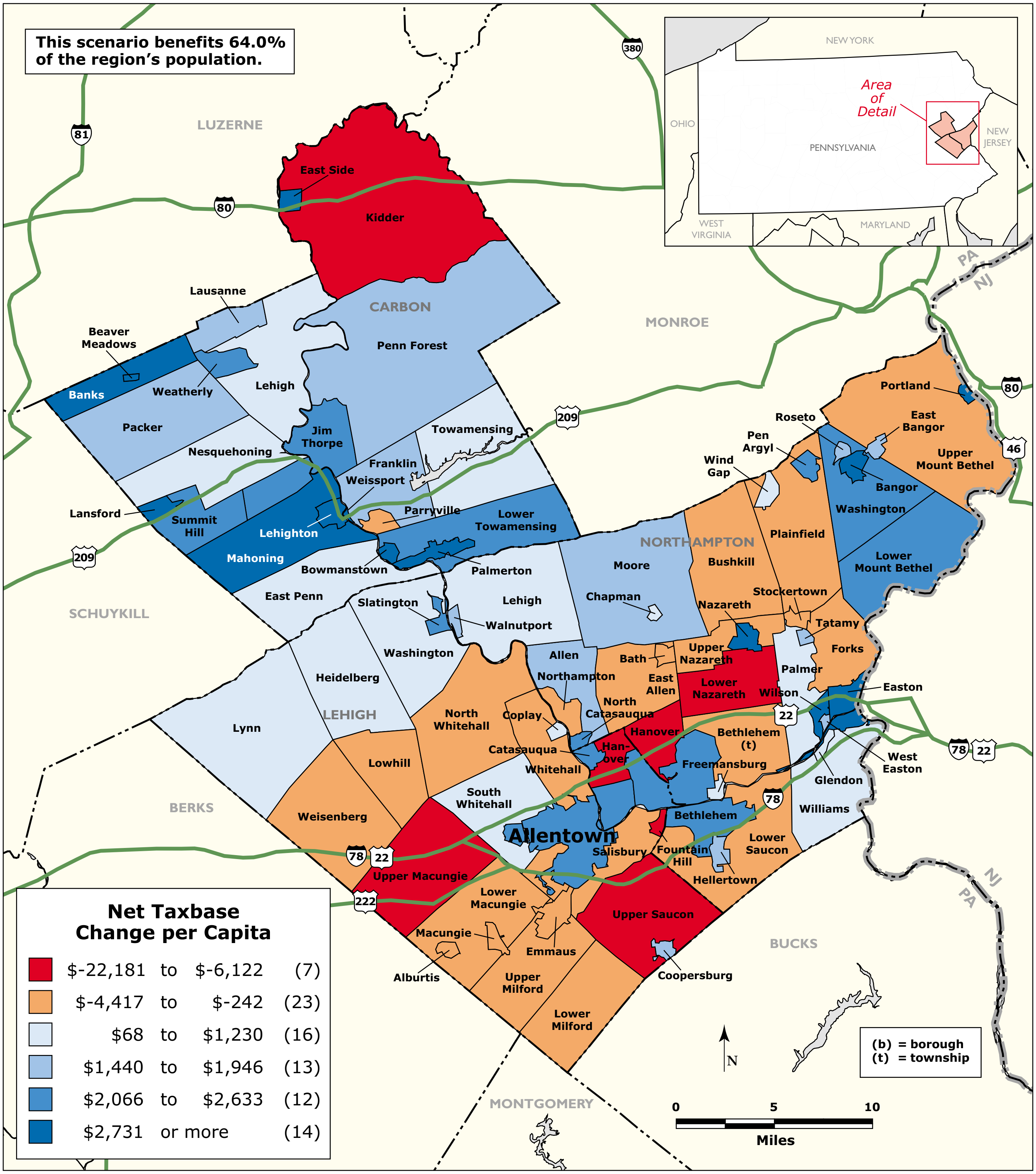
Data Sources: Pennsylvania State Tax Equalization Board; Pennsylvania Department of Community and Economic Development; MARC..

PITTSBURGH REGION:
40% of Tax Base Growth 1993-1999 Redistributed According to Population



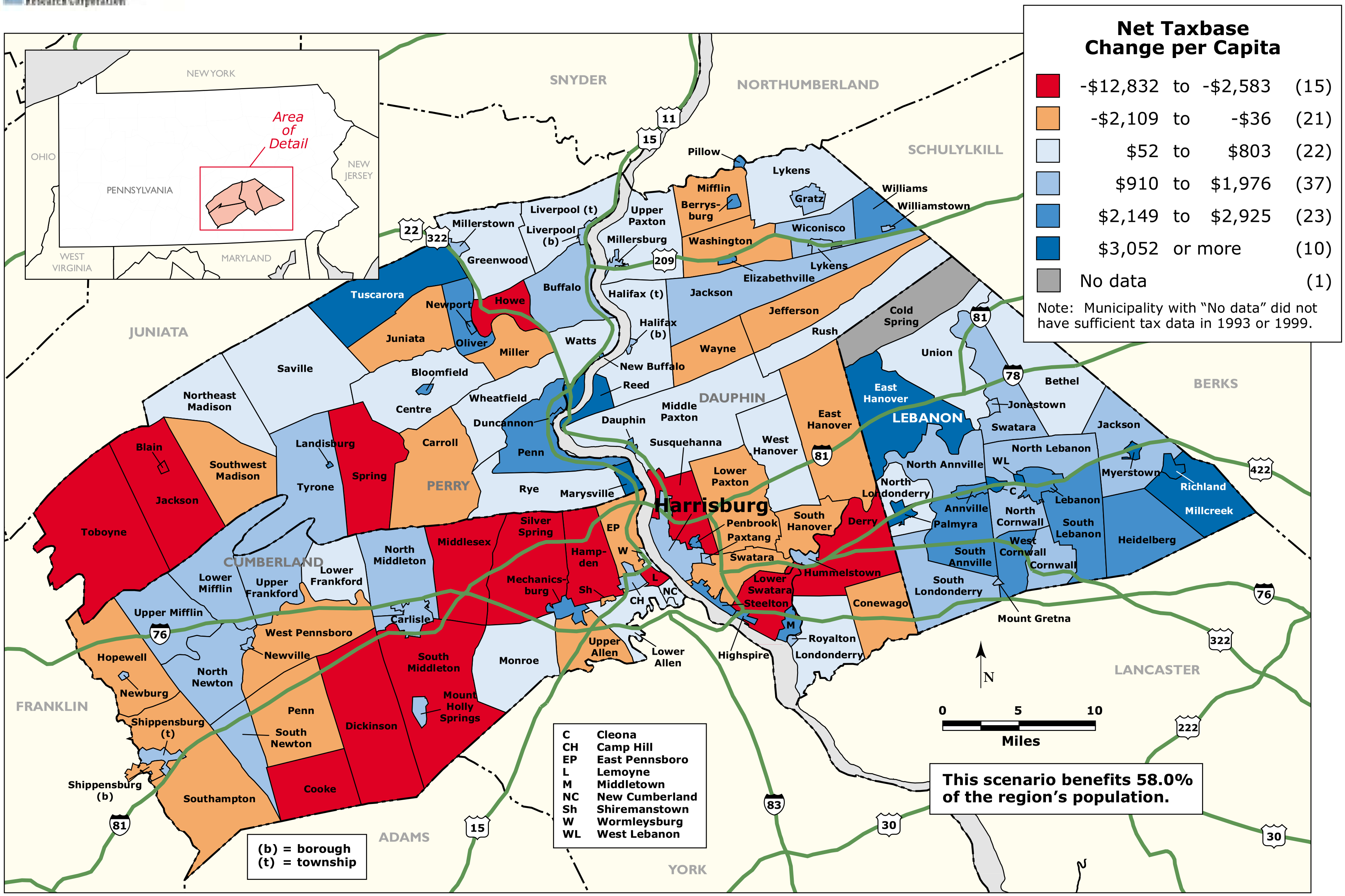
Data Sources: Pennsylvania State Equalization Board; Pennsylvania Department of Community and Economic Development; MARC.

ALLENTOWN REGION:
40% of Tax Base Growth 1993-1999
Redistributed According to Population



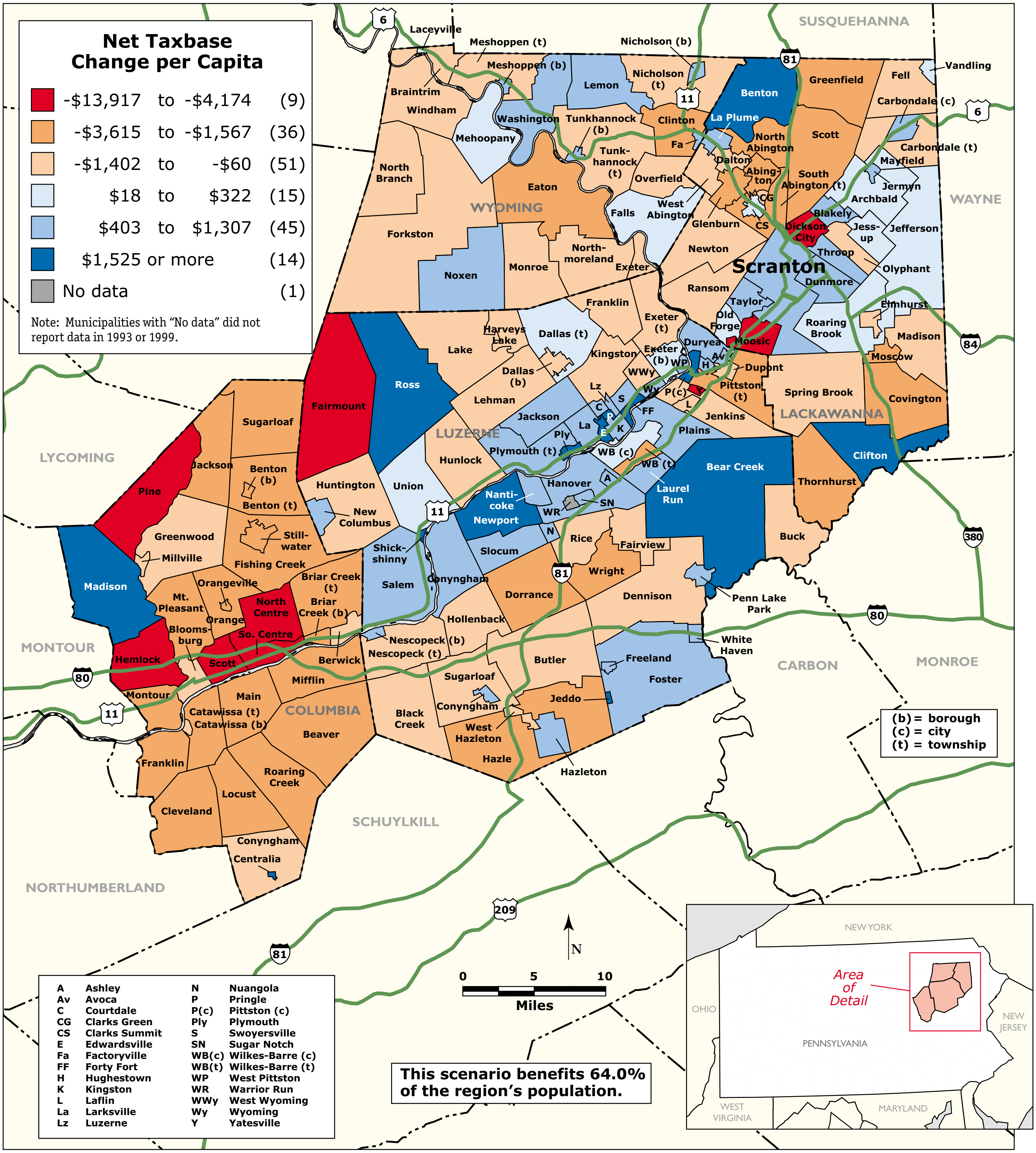
Data Sources: Pennsylvania State Tax Equalization Board; Pennsylvania Department of Community and Economic Development; MARC.

HARRISBURG REGION:
40% of Tax Base Growth 1993-1999 Redistributed According to Population
(Maximum Allowable Benefit is 10% of 1999 Tax Base)



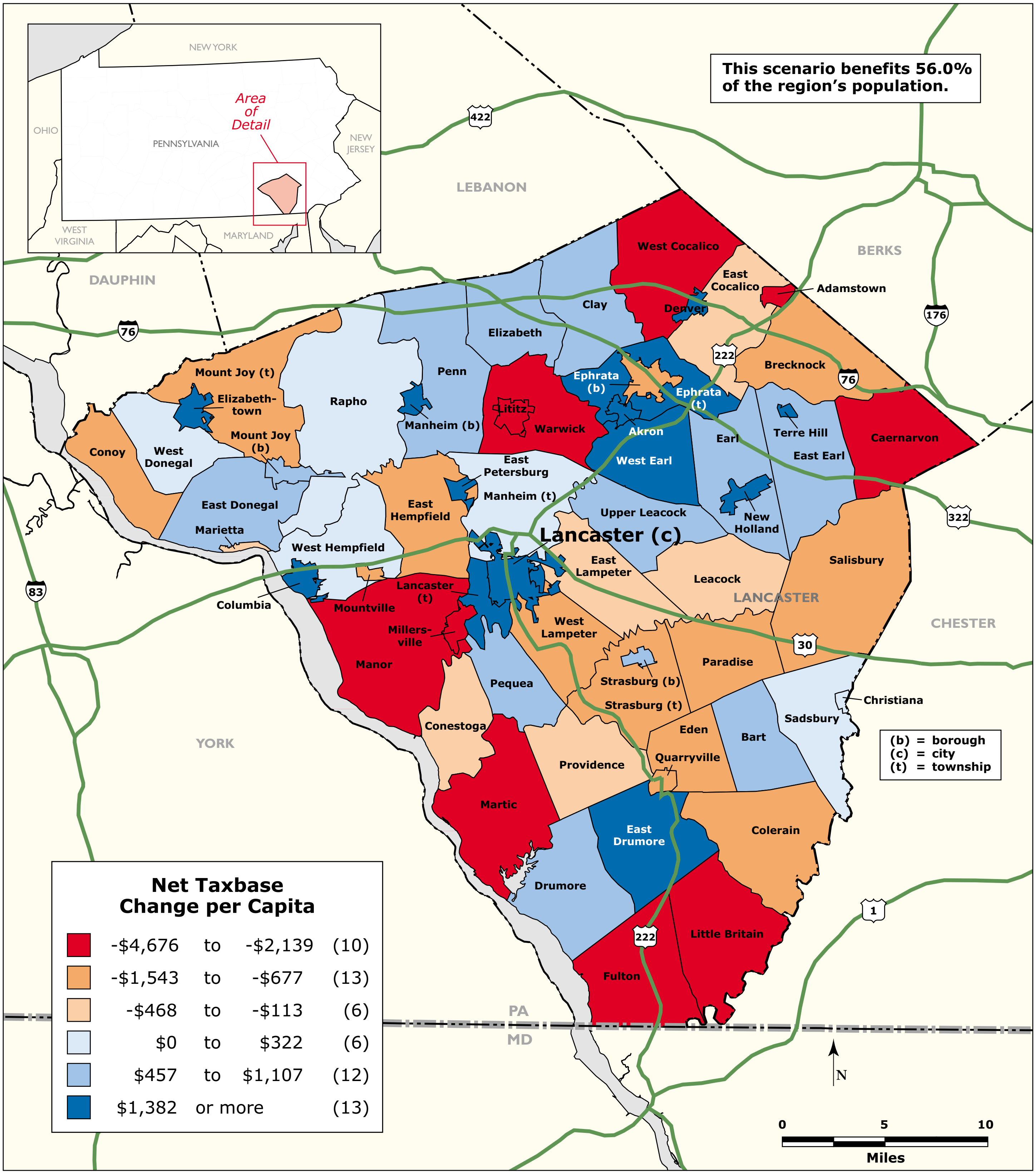
Data Sources: Pennsylvania Department of Community and Economic Development; Pennsylvania State Tax Equalization Board; MARC.

SCRANTON REGION:
40% of Tax Base Growth 1993-1999
Redistributed According to Population



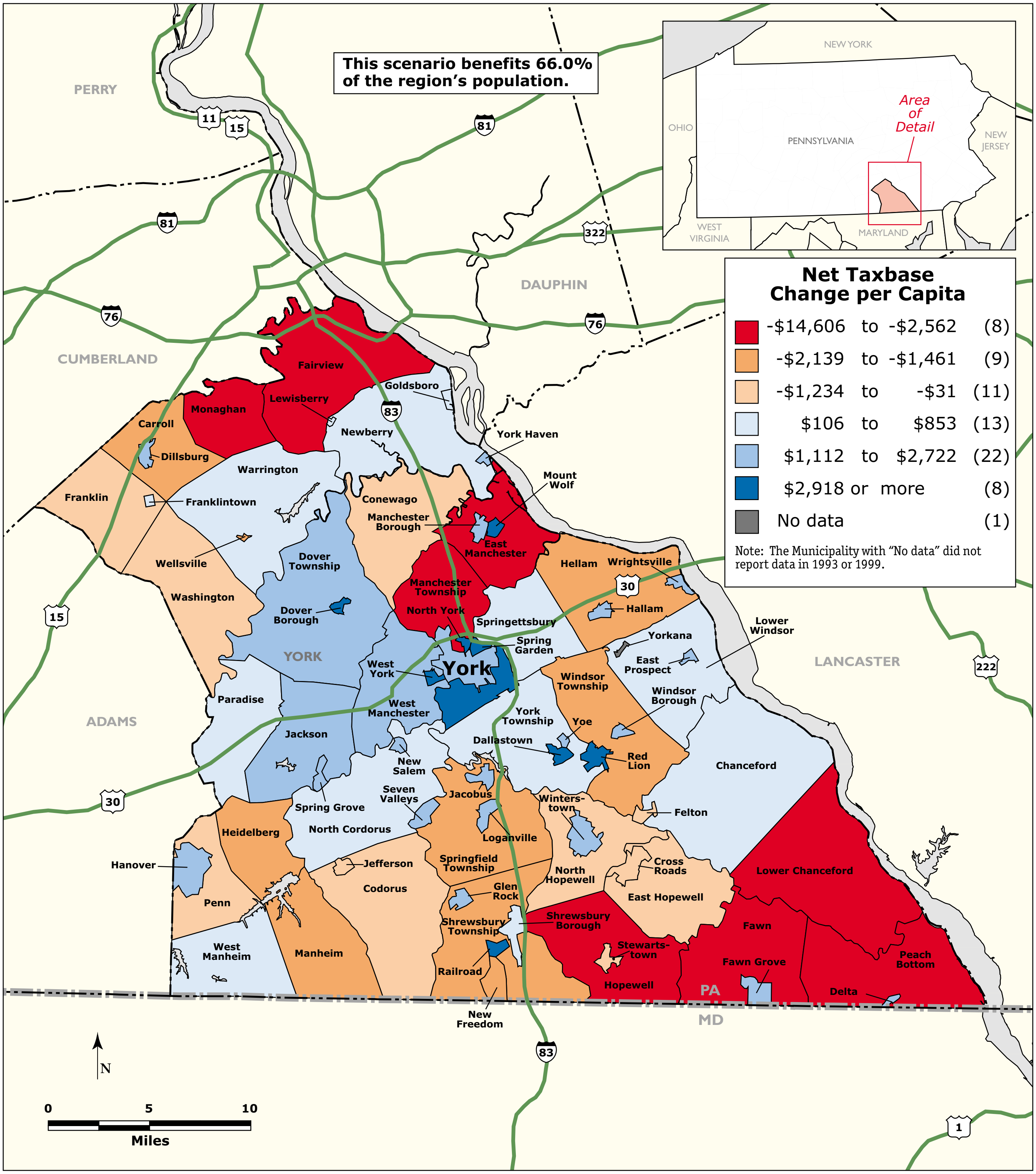
Data Sources: Pennsylvania State Tax Equalization Board; Pennsylvania Department of Community and Economic Development; MARC.

LANCASTER REGION:
40% of Tax Base Growth 1993-1999 Redistributed According to Population (Maximum Allowable Benefit is 5% of 1999 Tax Base)



Data Sources: Pennsylvania Department of Community and Economic Development; Pennsylvania State Tax Equalization Board; MARC.

YORK REGION:
40% of Tax Base Growth 1993-1999 Redistributed According to Population (Maximum Allowable Benefit is 10% of 1999 Tax Base)



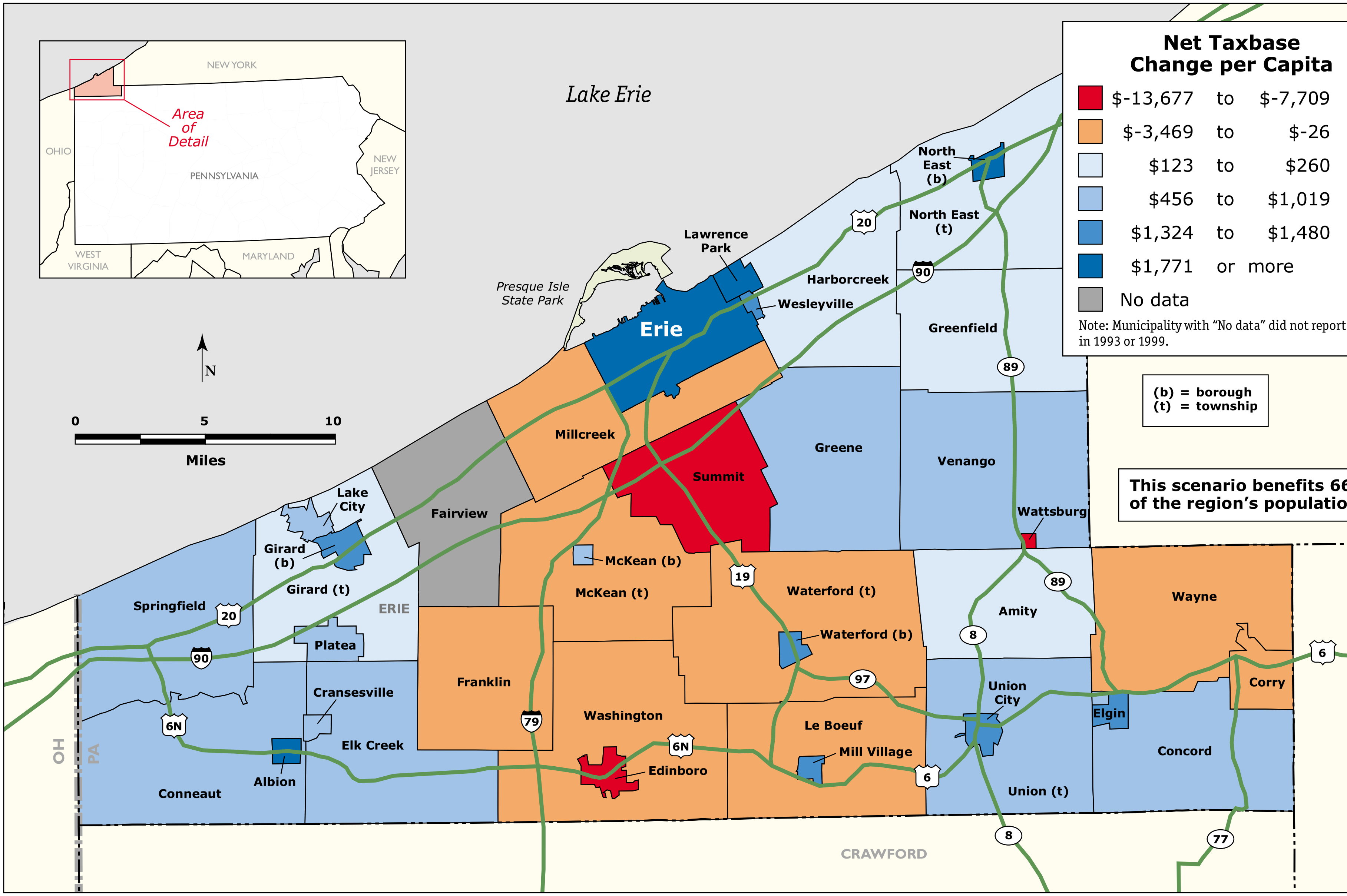
Net Taxbase Change per Capita

-$14,606	to -$2,562	(8)
-$2,139	to -$1,461	(9)
-$1,234	to -$31	(11)
$106	to $853	(13)
$1,112	to $2,722	(22)
$2,918 or more		(8)
No data		(1)

Note: The Municipality with "No data" did not report data in 1993 or 1999.

Data Sources: Pennsylvania State Tax Equalization Board; Pennsylvania Department of Community and Economic Development; MARC.

ERIE REGION:
40% of Tax Base Growth 1993-1999 Redistributed According to Population
(Maximum Allowable Benefit is 7.5% of 1999 Tax Base)



Net Taxbase Change per Capita

$-13,677	to	$-7,709	(3)
$-3,469	to	$-26	(8)
$123	to	$260	(5)
$456	to	$1,019	(11)
$1,324	to	$1,480	(6)
$1,771	or	more	(4)
No data			(1)

Note: Municipality with "No data" did not report data in 1993 or 1999.

(b) = borough
(t) = township

This scenario benefits 66.0% of the region's population.

Data Sources: Pennsylvania Department of Community and Economic Development; Pennsylvania State Tax Equalization Board; MARC.

coherent policies in policy areas with regional implications, such as housing, transportation or environmental protection.

Pennsylvania's recent "smart growth" legislation, which passed in June 2000, is a strong step in the right direction. Based on the premise that regions can make more efficient use of their land through cooperation rather than competition, Pennsylvania's "smart growth" legislation essentially calls for local planning with a regional perspective. Among its goals: to reduce the destruction of woodlands, hillsides, floodplains, wetlands, agricultural lands and other valuable open space; to ease traffic congestion by creating an accessible and balanced transportation system; to ensure that housing is accessible for people of all incomes; and to make more efficient use of public investments.

Pennsylvania's "smart growth" bill, passed with overwhelming majorities in both the House and Senate, enables municipalities and counties in the state to work together in regulating growth regionally and allows for the transfer of development rights in order to preserve agricultural and natural resources.[39] "Multi-municipal" planning agreements could help growing bedroom-developing suburbs in Pennsylvania's regions to share new or growing needs with their neighbors. In smaller regions, like Erie, the common planning agreements can help growing townships or boroughs manage the costs of growth, as well as help neighboring communities that are declining in populations to avoid serious service cutbacks. Similarly, the legislation would be an excellent vehicle for cooperation among inner-suburban communities with common interests.

Ensuring that all communities in the region, particularly those with new jobs and good schools, strengthen their commitment to affordable housing is an essential component of smart growth planning because it helps to reduce the consequences of concentrated poverty on core communities. It allows people to live closer to work and provides them with real choices concerning where they want to live.

Regional Governance

A primary theme of this study is that social separation and sprawling development patterns harm not just central cities, but all parts of Pennsylvania's urban centers. As in most places, however, the fragmented nature of land-use planning and local governance has discouraged creating coordinated strategies for dealing with these problems.

Fragmentation of metropolitan governance is an issue plaguing nearly all major metros in the US, but Pittsburgh tops the list with over 400 local units of government.[40] Philadelphia is the seventh most fragmented of the top 25 largest U.S. metros.[41] Instead of fostering cooperative planning that benefits the entire region, the fragmentation has made it more difficult for metropolitan areas to address regional problems such as concentrated poverty, social and fiscal disparities, traffic congestion, and urban sprawl. With hundreds of local governments, each making its own land-use and investment decisions, there is little sense of how all of the pieces fit together into a comprehensive whole.

There are already regional institutions in place that can serve as a backbone for regional reform. All of Pennsylvania's major urbanized areas have Metropolitan Planning Organizations, appointed bodies of local officials with power to make extremely important decisions on planning and funding regional transportation systems. Often little known by citizens, MPOs have the power to approve billion-dollar highway projects. But their ability to address broader land-use patterns—often patterns that contribute to the very congestion they are trying to ameliorate—is very limited.

Retooled, these existing organizations could address a whole host of regional issues, such as land-use planning, housing and redevelopment efforts, and the protection of agricultural lands and other open spaces. They could aid in crafting further multi-municipal planning agreements that are now possible under the state's smart growth legislation, and they could create new tax-revenue sharing programs in other regions based on the one in place in Allegheny County.

Such efforts reflect growing concern with the current system—a system fragmented with powers divided among different actors, none of which have the mandate to exercise strong oversight functions. There is a clear need to develop fairly apportioned, accountable and directly elected regional institutions to address the best interests of the state's diverse regions.

Endnotes

[1] You can also visit www.ameregis.com for a detailed spreadsheet listing the characteristics of each jurisdiction.

[2] Grouping was accomplished using the K-means clustering procedure in SPSS. For more on cluster analysis in general, and K-means clustering in particular, see *StatSoft, Inc. Electronic Statistics Textbook* (Tulsa, OK: StatSoft, 2002) at www.statsoft.com/textbook/stathome.html.

[3] www.sierraclub.org/sprawl/report98

[4] pennpirg.org/enviro/openspaces/landuserepo rt8_01.pdf

[5] Ibid.

[6] See for instance David Powell, et al. v. Thomas J. Ridge, et al., decided November 18, 1998, and Pennsylvania Association of Rural and Small Schools v. Ridge, decided on October 1, 1999.

[7] Catherine Gewertz, "Forces Target Pennsylvania School Aid Changes," *Education Week*, November 28, 2001.

[8] Ibid.

[9] See James S. Coleman, *Equality of Educational Opportunity* (Washington, D.C.: Government Printing Office, 1966); Gary Burtless, ed., *Does Money Matter? The Effect of School Resources on Student Achievement and Adult Success* (Washington, D.C.: Brookings, 1996); James Traub, "What No School Can Do," New York Times Magazine, January 16, 2000.

[10] For a general discussion of housing discrimination, see John Yinger, "Testing for Discrimination in Housing and Related Markets," *A National Report Card on Discrimination in America,* ed. Michael Fix and Margery Austin Turner (Washington D.C.: The Urban Institute, 1998).

[11] High-poverty schools are those with free lunch eligibility rates of 40 percent or greater. Asians were not included in the analysis of racial segregation because research has shown that they tend to experience less educational and housing segregation than blacks, Latinos and Native Americans. See Douglas Massey, "The Residential Segregation of Blacks, Hispanics, and Asians: 1970 to 1990," in Gerald D. Jaynes, Ed., *Immigration and Race: New Challenges for American Democracy* (New Haven: Yale University Press, 2000); and Gary Orfield and John T. Yun, "Resegregation in American Schools" (Cambridge, Mass.: The Civil Rights Project, Harvard University, 1999).

[12] There is also a growing body of research to support this. Researchers have found that median household incomes of central cities and their suburbs move up and down together in most regions and that the strength of this relationship is increasing. They have also found that metropolitan areas with the smallest gap between city and suburban incomes had greater regional job growth. Another researcher found that, in large metropolitan areas, income growth in central cities results in income growth and house-value appreciation in the suburbs. See Larry C. Ledebur and William R. Barnes, "All In It Together": Cities, Suburbs and Local Economic Regions (Washington, D.C.: National League of Cities, 1993); William R. Barnes and Larry C. Ledebur, City Distress, Metropolitan Disparities, and Economic Growth (Washington, D.C.: National League of Cities, 1992); and Richard Voith, "Do Suburbs Need Cities?" *Journal of Regional Science* 38(8) 445-464, 1998.

[13] See the Philadelphia CMSA community classification map prepared for *American Metropolitics: the New Suburban reality* at www.ameregis.com.

[14] See Orfield, Myron, American Metropolitics: The New Suburban Reality, Brookings Institution 2002, Table 3-6, p. 62.

[15] Dale Mezzacappa, Susan Snyder and Martha Woodall, "Principals Being Replaced as Part of Schools' Reform," *Philadelphia Inquirer*, June 24, 2002.

[16] Children from families with incomes up to 130 percent of the poverty line are eligible for free lunch. Those in families with incomes up to 185 percent of the poverty line are eligible for reduced cost lunch.

[17] This assumes that a dollar of spending generates the same amount of services in all parts of the region. In reality however, the areas with the lowest capacities are also likely to be the places with the highest service costs, implying that the actual disparities are even greater than this simple comparison indicates.

[18] Philadelphia is the only municipality in the state that can tax the wages of non-residents who work in the city. Because all workers in the city must pay the City's higher tax rate, it is likely that much of the city/suburb rate differential is capitalized into wages, in the form of a wage premium that city businesses must pay in order to lure workers from alternative employment in suburban areas (with lower earned income tax rates). See Luce, Thomas "Local Taxes, Public Services and the Intra-metropolitan Location and Jobs and Households," *Public Finance Quarterly*, Vol. 22, No. 2 (April, 1994), 139-167 and Inman, Robert, "Philadelphia's Fiscal Management of Economic Transition", in Luce, Thomas and Anita A. Summers, *Local Fiscal Issues in the Philadelphia Metropolitan Area,*

University of Pennsylvania Press, 1987. Both of these pieces estimate that the Philadelphia wage tax cost the city more than 100,000 jobs during the 1970's and 1980's.

[19] Gary W. Ritter and Candice Hufford, "State and Local Tax Burdens in the Philadelphia Region: The 2001 Report," *Greater Philadelphia Regional Review* (Philadelphia: Metropolitan Philadelphia Policy Center, summer 2001).

[20] Ibid.

[21] Income tax base was computed by dividing revenues by the tax rate. Thirty-four of 62 districts in the Philadelphia area do not assess the income tax. Tax base data for those districts was computed using census income data. The ratio of income per capita in each of the districts without the tax to average income per capita in districts with the tax was computed from census data for each district where tax base data were not available. This multiplier was then applied to the average earned tax base per capita (for the relevant year) in districts with the tax to produce estimated taxable income in districts without the tax.

[22] Benjamin Y. Lowe, "Chester Upland votes on school cuts tonight," *Philadelphia Inquirer*, June 27, 2002.

[23] Unlike Philadelphia, Pittsburgh's earned income tax is a residence based tax. Regional workers pay the tax where they live, regardless of where they work. Suburban commuters to Pittsburgh therefore pay the rate prevailing in most suburbs rather than the City's higher rate. The tax is therefore less likely to be capitalized into a city/suburb wage differential that shifts the tax to city businesses.

[24] "Three Area Foundations Suspend Pittsburgh Public Schools Funding." July 9, 2002. www.heinz.org. The Grable Foundation, The Heinz Endowments and The Pittsburgh Foundation made the joint announcement.

[25] see Anuj Gupta, "A Call to Action," *Greater Philadelphia Regional Review* (Philadelphia: Metropolitan Philadelphia Policy Center, Winter 2000-2001).

[26] See "Pennsylvania's Success with Local Property Tax Reform: The Split Rate Tax," at http://www.earthrights.net/docs/success.html.

[27] See Wallace E. Oates and Robert M. Schwab, "The Pittsburgh Experience with Land Value Taxation," in Helen F. Ladd, Local Government Land Use Policies in the United States: Understanding the Links, Edward Elgar Publishing: Northhampton, 1998.

[28] "Poconos become bedroom community." *Morning Call*; Allentown, Pa.; Jun 10, 2002.

[29] David Rusk, "The Rusk Report: Renewing Our Community," *The York Daily Record*, Nov 20, 1997.

[30] Ibid.

[31] www.eriecountygov.org/About_erie/main.html

[32] The state's web site has information about how Act 511 operates at www.state.pa.us

[33] Nathan Gorenstein, "Economy League: Wage tax must fall," *Philadelphia Inquirer*, March 26, 2002.

[34] Jensen, Brian K. and James W. Turner. "Act 77: Revenue Sharing in Allegheny County," *Government Finance Review*. December, 2000, p. 19.

[35] See "Pennsylvania's Success with Local Property Tax Reform: The Split Rate Tax," at http://www.earthrights.net/docs/success.html.

[36] See Wallace E. Oates and Robert M. Schwab, "The Pittsburgh Experience with Land Value Taxation," in Helen F. Ladd, *Local Government Tax and Land Use Policies in the United States: Understanding the Links*, Edward Elgar Publishing: Northampton, 1998.

[37] The program narrows tax base inequality by a significant amount. It reduces the ratios of the 95th percentile to 5th percentile jurisdictions from 4.8 to 3.6 and of the highest to lowest cities with a population of over 9,000 from 15 to 5. See Thomas Luce, "Regional Tax Base Sharing: The Twin Cities Experience," in Helen F. Ladd, *Local Government Tax and Land Use Policies in the United States*, (Northampton: Elgar Publishing, 1998) and "Citizens League, 26th Annual Tax Base Sharing Analysis," *Minnesota Journal*, January 2000. Available at: www.citizensleague.net/mj/2000/01/fiscal_disparities.htm

[38] The simulations assumed that 40 percent of growth in property tax base between 1993 and 1999 was put into a separate pool for each region and redistributed to localities based on local income per capita. (Places with lower-than-average per-capita income receive a share of the pool that is greater than their share of population; those with higher-than-average incomes receive a share smaller than their population share.)

[39] Pennsylvania Act 67 (House Bill 14) and Act 68 (Senate Bill 300) were signed into law by Governor Ridge in June of 2000. These acts amend the Municipalities Planning Code (MPC) that gives municipalities the authority of regular land use.

[40] See Orfield, Myron, *American Metropolitics: The New Suburban Reality*, Brookings Institution 2002, Table 7-1, p. 132.

[41] Ibid.