

Spring 2021

Hourglass Quarterly



CHESAPEAKE BAY HEALTH

HOLD HARMLESS DOING HARM

CITY NEEDS FLEXIBILITY

FIRST FRIDAY FORUMS

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Letter from the Executive Director

Hello,

As many of you might already know, my time at Hourglass is coming to an end. I want to take this opportunity to thank the Hourglass organization and the Lancaster Community for the opportunities the last few years have granted me. I have learned from you all and more importantly, I have been inspired by you. The spirit of collaboration and partnership that is so richly intertwined in Lancaster County is an example to the rest of the country. It is that example I hope to take with me to Pittsburgh as I begin my new job at the Carnegie Museums of Pittsburgh.



Specifically, I am deeply grateful to the Hourglass Board of Directors for their leadership and vision for Lancaster County. They continually and consistently look to bring fresh ideas to intractable problems and innovation to monotony. I also want to thank Hourglass members and supporters for their financial and non-material gifts to the organization. The support of the community in carrying out our mission is vital. The work (both in private and in public) that we have been able to accomplish together will lay the framework for the future of Lancaster.

In this edition of the Quarterly, we highlight key components of what makes a county great. Our first article is on the work needed to clean up the Chesapeake Bay and how much funding is needed to accomplish that goal. The second article touches on the need to make substantial changes in how Pennsylvania funds its public schools. Our last article is a reprint of a column Hourglass wrote advocating for financial flexibility to be given to third class cities such as Lancaster. As usual we wrap up our Quarterly with summaries of recent First Friday Forums. (If you look closely you can see when I got rid of my COVID hair!) We hope you find this edition of the Hourglass Quarterly informative and thought provoking.

If you are ever in Pittsburgh, please send me a note. I would love to catch up and hear about what you are working on in Lancaster!

With sincerity and gratitude,

Jonathan Russell
Executive Director

CHESAPEAKE BAY HEALTH

Plans to Save the Bay Come With Cost

The Chesapeake Bay is the region's largest economic asset. The Chesapeake Bay's watershed encompasses 64,299 square miles, six states, and more than 150 major rivers and streams. Pennsylvania's role in the health of the bay cannot be overstated. The Susquehanna River is the primary source of freshwater to the bay, representing 90 percent of all flowing freshwater into the upper half of the bay. This reality places a disproportionate burden of responsibility on Pennsylvania to ensure the water leaving our boundaries is contributing to the health of the bay.



Unfortunately to date, Pennsylvania has significantly lagged in meeting milestones established in the Chesapeake Bay Total Maximum Daily Load (TMDL) limits by 2025—the bay's so-called "pollution diet" set by the Environmental Protection Agency (EPA). *PennFuture*, a nonpartisan environ-

mental advocacy group in Pennsylvania, released a study on the policies and funding needed to meet the federally required TMDL set for the state. The report, "Underfunded and Polluted: Solutions to Fund Clean Water in Pennsylvania and the Chesapeake Bay Watershed," identifies a \$521 million gap between current funding levels and the resources required to meet these goals.

While this number might seem large, the regional economic benefit to meeting these goals is profound. A study from the *Chesapeake Bay Foundation*, "Economic Benefits of Cleaning up the Chesapeake", found that if these TMDLs were met, the economic benefits to Pennsylvania alone would be over \$6.2 billion and the benefits to the region would be \$22.5 billion. In addition to the financial implications of cleaning our water, these benefits also take the form of: increased profitability of food production and agriculture; increased property values; increased recreational activities and associated revenues; improvements to our drinking water supply; reduction of pollution entering our waterways; and climate resiliency.

Not meeting these TMDLs also have consequences. Because these limits



are set by the Environmental Protection Agency (EPA) of the federal government, it can choose to redirect funds away from states and to third parties if it thinks Pennsylvania is not making adequate progress in addressing pollution and sediment. The EPA can also initiate federal enforcement (fines) and legal action against municipalities responsible for not maintaining the health of their waterways. The EPA can also decrease the allowed TMDL numbers, making it even more challenging for Pennsylvania to meet the goals.

Of the counties in Pennsylvania, Lancaster County has the most work to do. This is because of our close geographic location to the bay and the large number of farms in the County. In fact, Lancaster and York Counties account for 25% of the total amount of nutrients and sediment that Pennsylvania is required to reduce. Thankfully we already have a blueprint for environmental success. Each county in the state is required to create a Watershed Implementation Plan with specific projects that will reduce the county's TMDLs. The \$521 million funding need for Pennsylvania was estimated using these plans. Some examples of pollution and sediment reduction projects are: manure stor-

age facilities; precision feeding for livestock; increased riparian buffers; control measures for pool and car wash discharges; and implementation of no-till agricultural practices. The "Underfunded and Polluted" report from *PennFuture* also lays out a specific legislative agenda to empower Pennsylvania to meet these TMDL goals. To view the report, visit <https://www.pennfuture.org/>.

The health of the Chesapeake Bay affects all of us. Cleaning our waterways will have long-lasting positive effects on our communities and the health of future generations.

Summarized from "Underfunded and Polluted: Solutions to Fund Clean Water in Pennsylvania and the Chesapeake Bay Watershed". PennFuture. Written by Renee Reber. April 2021.



At the December 2020 First Friday Forum the Lancaster Countywide Action Plan Coordinator Team gave a presentation on the plan to clean Lancaster County's waterways. You can find the video of the forum on our website: <https://hourglasslancaster.org/resources/first-friday-forums/>

HOLD HARMLESS DOING HARM

Changes Needed for Education Funding

State funding for public education in Pennsylvania has been a topic of much debate for decades. Critics of the State's education funding structure primarily voice two grievances: the relatively low portion of state funds that go to educating the state's children and the unequal and inequitable distribution of the small amount of those funds.

Low Overall Funding

According to research conducted by *Education Trust*, of all states, Pennsylvania ranks 47th in the portion of total funds spent per pupil that come from the State. 39% of total education funding comes from the state. When compared to our geographic neighbors we still fall below the region: 42% of total public education spending come from the state in New Jersey, 44% in New York, 46% in Ohio, 47% in Maryland, and 65% in West Virginia. This overall low state funding for education in Pennsylvania means that the burden of paying to educate our children falls disproportionately on the local taxpayers.

Funding Distribution Inequities

The second criticism of the current Pennsylvania state education funding distribution system targets HOW the money is distributed. In the last 29

years, state funding for education has been heavily influenced by the "hold harmless" funding provision. Implemented in 1992, "hold harmless" is the policy that school districts cannot receive less funding than they did the year prior. For the next quarter century, the state gave each district small annual increases with little regard for changing enrollment levels. This policy has helped to create one of the most inequitable public education funding systems in the country. According to the *Education Trust* research mentioned before, PA ranks 44th in the nation in the equitable distribution of funds between the highest and lowest poverty districts in the state (adjusted for the additional needs of low-income students).

Fair Funding Formula:

Seeing this need to distribute funds more equitably, in 2016 the State General Assembly implemented a Fair Funding Formula. Instead of providing state education funds based on the total number of students, the Fair Funding Formula also takes into account poverty, the number of English language learners, and geographic size of the school district. Subsequently, by taking into account these factors, schools with large portions of minority students would receive additional

funding under the new formula. When this formula was enacted, the General Assembly required that only new funding dollars should be put into the new formula. That would allow the state to be in compliance with the “hold harmless” provisions. Following this policy has meant that in 2020 only 11% of state education dollars go through the Fair Funding Formula. The rest is distributed through the old inequitable formula.

Local Impact:

In Lancaster County, the negative effects of the “hold harmless” provision are acutely felt. If the “hold harmless” provision was discarded and the Fair Funding Formula was enacted, during

the 2018-2019 school year the County would have seen an additional \$56,511,403 in state education funding. This is a net number, factoring in the amount of money some school districts would lose. The School District of Lancaster alone would receive an additional \$36,594,334. Pennsylvania must work to amend the “hold harmless” provision and find ways to distribute funds through the Fair Funding Formula.

Article summarized from “Hold Harmless”: A Quarter Century of Inequity at the Heart of Pennsylvania’s School System”. Public Citizens for Children and Youth. January 2021.



School District	Difference Between Actual Funding And Formula Funding	Percent Change If All Money Went Through Formula
Lancaster	\$(36,594,334.00)	58%
Conestoga Valley	\$(10,083,598.00)	224%
Manheim Township	\$(6,817,806.00)	117%
Columbia Borough	\$(3,951,883.00)	54%
Lampeter-Strasburg	\$(2,154,475.00)	50%
Eastern Lancaster County	\$(2,106,072.00)	46%
Ephrata Area	\$(1,332,726.00)	13%
Pequea Valley	\$(503,585.00)	18%
Hempfield	\$(177,640.00)	1%
Penn Manor	\$353,458.00	-3%
Donegal	\$494,570.00	-7%
Warwick	\$565,053.00	-6%
Cocalico	\$571,605.00	-8%
Elizabethtown Area	\$991,390.00	-11%
Manheim Central	\$1,034,555.00	-15%
Solanco	\$3,200,082.00	-32%
Source: “The \$1 billion plan to close the gap between growing and shrinking Pa. school districts”. <i>SpotlightPA</i> . Cynthia Fernandez. 2/20/2021		

CITY NEEDS FLEXIBILITY

Hourglass Column

For many households, the scene is a familiar one: A family huddles around the dining table, working to find ways to pay the bills and balance the budget.

Now imagine you are sitting at that table and someone limits your sources of income while simultaneously imposing requirements on how you spend your money. These income options and expenditure requirements might line up with your family's needs and skill sets, or they may not. Wouldn't you prefer to be the one making these financial decisions for your family?

Unfortunately, this is exactly the situation the City of Lancaster has found itself in.



As a third-class city (that is, a Pennsylvania city with a population under 250,000), Lancaster is restricted in the ways it can raise money. Pennsylvania law allows Lancaster to set its local property tax millage rate, but not much else. The state sets the rate of

the earned income tax (a 0.6% tax on wages of city residents only); the local services tax (a \$47 tax on those who work in the city regardless of where they live); and the real estate transfer tax (a 0.5% sales tax on real estate purchases). So in effect, when the city needs additional revenue to cover its costs, it is largely limited to looking at raising property taxes.

Lancaster city has experienced successful revitalization efforts and has practiced strong fiscal management across successive mayoral administrations. At the same time, due to the constraints placed on them by the state, and in order to meet the city's financial obligations, city leaders have had to make difficult decisions to reduce certain services and raise property taxes. This is not a sustainable path forward. Increasing property taxes will not only discourage investment in the city, but it will dramatically affect those who are impoverished or on fixed incomes.

At the same time, the city has made great strides in reducing the expense side of the balance sheet. Because the city's largest cost across all departments is personnel, it has significantly reduced personnel. In 2007, the city had 424 full-time employees. In 2019,



that number had dropped to 387, a decrease of almost 9%.

Since 2012, the city also has self-funded its employee health insurance plan, saving millions. It also has taken steps to reduce its long-term post-retirement pension and medical liabilities.

The Third Class City Code also mandates certain services the city needs to provide, such as a paid police department and fire department. Other municipalities in Lancaster County are not bound by the same requirement. More than 60% of the city's budget is taken up by public safety costs (police and fire protection).

Because of the novel coronavirus and the subsequent economic downturn, financial hardships are likely to get worse. Lancaster city is not an outlier in this regard. The Pennsylvania Economy League recently released the results of a survey of municipalities across the state. The survey found that a substantial number of municipalities anticipate significant budget issues in the future if they are not already experiencing challenges. Of the 430 respondents, 23 municipalities indicated that they are likely to request entry into the Act 47 Program, which is essentially municipal bankruptcy. While it

is too early to discern the full impact of COVID-19 on municipalities in Pennsylvania, the pandemic's effects already are showing.

With so many municipalities facing financial hardships, we question why a city has to be in dire fiscal trouble before it is granted fiscal flexibility. Wouldn't it make sense to empower cities like Lancaster to make their own financial decisions? Those running the City of Lancaster know better than the state how to manage its own budget. A family would find it hard to operate with such restrictions on their finances. The remedy for these financial issues depends on legislative action in Harrisburg.

Our request to state lawmakers is simple: Empower the City of Lancaster and other municipalities across the state with the financial tools they need to effectively manage their own financial health.

Summarized from column written by Hourglass that appeared in LNP on November 15, 2020.



HOURGLASS FIRST FRIDAY FORUMS

Highlights From Recent Forums

February 5, 2021 - Lancaster City Mayor

Presenter: Danene Sorace, Mayor, City of Lancaster

The Hourglass was joined by Lancaster City Mayor, Danene Sorace, for her annual address to the Hourglass. Mayor Sorace responded to a series of interview questions which covered a wide variety of topics including: COVID-19, public health, racial inequality, policing, Lancaster City finances, and the arts in Lancaster. The conversation put a spotlight on the unique challenges facing a small city during the pandemic. Mayor Sorace highlighted how the City has been able to respond quickly as adversity arises.



To watch the forum in full, find it on our website: <https://hourglasslanaster.org/resources/first-friday-forums/>

March 5, 2021 - Thaddeus Stevens College of Technology

Presenter: Pedro Rivera, President, Thaddeus Stevens College of Technology

At the March 2021 First Friday Forum, the Hourglass was joined by Pedro Rivera of Thaddeus Stevens College of Technology. As the new President of the College, President Rivera shared his vision for the future of the college and discussed how Thaddeus Stevens fits into the rapidly changing landscape of higher education. He also talked about the impact COVID-19 has had on the way the college operates. One of the highlights of this discussion was an overview of the new Stevens automotive school in Greenfield. President Rivera discussed the plans for the school and shared renderings of what it will look like.



If you are not familiar with the college or would like to hear about what the school has in store for the future, check out the video of the forum on our website: <https://hourglasslanaster.org/resources/first-friday-forums/>

FIRST FRIDAY FORUM SPONSOR



April 9, 2021 - Spanish American Civic Association (SACA)

Presenter: Jose Lopez, President, SACA

At the April 2021 First Friday Forum the Hourglass was joined by Jose Lopez, President of SACA and SACA Development, for a conversation about the organization's work in Lancaster City



and Lancaster County. Jose Lopez provided an outline of each of the organizations under SACA's umbrella including: SACA Development, Tec Centro, La Casa Halfway House, Nuestra Vida Recovery Home, La Academia Partnership Charter School, Radio Centro (WLCH), and TeleCentro TV. He also discussed some exciting new initiatives including the opening of Tec Centro Southwest. Much of the

"TecCentro's service successfully impacts the local community through secondary economic impact. On average, more than 700 individuals from 2016-2019 infused more than \$11 million into the local economy through increased wages."

work of SACA and its affiliates addresses needs in the Latino/Hispanic community in Lancaster, but they serve all who approach them with need. Mr. Lopez also shared some exciting new projects SACA Development has in the pipeline.

To watch the forum in full, find it on our website: <https://hourglasslanaster.org/resources/first-friday-forums/>

These forums took place virtually using the Zoom Webinar function. This not only allowed us to continue to host First Friday Forums during the pandemic, it also enabled us to record the presentations. We invite you to watch the videos of the forums in their entirety by visiting the Hourglass website at www.HourglassLanaster.org or the Hourglass YouTube page.

To attend forums like these, become an Hourglass member.



HOURGLASS
922 N. Queen Street
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The Hourglass champions and facilitates sound decision-making to continue Lancaster County's prosperity while maintaining its unique character and enviable quality of life.

As a trusted source for information, innovative ideas and insights, the Hourglass helps stakeholders, elected officials and citizens make more informed and enlightened decisions.

For more info:
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