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Statement from Dennis Yablonsky, CEO, Allegheny Conference on Community Development on the proposed City of Pittsburgh Post-Secondary Education Privilege Tax

(Pittsburgh, PA – December 14, 2009) The Allegheny Conference on Community Development is disappointed by Mayor Luke Ravenstahl’s and Pittsburgh City Council’s decision to move forward with the Post-Secondary Education Privilege Tax, a proposed tax on students who attend post-secondary institutions in the City of Pittsburgh. At a time when Pittsburgh is being held up globally as a thought leader in regional transformation, seeking to impose a tuition tax sends exactly the wrong message about the City and our entire region.

We believe that there are several reasons why this “tuition tax” is bad public policy:

- **The “tuition tax” is a simplistic solution to a complex problem, that of municipal pension programs in the City and across Pennsylvania that represent a ticking time bomb for all taxpayers.** A long-term, sustainable solution to funding municipal pension obligations must be found, building on incremental progress this year. Resolving the pension funding issue for the City of Pittsburgh is critical to the City’s long-term fiscal stability. The kind of funding challenge Pittsburgh faces will happen – and already is happening – across the state because we still need comprehensive pension reform legislation in Harrisburg.

A prolonged debate over the tuition tax will divert all of us from coming to grips with the real issue and finding a way to solve it. It is disappointing that the Mayor and Council have given insufficient time to seeking and achieving common ground and a solution that would benefit the community as a whole.

- **The “tuition tax” automatically brands Pittsburgh as a place that is not welcoming to students and not supportive of the energy, vitality and innovation that students and institutions of higher learning bring to our community.** Our colleges, universities and other post-secondary institutions compete for students regionally, nationally and internationally. The “tuition tax” raises a red flag among potential students weighing whether to attend an institution within the City of Pittsburgh or elsewhere in the region. Debate and litigation could keep this issue in the national news for a year or more, undermining our region’s efforts to attract talented young people to meet a growing need for workers as the recession comes to an end.

- **Raising taxes in the current economic environment is counterproductive.** The mayor, to his credit, has identified cost-savings that will enable the City to balance its current budget. There is no urgency to move forward with a tax that imposes an undue burden on students, many of whom are struggling already to meet college expenses.
- **The proposed “tuition tax” is not a practical solution.** There are respected members of the community who maintain that the proposed levy cannot be enacted legally. It is highly likely that any effort to levy the tax will result in protracted legal action that will cost taxpayer dollars without any guarantee of successful enactment. Pursuing such a tax is sure to divide rather than unify the community.
- **The “tuition tax” taxes students enrolled in tax-paying schools, countering claims that it is aimed at not-for-profit educational institutions that are exempt from paying certain local taxes.** As written, the tax would apply to for-profit career schools that already pay the full range of city taxes and even to union apprenticeship programs.

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The Allegheny Conference on Community Development and Affiliates – the Greater Pittsburgh Chamber of Commerce, the Pennsylvania Economy League of Southwestern Pennsylvania and the Pittsburgh Regional Alliance – work in collaboration with public and private sector partners to stimulate economic growth and improve the quality of life in southwestern Pennsylvania. For more information, visit www.alleghenyconference.org.