CITY OF ERIE · A PLAIN-LANGUAGE GUIDE

# 2027 PROPOSED CITY OF ERIE BUDGET

Before sunrise, a plow is already out. A firefighter is finishing a shift. An officer is starting one. This guide shows how the city pays for the people and services that keep Erie running, and the plan to keep them going.

**$195.5M**
total proposed budget, across ten funds

**$87.8M**
general fund, which pays for most everyday services

**687**
full-time city employees

*"This is a difficult budget, and the challenges we're facing did not develop overnight."*

MAYOR DARIA DEVLIN · NOVEMBER 4, 2026

## PART 1 · WHERE THE MONEY COMES FROM

Out of every general fund dollar, 72 cents comes from taxes, 21 cents comes from grants, fees, fines and permits, and 7 cents is fund balance: money left over from earlier years.

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|---|---|
| **Taxes · 72¢ of every dollar** | **$63.2M** |
| Property taxes (current, prior-year and interim) | $46.3M |
| Income and wage taxes | $13.2M |
| Other taxes (parking, amusement, realty transfer) | $3.7M |
| **Not taxes · 21¢ of every dollar** | **$18.2M** |
| Grants and reimbursements | $9.2M |
| Fees, fines and other income | $6.0M |
| Licenses and permits | $3.0M |

| Fund balance · 7¢ of every dollar | $6.5M |
|---|---|

### Property tax carries it

Property tax alone is 53 cents of every general fund dollar. But the city's taxable property value has grown just 1.6% in nine years, from $3.09 billion in 2018 to $3.14 billion in 2027.

One reason: 30% of Erie's property value is tax-exempt. That is $1.36 billion in property owned by universities, hospitals, schools and government. If those owners paid half the normal tax, the city's own analysis shows it would bring in about $8.9 million a year.

**Largest tax-exempt owners, by assessed value**

| | |
|---|---|
| Gannon University | $153.8M |
| Erie School District | $136.9M |
| UPMC Hamot | $130.3M |
| County of Erie | $98.7M |
| Convention Center Authority | $86.4M |
| Housing Authority | $74.9M |

Some exempt owners pay something anyway, through payments in lieu of taxes (PILOTs). For 2027, four of them are set to pay a total of $1.1 million: UPMC Hamot ($746,909), Allegheny Health Network ($318,329), Sarah Reed ($63,992) and Church of the Covenant ($4,182).

### The earned income tax

The tax on paychecks has two parts. A 1% base rate is paid by city residents and shared with the school district. A 0.65% pension levy, added under a state law for distressed pension systems, is paid by everyone who works in the city, wherever they live. A city resident pays 1.65% in all.

In 2027 the city expects to collect about $37.1 million in earned income tax. Of that, $26.3 million is the pension levy, and state law lets it be spent on one thing only: pension payments. Only the remaining $10.8 million reaches the general fund.

The levy exists because of the minimum municipal obligation (MMO), the amount state law requires the city to pay into its pension plans each year. Erie's MMO was $16.3 million in 2019 and $29.3 million one year later. It has stayed above $25 million every year since, and is $26.3 million for 2027. State pension aid covers $6.4 million and the levy is projected to bring in $26.3 million: together $32.7 million, or $6.4 million more than the MMO requires.

### What grows, and what shrinks

Three sources grow in 2027: current-year property tax rises to $43.3 million (from $40.5 million), the parking tax to $1.93 million (from $430,000), and the amusement tax to $650,000 (from $370,000). Grants and reimbursements add $9.2 million, including $1.8 million in federal pandemic relief that is still paying for police units. The city's forecast shows that category falling to $5.4 million by 2031.

## PART 2 · WHAT IT PAYS FOR

Out of every general fund dollar, 36 cents goes to police and 25 cents goes to fire: 61 cents together. And most of the fund is people. Salaries, wages and benefits take 82 cents of every dollar, or $72.2 million.

**General fund by department**

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|---|---|
| Police | $31.7M |
| Fire | $22.3M |
| Public works, property and parks | $15.3M |
| General government | $4.9M |
| Neighborhood and economic development | $4.8M |
| Elected offices, legal and grants | $3.2M |
| Finance and administration | $3.1M |
| Debt service | $2.5M |

**Police** is the largest department, with 194 officer positions, the same number since 2022. An average officer costs $136,692 a year in wages and benefits. City staff told council that a federal hiring grant requires the city to keep all 194 officers, and that falling below that could mean paying grant money back. Twenty-five officers are on that grant, which is funded through 2028.

**Fire** is second, with 140 full-time positions. An average firefighter costs $140,127 a year in wages and benefits.

**Public works** covers the basics, including streets ($5.1 million), fleet and maintenance ($4.9 million), parks and recreation ($2.2 million), public buildings ($1.3 million), traffic engineering ($0.6 million) and engineering ($0.6 million).

**The same money, by type of cost**

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|---|---|
| Salaries and wages | $53.9M |

| | |
|---|---|
| Benefits (health insurance alone is $13.7M) | $18.3M |
| Services | $5.9M |
| Supplies | $4.7M |
| Debt service | $2.5M |
| Community services | $1.3M |
| Insurance | $1.1M |

The workforce is holding flat at 687 full-time positions across all funds, the same as this year. Of those, 334 are police and fire. To hold spending down, departments saved about $3 million, including a drop in outside professional services from $1.72 million to $1.29 million, and ten positions were cut. Counting pensions in both years, total spending rises 0.7%.

## PART 3 · THE OTHER CHECKBOOKS

The budget sits in ten separate funds, each with its own income and its own bills.

| **General fund** | **$87.8M** |
|---|---|
| Sewer | $36.9M |
| Pension | $26.3M |
| Risk management (employee health plans, workers' comp, insurance) | $22.1M |
| Refuse and recycling | $10.8M |
| Debt service (payments on the city's bonds) | $3.2M |
| Liquid fuels (state money for streets and equipment) | $3.1M |
| Capital improvement | $2.8M |
| Stormwater | $1.6M |
| Golf (J.C. Martin and Downing courses) | $0.9M |

**Pensions** now have their own $26.3 million fund. The budget puts $19.9 million of the earned income tax levy into it, along with $6.4 million in state aid. It goes out to three plans: police ($11.3 million), fire ($8.1 million) and other city employees ($6.9 million). Through 2026, pensions were paid out of the general fund. Moving them out is why the general fund looks smaller in 2027.

**Sewer, refuse and stormwater** run on the rates customers pay, not on taxes. The proposal does not raise garbage or stormwater rates.

# PART 4 · THE GAP AND THE FIX

In May 2026, the city's financial consultants warned of a deficit above $12 million. By June, the city was cutting jobs and expenses. In September, the mayor told the Erie Times-News: "I don't see a path that we can proceed on for 2027 without a tax increase." By November, the gap was nearly $15 million: a projected deficit of more than $13 million, plus $1 million in raises and $600,000 in added debt payments.

**The plan closes it in five moves**

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|---|---|
| 1. Department savings: less for professional services and other operating costs | $3.0M |
| 2. Ten positions eliminated earlier this year | $0.6M |
| 3. Added revenue, including the parking tax | $2.0M |
| 4. Property tax: a one-mill increase | $2.8M |
| 5. Fund balance: money left from earlier years, which can only be used once | $6.5M |

Added up: $3.6 million in cuts, $4.8 million in new revenue and $6.5 million in one-time money. The mayor told City Council that none of it is particularly satisfying or palatable, but it is necessary.

**For homeowners,** the rate rises one mill, from 14.12 to 15.12 mills. That is about a 7% increase in the city's property tax rate. Garbage and stormwater rates do not change.

*"It is not sustainable to keep putting this tax increase on our taxpayers."*

MAYOR DARIA DEVLIN · NOVEMBER 4, 2026

The city puts its general fund cash at $26.1 million for the end of 2026. That is above the recommended two-month cushion of 16.7% of the 2026 budget, about $18 million. The plan uses $6.5 million of fund balance, which the budget lists as restricted fund balance.

# PART 5 · WHAT COMES NEXT

The city forecasts general fund spending rising to $104 million by 2031 while revenue slips to $79.9 million. And fund balance can only be spent once. Without it, the forecast shows these gaps:

| 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|
| −$13.2M | −$15.4M | −$17.4M | −$24.1M |

The root causes: nearly a third of the property base is exempt, most earned income tax is locked to pensions, and Erie, unlike seven of ten peer cities, has no Home Rule charter. The city's own comparison shows other Pennsylvania cities collecting millions from revenue lines where Erie's column reads zero.

**What could change the math.** The mayor has asked council to press state lawmakers to lift the cap on the local services tax, the flat yearly tax on people who work in the city. It is budgeted at $2.35 million; doubling it from $50 to $100 would bring in about $2.3 million more. And a Home Rule charter could give the city more flexibility. The administration wants to reopen that discussion.

## THIS IS A PROPOSAL, NOT A FINAL BUDGET

Read it and ask questions at **erie.pa.us/2027budget**.

Sources: City of Erie 2027 Preliminary Budget and budget handouts; City of Erie news release, November 4, 2026; Erie Times-News, Erie Reader and WJET/YourErie reporting, 2026. Figures are rounded.