

POTTSTOWN CITIZENS FOR Responsible GOVERNMENT

Pottstown School District spending soars

Taxes in the Pottstown School District are among the highest in Pennsylvania and will soon be even higher. According to state data, Pottstown ranks 15 out of 501 school districts in "local tax effort." That means Pottstown's taxes are higher than 96 percent of the school districts in the Commonwealth.

Spending Outpaces Inflation

In recent times, school district spending has far outpaced inflation. In the last 15 years, the school district's budget has risen 140 percent, from \$21.2 million to \$50.4 million, while the rate of inflation during that period was 50 percent.

Personnel Expands Dramatically

The expansion of personnel in recent decades has been even more dramatic.

In 1978, the district employed 423 people serving 4,012 students. Thirty years later, the district employed 591 people serving just 3,217 students.

1977-1978 employee/student ratio:

1 employee to 9.5 students

2007-2008 employee/student ratio:

1 employee to 5.5 students

Therefore, as enrollment decreased by 20 percent, the number of employees has increased by 40 percent.

Another Tax Increase Likely

Last year, the state raised its basic instructional subsidy to the school district by \$1.3 million – an increase of 16.8 percent. Yet even with this extra funding, the district raised Pottstown real estate taxes 6.1 percent – the maximum permitted by law without a referendum.

This year, school administrators have asked the school board to adopt a preliminary budget with a tax increase exceeding the 5.7 percent inflation index, the maximum allowed by law without a referendum. By doing so, the district would have the option to ask the state Department of Education for a

waiver to increase taxes beyond the inflation index, without having to go to referendum.

Real Estate Values Dropping

The total assessed value of all real estate in Pottstown is dropping. Two years ago, the total assessed value of Pottstown real estate was \$838 million. Last year, it was \$829 million. This year, it is \$824 million. As property values drop, taxes must increase just to bring in the same amount of revenue.

Pension Contributions to Skyrocket

Retired public school teachers receive pensions guaranteed by law. Because of underfunding and the recent stock market crash, the state teacher pension fund has less than 75 percent of the funds it will need to meet its long-term obligations.

That shortfall must be made up by higher contributions from the state and from local school districts. In the coming fiscal year, the district will be paying about \$1.7 million to the state retirement system. Unless the stock market recovers dramatically, Pottstown's contribution is expected to quadruple to nearly \$7 million annually in 2012.

\$38 Million in New Borrowing

But that's not all. The district can borrow up to \$38 million for elementary school construction projects without a referendum. The district is already paying about \$3.3 million annually in debt service, largely to pay off renovations and additions to the high school and middle school. It will cost millions more per year to service the debt for the proposed elementary school construction projects.

Thomas Hylton, a 36-year resident of Pottstown, is treasurer and Web site editor of Pottstown Citizens for Responsible Government. He won a Pulitzer Prize during a 22-year career at The Mercury. He left the newspaper in 1994 to write a book and establish a non-profit dedicated to preserving Pennsylvania's towns and countryside.



Commentary by
Tom Hylton

Summary

- ♦ Pottstown has among the highest school district taxes in Pennsylvania.
- ♦ Although enrollments have decreased in the last 30 years, the number of school district employees has dramatically increased.
- ♦ Despite the economic crisis, the school district plans to raise taxes substantially this year and borrow up to \$38 million for school construction, leading to even greater tax increases in future years.