

POTTSTOWN CITIZENS FOR Responsible GOVERNMENT

School District must rein in spending

More than 75 percent of the real estate taxes collected in Pottstown go to the Pottstown School District. The district now faces major losses in revenue because of the depressed economy. Earlier this month, the district's business manager estimated that revenues from local sources such as the earned income tax and the real estate tax will decline more than \$1.1 million in the coming school year.

Last year alone, the total assessed value of Pottstown's real estate declined from \$829 million to \$824 million, and borough-wide assessed values may continue to decline as more property owners seek to have their assessments lowered.

Worse yet, the completion of the Upland Square Shopping Center in West Pottsgrove Township later this year will siphon away several Pottstown retailers, including Giant and TJ Maxx.

Even as revenues drop, the School District faces a huge new expense: its annual contribution to the state teacher retirement fund. This year, the district is contributing \$1.7 million to the fund. But the retirement fund, which lost 30 percent of its value in the stock market crash last year, does not have enough money to meet its long-term obligations. The most recent projections would require the school dis-

trict to increase its contributions five-fold starting in 2012, to more than \$8 million annually.

Meanwhile, the School District is paying about \$3.3 million annually in debt service, largely to pay off additions to the high school and middle school. It will take nearly 20 years just to pay off the high school and middle school bonds.

Because of the financial crisis, Pottstown Borough eliminated 13 full-time positions and three part-time positions in its 2009 budget.

But even though student enrollments are stable, the school district continues to add personnel. Last year, it added 14 new staff members at a cost of nearly \$750,000. So far this year, it has added three new

positions, including an economic development director, whose job had just been eliminated by Pottstown Borough in January. The district has asked for an exemption allowing it to raise taxes beyond this year's 5.7 percent inflation index, although it says it plans to keep within the index.

The School District's level of spending is unsustainable. The district needs to reduce spending, not expand it.

Thomas Hylton, a 36-year resident of Pottstown and Pulitzer Prize winner, is treasurer and Web site editor of Pottstown Citizens for Responsible Government.



Commentary by
Tom Hylton

Summary

- **Pottstown School District collects 75 percent of the real estate taxes in Pottstown.**
- **Pottstown's tax base is declining, but the school district continues to add new positions.**
- **Facing the worst economy in decades, the district needs to cut spending, not expand it.**

2009 Pottstown Real Estate Taxes

Montgomery County 2.69 mills

