

POTTSTOWN CITIZENS FOR Responsible GOVERNMENT

State funding: the rest of the story

As Gov. Rendell and the state legislature negotiate over a final budget, it is virtually certain the Pottstown School District will receive less state funding than the governor initially proposed in February.

This should surprise no one. All year, it has been painfully clear the state would need to make budget cuts or raise taxes, or both. In the fiscal year that ended June 30, the state accrued a \$3.2 billion deficit.

Rather than adopt a conservative budget, however, the Pottstown School District assumed the legislature would pass a significant tax increase that would allow full funding of the governor's proposed budget.

That is not going to happen. As a result, the school district must make budget cuts. Earlier this month, school administrators laid out several scenarios, including one that closes an elementary school and redistributes its students to the district's other four elementary schools, raising class sizes.

School board members and administrators have pointed fingers angrily at Harrisburg for Pottstown's problems.

Unmentioned is the enormous increase in state funding the Pottstown School District has received since 2006.

Three years ago, at the urging of Gov. Rendell, the legislature changed the funding formula for the state's 500 school districts. The new formula greatly favored Pottstown, and resulted in a substantial increase in state funding.

Last year, the district received 39 percent more in state funding — nearly \$5 million — than it received just two years before.

What did it do with this wind-fall? Ideally, a school district should place up to 10 percent of its budget in a reserve account. But Pottstown kept its budgetary reserve at just 1 percent.

Anticipating renovations to its elementary schools, Pottstown could also have placed money in a capital reserve account to help pay for them.

Instead, the school district spent all its increase in state funding.

Even under the "worst-case" scenario, Pottstown will receive millions more in state funding than it did just three years ago. But the district has not budgeted wisely and is now talking about cutting music, art, athletics, or closing a school.

Thomas Hylton, a 37-year resident of Pottstown, is Web site editor of Pottstown Citizens for Responsible Government.



Commentary by
Thomas Hylton

Summary

- **In a two-year period, from 2006-07 to 2008-09, the Pottstown School District received a 39 percent increase in state aid, nearly \$5 million more per year.**
- **Rather than budget wisely, placing several million dollars in budgetary reserve — or in capital reserve to pay for anticipated elementary school renovations — the district spent all the increased revenue it received from the state.**
- **Now district administrators are predicting dramatic budget cuts, even though the "worst-case" scenario will provide millions more in state funding than the district received just three years ago.**

State funding to Pottstown School District

Year	State funding	Increase from 2006-07	Percent increase from 2006-07
2006-07	\$12,888,148		
2007-08	\$15,782,628	\$2,894,480	22%
2008-09	\$17,863,597	\$4,975,449	39%
2009-10*	\$18,459,566*	\$5,571,418*	43%*

* Gov. Rendell's proposed budget