

POTTSTOWN CITIZENS FOR Enlightened LEADERSHIP

The big day: budget unveiled

The most important state event of the year takes place today, as Gov. Tom Wolf unveils his proposed budget for the 2017-2018 fiscal year.

It's not only important for state operations, it's also vitally important to the Pottstown School District, because we receive nearly 40 percent of our income from the Commonwealth.

Last year, Pottstown received an 11 percent increase in state subsidies over the previous year, amounting to \$2.2 million in new money. This meant the district could avoid a local property tax increase without making any cuts in programs and personnel.

Likewise, the previous year, the district received an extra \$1.3 million from the state, allowing the district to painlessly avoid a local tax increase.

It's doubtful we'll be so lucky this year.

After two bruising battles with the Republican-controlled legislature in his first two years, Gov. Wolf has promised a new budget that avoids increasing income and sales taxes.

Such a budget will require major spending cuts, because the legislature's Independent Fiscal Office forecasts a \$2.8 billion shortfall in next year's budget at current spending levels.

It's hard to see how Gov. Wolf can cover that deficit and increase subsidies to public school districts at the same time.

Meanwhile, the legislature is taking a serious look at eliminating most

school property taxes by dramatically increasing state subsidies to all school districts. The subsidies would be funded by an increase in the state income and sales taxes.

The educational establishment vigorously opposes this idea because school districts would be almost entirely dependent on the state for their revenue. The ability to raise taxes locally would be severely curtailed.

But a school property tax-elimination bill did pass the state House in 2015 and came within one vote of passing the Senate in 2016.

Moreover, in an interview with the *Scranton Times-Tribune* last month, Gov.

Wolf said he was interested in property tax reform, especially because it would help cities and boroughs by cutting the biggest tax bill residents pay.

Even if there is no property tax reform bill, and the governor proposes additional funding for schools, there is no guarantee the legislature will go along with it.

Last month, the Pottsgrove School Board took its first look at a tentative 2017-2018 budget. If the state does not increase funding, the budget would require a 3 percent tax increase — plus taking \$750,000 from reserves — to cover a projected \$2 million deficit.

Without additional state funding, Pottstown will face a similar budget deficit. But a declining tax base means Pottstown doesn't have the same luxury of increasing taxes as Pottsgrove has, and our reserves are several million dollars less than our neighbor's.

For the first time in years, the Pottstown School District may have to look at some painful decisions.

Today, Gov. Wolf will propose ways to streamline state operations. Soon, the Pottstown School District will need to do the same.



Commentary by
Tom Hylton



Gov. Tom Wolf delivering his budget address last year to a joint session of the Pennsylvania House and Senate in Harrisburg. Behind him are House Speaker Mike Turzai and Lt. Gov. Mike Stack.

Tom Hylton is a member of the Pottstown School Board. However, the views expressed are his alone and not the board's.