

THE POTENTIAL ECONOMIC AND FISCAL IMPACT OF THE PROPOSED POTTSTOWN SCHOOL DISTRICT RECONFIGURATION



CLIENT

Pottstown School District
230 Beech Street
Pottstown, PA 19464

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Econsult Corporation was hired by Pottstown School District ("PSD") to execute a feasibility study of the proposed reconfiguration of the school district. The central purpose of the study was to examine what impact the reconfiguration of the district would have on the township's tax base.

The PSD was considering several consolidation scenarios, all of which shared the common theme of consolidating (at least some of) the elementary schools into a more central location and redeveloping the former school sites into residential housing. The PSD asked to Econsult to forecast and assess the economic and fiscal impact of these consolidation scenarios.

The consolidation plan was likely to have a significant impact on the township's tax base, in several important ways. These impacts could be decomposed into direct versus indirect effects, for both the current and future sites.

Econsult's report quantified and forecasted these effects, and then netted them against each other to determine the ultimate bottom-line implications for Pottstown's tax base. Econsult did this by first examining how the current configuration of the PSD was capitalized into the value of Pottstown's housing stock, and then applying these results to forecast how the future configuration will be capitalized.

Econsult found that consolidation plan was a net positive for the town's tax base. Although property values were projected to decline modestly in the neighborhoods where schools were closed, the cost savings due to consolidating multiple schools into one "Learning Campus" more than made up for these losses. This result held across both the "full consolidation" and "partial consolidation" scenarios. This result has important implications for local fiscal policy, because it indicates that the size of a municipality's tax base can be affected by the spatial configuration of the tax base and the public services funded by it.