



**NORRISTOWN AREA SCHOOL DISTRICT  
2010-11 GENERAL FUND BUDGET DISCUSSIONS**

Responses to Community Questions  
Raised At Our Budget Committee Meeting - March 3, 2010

1. Can the 2010-11 expense information be summarized and shared by major object code (salaries, benefits, supplies, etc)?

Answer / Response: In accordance with PDE (Pa Dept of Education) guidelines, our expenses are classified in our Chart of Accounts by fund, function, object, funding source, instructional organization, and operational units. These dimensions are defined in the PDE Chart of Accounts Introduction which can be found at:

[http://www.portal.state.pa.us/portal/server.pt/community/school\\_finance/7307/hide\\_chapters\\_%28manual\\_of\\_accounting%29](http://www.portal.state.pa.us/portal/server.pt/community/school_finance/7307/hide_chapters_%28manual_of_accounting%29)

The "Object" code or dimension is the subject of this question. There are nine (9) major object categories defined in our Chart of Accounts. The 2010-11 Preliminary Budgeted Expenses in these areas is:

Object Code & Description	2010-11 Preliminary Budget
100- Wages	\$ 63,990,000
200- Employee Benefits	\$ 26,671,500
300- Purchased Professional & Technical Svcs	\$ 3,886,000
400- Purchased Property Svcs	\$ 2,891,500
500- Other Purchases Svcs	\$ 20,636,800
600- Supplies	\$ 3,884,100
700- Property	\$ 521,850
800- Other Objects	\$3,335,500
900- Other Uses of Funds	\$ 3,435,300
<b>TOTAL PRELIMINARY EXPENSES:</b>	<b>\$ 129,252,550</b>

2. Can a detailed breakdown of Expense Category 1100 – Object 200 (Regular Education – Employee Benefit Costs) be provided?

Answer / Response: Budget Category 1100-200 is comprised of the accounts that are used to record employee benefit expenses for our Regular Education staff. The 200 category (1100-200) refers to the object code. According to PDE, we must record the following expenses to object code 200: "Amounts paid by the LEA on behalf of employees; these amounts are not included in gross salary, but are in addition to that amount. Such payments are fringe benefit payments; and, while not paid directly to employees, are part of the cost of personnel services."

Our specific expenses in this area include:

Sub - Category	2008-09 Actual Expenses	2009-10 Estimated Expenses (Dec 09)	2010-11 Budgeted Expenses (Preliminary)
Medical, Dental, Vision Insurance	\$ 4,972,440	\$ 6,360,000	\$ 7,220,000
Life Insurance	23,297	30,000	35,000
Disability	87,077	100,000	100,000
Social Security	2,211,268	2,380,000	2,450,000
Retirement	1,374,311	1,490,000	2,625,000
Tuition Reimbursement	442,458	450,000	450,000
Unemployment Comp	17,675	35,000	45,000
Workers Comp	228,114	250,000	265,000
Severance Benefits	194,663	250,000	275,000
<b>Totals</b>	<b>\$ 9,551,303</b>	<b>\$ 11,345,000</b>	<b>\$ 13,465,000</b>

It is important to remember that benefit costs vary with staff changes, for example, medical costs may increase/decrease as our staff composition changes. Often recruiting and attracting younger and more inexperienced staff means, that while their salary may be less, trends have shown that they will quickly migrate from an employee with single medical coverage to an employee with family medical coverage during their tenure at NASD.

It should also be noted that the 2010-11 Preliminary figures are based on "First Look" Rate information from Blue Cross and Blue Shield, and that our ongoing negotiations may affect our benefit expense projections.

3. **Regarding Expense Category 1200 – Object 567 (Special Education – Tuition Costs for Approved Private Schools), can the number of students currently attending Approved Private Schools be provided?**

Answer / Response: We currently have 42 students attending Approved Private Schools (as of 3/5/10).

4. **Regarding Expense Category 1200 – Object 568 (Special Education – Tuition Costs for PRRI's, Private Residential Rehabilitative Institutions), can the number of students currently attending PRRI's be provided?**

Answer / Response: We currently have 54 students attending PRRI's.

5. **Can the student attendance figures for students attending both Approved Private Schools & Private Residential Rehabilitative Institutions be provided as a part of the regular monthly Board reports?**

Answer / Response: Yes, provided the School Board approves amending our current monthly reports. We hope that they will discuss this request at one of their upcoming meetings.

6. **How does the District determine or validate the residency of students in Private Residential Rehabilitative Institutions?**

Answer / Response: School Board Policy #202, "Eligibility of Students-Residency Requirements/Exceptions" was adopted on December 6, 2004 and addresses the legal components of attending our public schools. Our District is quite aggressive regarding residency issues for all students attending our schools, including those attending Private Residential Rehabilitative Institutions.

Almost all students placed into alternative schools were recently enrolled in one of our public schools. On occasion, we are asked to acknowledge a student who never attended one of our schools. Through the utilization of PDE Form 4605, Determination of District of Residence in Facilities or Institutions, we are given the opportunity to acknowledge or disclaim any student that is being attributed to our District. Through aggressive measures by our three-person Home & School Office, we utilize home visits, surveillance (if necessary) and other methods to determine residency. If it is determined that a student is not a resident, they are immediately removed from our roles and/or disclaimed via the aforementioned PDE Form 4605.

7. **Regarding Transportation Department Expenses, can the District provide the number of students living in each municipality – East Norriton, West Norriton & Norristown Municipality? And if so, can this data be shared on a monthly basis?**

Answer / Response: As we have shared on several occasions, neither our student database nor our transportation database specifically tracks our student population by municipality. At the present time, we do not have a need to record and analyze our student data in this manner. The Administrative team is concerned about the safety, academic progress, and general well-being of all NASD students, regardless of where they reside.

8. **How can the District efficiently plan for student transportation without having this residency information by Municipality?**

Answer / Response: We schedule student transportation based on several key factors; including school boundaries, student placement (for special education students), and student residency. Our transportation system looks beyond the Municipality to the specific residency/street addresses of our students to guide us in our scheduling decisions. Quite frankly, it does not matter to our database if a specific student address is in West Norriton or East Norriton; it is more important for us to know the home address, if there are neighboring students attending the same school (so that a bus run can be built efficiently), where the closest safe place to stop a bus is, whether or not the road is one way or two-way, and/or what course would need to be traveled to safely and efficiently transport our students.

**9. There was also some discussion/concern about the length of time that some NASD students spend on the bus each day.**

Question/Answer: We estimate that:

- ⇒ Our average run (amount of time) that a public school student is on a bus is approximately 30 minutes each way
- ⇒ Our longest run (amount of time) that a public school student is on a bus is about 45-50 minutes each way

Because of the geographic location of some of the non-public and charter schools that we transport to, the length (amount of time) of these runs can be longer.

Our Transportation Department works very hard to minimize the amount of time students spend on the bus run, however, sometimes, this is very difficult. To reduce the time students spend on our vehicles, we could simply add more vehicles. However, this is not an economically feasible solution. Another option is to adjust our school attendance boundaries. As many of you know, we are currently discussing facility issues (related to both student capacity and capital needs), and the attendance boundaries may naturally become part of this discussion.

**10. Regarding Revenue Acct 6411 – Delinquent Real Estate Taxes – can the District provide the number of properties lienied? And also foreclosed on?**

Answer / Response: At June 30, 2009 (our last audited financial period), we had 1872 open school tax liens being actively pursued or collected by our delinquent tax collector, Portnoff Law Associates. Additionally, during the 2009-10 school year, Portnoff Law Associates listed four properties for sheriff sale.

**11. What, if any, programs have been scaled back recently or will be scaled back in 2010-11?**

Answer / Response: The following programs and initiatives have been scaled-back or eliminated:

- Dual Enrollment for High School students
- DIBELS testing and the cost of analysis of results
- Terra Nova testing for grade 1 and 2 students
- Fast Forward
- Reading First Reading Coaches
- Reducing an 8 page K to 6 report card to 1 page

**12. Why can't we reduce spending?**

Answer / Response: The School District can, and does, actively seek strategies and practices to reduce spending. We also modify our spending patterns as we work through our budgeting process.

When the 2009-10 Final General Fund Budget was adopted, it included the implementation of the following cost-savings decisions:

- Middle school special education transportation runs were to be combined
- All Building Level allocations or budgets were reduced by 10%
- Staffing reductions, identified through the internal staff audit and via attrition, resignation, or reassignment, totaling nearly \$1 million

For the 2009-10 school year, we also instituted changes to some of our purchasing practices, allowing us to obtain better pricing for essential goods and supplies.

**13. How much has the District spent on legal fees related to the WN zoning issue?**

Answer / Response: NASD learned of West Norriton Township's decision that our proposed athletic stadium was not permitted as a "by-right or accessory use" of our high school property on July 24, 2009. Since that time, we have spent a significant amount of money regarding this issue and to our appeal of this zoning decision. These fees are a direct result of the Township improperly denying our application and prolonging the zoning hearing process. These fees could have been avoided. The School District has been willing, and is still willing, to meet with West Norriton Township staff, elected officials and the community to reach an agreement regarding the use of the athletic stadium that would be acceptable to everyone.

**14. How many students attend NASD schools?**

Answer / Response: Our student enrollment data is included each month in our public meeting materials, which are posted on our website. Our enrollment as of February 16, 2010 was 6700 students. More detailed information can be found at: <http://www.boarddocs.com/pa/nasdpa/Board.nsf/Public?OpenFrameSet>

**15. How many teachers are employed by NASD?**

Answer / Response: We currently employ approximately 610 professional staff; which includes classroom teachers, lead teachers, reading and math specialists, guidance counselors, librarians, etc. This number fluctuates throughout the year as staff resign and/or retire.

**16. What is our current average class size?**

Answer / Response: As shared at the March 3, 2010 budget committee meeting, our average elementary school class size is approximately 23/24 students. At the middle school level, our average class size is about 24 students. And at the high school level, the average class size varies greatly; primarily because it is greatly impacted by the course selection process.

**17. What is the unemployment rate in each of our three local municipalities?**

Answer / Response: To respond to this question, NASD staff contacted each of our three municipalities, H.A. Berkheimer (our Earned Income Tax Collector), and the Pa Department of Labor and Industry. We have learned that unemployment rate information for East Norriton Township and West Norriton Township is not available. The unemployment rate for Norristown Municipality is 7.1%, which is the December 2009 seasonally adjusted unemployment rate per the Pa Department of Labor & Industry.

**18. What is the amount of money allocated per student to each building?**

Answer / Response: For the 2010-11 school year, we have allocated (on a preliminary basis), the following per student amounts:

- At the elementary level:     \$ 95.39/ student
- At the middle level:         \$ 144.22/ student
- At the high school level:    \$ 185.10/ student

These funds are to be used by our Principals primarily for consumable classroom materials and supplies, as well as for replacement library and text books. All requests to spend these funds (i.e. order materials or supplies) require a series of preapprovals before orders are released to vendors.

**19. Who is the team that monitors the budget for the District?**

Answer / Response: The Business Office staff have the primary responsibility for monitoring the financial activity of the District. We post, track, and project revenues and expenses on a continual basis. We also monitor spending by building and/or department and communicate with appropriate administrative staff about revenue and expense activity on a monthly basis.

**20. How often or regularly are the revenues and expenses of the District reviewed?**

Answer / Response: Revenues and expenses are reviewed by Business Office staff almost on a daily basis. Revenues are deposited and recorded practically every day; as we try to get our receipts on deposit with our bank as quickly as possible to maximize our interest earnings. General Fund invoices are paid on a bi-weekly cycle, after each invoice is reviewed and approved at several levels.

**21. What is the District doing to influence zoning decisions in the local municipalities?**

Answer / Response: The School District staff maintains a relationship with staff in each of our three municipalities; at many different levels – from the Park & Recreation Departments to the Fire Marshalls, Police Chiefs, and Township/Municipal Managers. From the financial perspective, we communicate regularly on issues involving developments or projects seeking tax breaks or assessment appeals. We do not, however, actively attempt to influence routine zoning decision in the local municipalities.

The School Board members, however, also maintain relationships with elected officials in each of our Municipalities, and often discuss and review issues that affect the greater Norristown Area community.

**22. What is the District doing to influence or encourage code enforcement in the local municipalities?**

Answer / Response: Our response to this question would be, for the most part, the same response provided for Question #20. Additionally, though, from the financial perspective, we should share that code enforcement issues are sometimes discussed by staff at our regular tax collection meetings, as it can sometimes relate to the number of taxpayers residing in a dwelling.

**23. What is the District doing relative to the assessment of new or transferred property within the District?**

Answer / Response: Annually, the School District examines the real estate transfer records (which show when a property was sold or transferred and for what dollar value), to identify properties that may be under-assessed. We compare the sales price to the current assessed value and determine whether or not there is an opportunity for the District to successfully appeal the assessment and increase the tax revenue to the District. We have been able to successfully appeal assessments based on the sales price information for the past several years.

**24. There is a concern about the 8<sup>th</sup> grade students at ENMS not being able to take reading books home. Is there any truth to this?**

Answer / Response: The purpose of homework is to ensure that students reinforce what they learned in school. This is most effectively accomplished through homework that allows students to practice and apply what they learned. Though it varies from classroom to classroom, homework usually does not involve the textbook so the textbook need not go home. On occasion, students may sign out textbooks to make up work they missed if they were absent. For homework in the reading and English class, students may be asked to read a book of their choosing to practice and apply what they have learned in class. The books may be gotten from the classroom or school library, from the student's home library, or from the public library.

**25. Are books given to every student?**

Answer / Response: One of the characteristics of high performing school districts is a common core curriculum at each grade level and that requires a common set of textbooks. We decide on books with the input of both teachers and administrators.

Students in middle school and high school have textbooks in every classroom; however, in some instances teachers have one set that is used by each group they teach. Some of the books are old and need to be replaced. Middle schools use a variety of different Social Studies textbooks in grades 7 and 8, some are older and well used. The District is looking to replenish and/or replace some of these books.

We do have common books in Mathematics at all grade levels, and again, some are older and need to be replaced. We have new Reading and Social Studies textbooks in grades 4, 5, and 6 in every school. In Kindergarten through grade 3 we do not have common Reading or Social Studies books across all schools.

**26. Which school has been identified as a turn-around school for the Race-To-The-Top initiative?**

Answer / Response: Norristown Area High School

**27. Where are costs being cut?**

Answer / Response: As shared in question #11, when the 2009-10 Final General Fund Budget was adopted, it included the implementation of the following cost-savings decisions:

- o Middle school special education transportation runs were to be combined
- o All Building Level allocations or budgets were reduced by 10%
- o Staffing reductions, identified through the internal staff audit and via attrition, resignation, or reassignment, totaling nearly \$1 million

At the beginning of the 2010-11 school year, staff at the executive/cabinet level and the middle management level transitioned to a new health plan, reducing the Districts overall medical/prescription costs. Currently, as many of you know,

costs are being cut in the area of support staffing levels via furloughs. This has been a very difficult process for everyone involved; but is expected to continue as we move through the next few weeks.

For the 2010-11 school year, we will be looking closely at every professional and non-professional position that becomes vacant; hoping to find an opportunity to cut costs through attrition rather than through additional staff furloughs. We are also hoping that our collective bargaining associations are able to partner with us to negotiate new contracts that are fair to both their members, and fair to the entire community. We have committed to looking closely at student placements, supply purchases, utility usage, and facility needs; all with the goal of finding new ways to control the costs associated with operating a public school district.

**28. Why does the District seem to spend so much money in the month of June each year?**

Question / Answer – The modified accrual accounting method guides when expenses are recognized. Invoices and bills paid after June 30th, which directly relate to goods and/or services delivered and/or received during the fiscal year, must be posted back to prior fiscal year. Additionally, all wages and benefits attributable to the 2009-10 fiscal year must be recorded in that fiscal year; regardless of when they are physically paid. So, for example, our teachers payroll in the months of July & August 2010 represent payment for their work performed in the 2009-10 school year. Under our accounting guidelines, these payroll expenses must be recorded in the month of June 2010. As a result our expenses in June can and do appear to be higher than the prior months of the school year.

We recognize that this is a difficult concept, and encourage our readers to visit the information posted on our website regarding our "Basis of Accounting". This can be accessed by following this link:

<http://www.nasd.k12.pa.us/Pubs/Budget/Accounting%20Basis.pdf>

**29. At the Budget Committee meeting , there was some discussion about PSERS (Pa School Employees Retirement System) and the impact to our 2010-11 Budget.**

Question/Answer – One of the major influencing factors in the development of the NASD 2010-11 Annual Budget is the impact of PSERS rate increases. PSERS is slated to have a dramatic increase in the mandated employer contribution rate as we move through the next several years, this rate is set to jump from 4.78% this year to 8.22% in 2010-2011, and then up to almost 30% by 2013.

PSERS is a governmental, mandatory defined benefit pension plan for Pennsylvania school employees. Established in 1917, it is one of the oldest public pension plans in the United States and currently serves more than 547,000 members state-wide. PSERS is funded by three sources: employee contributions, employer contributions, and investment earnings. The largest funding source – by far at 65% – has been investment earnings. As in many other areas of the economy, dramatic declines in investment income are affecting PSERS funding. PSERS' funded status as of June 30, 2009, was 79.2%, down from 86.0% the previous year. In layman's terms, that means that PSERS currently holds only 79 cents for every dollar it needs to pay in retirement benefits. The remaining balance is accumulated as debt. In order to minimize that debt, substantial increases in the mandated employer contribution rate are forecasted in the coming years. Those increases directly impact school district budgets.

There are a number of options currently on the table for legislative discussion (as PSERS is a state regulated pension system). The PSERS Board serves as a resource for information to communities and to legislators. Please visit the PSERS website to learn more: [www.psers.state.pa.us](http://www.psers.state.pa.us).

**We encourage our community to be educated participants in the PSERS discussion. Any change to the system must come at the legislative level. Contact your state legislators today to encourage them to make PSERS a priority on their agenda.**