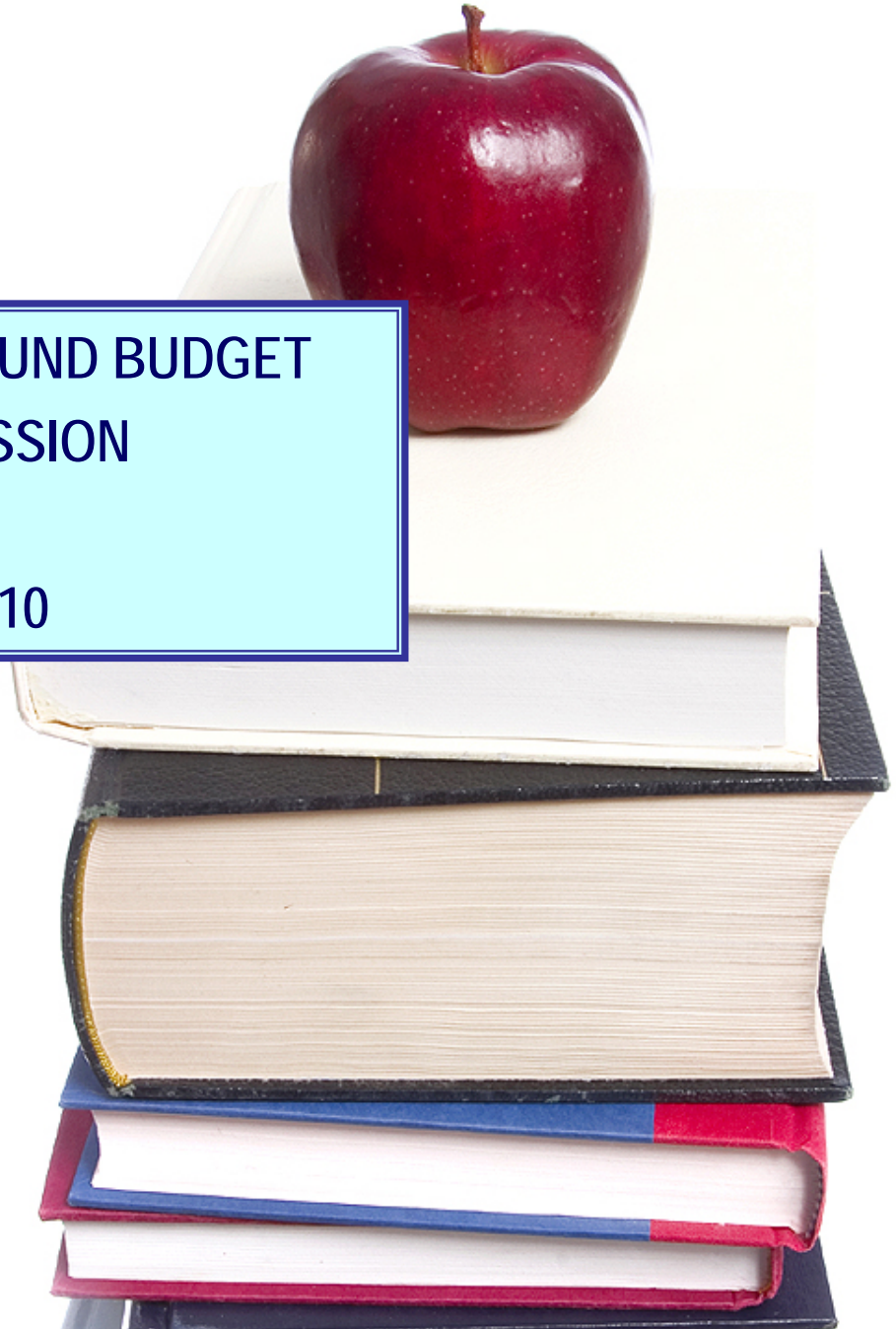


NORRISTOWN AREA SCHOOL DISTRICT

2010-11 PRELIMINARY GEN FUND BUDGET
& FINANCIAL DISCUSSION

FEBRUARY 22, 2010



NASD 2010-11 PRELIMINARY BUDGET

- OVERVIEW

- Act 1 of 2006 required NASD to:

- Place our 2010-11 Preliminary Annual Budget on “Public Display” by January 28, 2010

- ☑ **Completed January 25, 2010**

- Adopt our 2010-11 Preliminary Annual Budget by February 17, 2010

- ☑ **Completed February 17, 2010**

- Concerns Were Compliance Based

- Publicly Shared That By No Means Is Our Preliminary Budget going to be presented as our Final Budget



NASD 2010-11 PRELIMINARY BUDGET

- OVERVIEW

- 2010-11 Educational Goals / Initiatives (Preliminary)

- Student Achievement in Grades K-12
 - Continuation of Pilot Pre-K Program
 - Improved Collaboration Across Content Areas
 - Strategic Improvements in ESL & Special Education Programs & Initiatives
 - Investment in Instructional Materials
 - Continued Integration of Technology in our Instructional Programs
 - Safe & Secure Learning Environment
 - Staff, Community & Family Engagement



NASD 2010-11 PRELIMINARY BUDGET

OVERVIEW

- Our 2010-11 Preliminary Budget is a “working document” as there are many factors that are unknown or not final at this point, including:
 - Wages & Benefits related to both our support & teachers contracts (currently negotiating)
 - Program needs / changes
 - State & Federal Revenue Levels
 - Staffing needs (currently being reviewed)
 - Opportunities to save dollars via attrition or staff retirements



NASD 2010-11 PRELIMINARY BUDGET

- OVERVIEW

- On January 25, 2010, the 2010-11 Preliminary Budget included:
 - An \$8+ million funding shortfall
 - 11.95% Tax Increase
- On February 17, 2010, we were able to provide an updated 2010-11 Preliminary Budget:
 - Included Additional State Funding
 - Closed the funding shortfall by \$1.4 million
 - Reduce our preliminary tax increase down to a 9.94% tax increase
- Additionally, please note that we remain firm in our commitment to further reduce this tax increase.



NASD 2010-11 PRELIMINARY BUDGET

- Primary “Revenue” factors contributing to shortfall include-
 - Stagnant Local Economy
 - Assessed values being challenged as market slump continues
 - RE Transfer Tax & Interim RE Tax, & Interest Earnings remain at record low levels
 - Struggling State Economy
 - New Federal Revenue (ARRA) that is extremely restrictive & therefore can not be used to offset local economic issues



NASD 2010-11 PRELIMINARY BUDGET

- While our “Revenues” are stagnant, our “Expenses” are rising
 - which creates the funding gap or budget shortfall
- Primary “Expense” factors contributing to shortfall include:
 - Wage uncertainty - Unresolved labor contracts (NESPA & EANA)
 - Benefit increases
 - Blue Cross & Blue Shield
 - First look at 2010-11 Rates - \$ 2 million increase
 - » Personal Choice medical = 12.67% increase
 - » Personal Choice prescription = 17.27% increase
 - » Keystone products = 8.69% increase
 - PSERS (Public School Employees Retirement System)
 - Employer contribution rate jumping from 4.78% to 8.22%
 - Net impact to NASD = \$1.1 million
 - Central Montco Technical High School
 - Projected Tuition Increase = \$ 520,000
 - Utility & Contracted Transportation Increases



NASD 2010-11 PRELIMINARY BUDGET

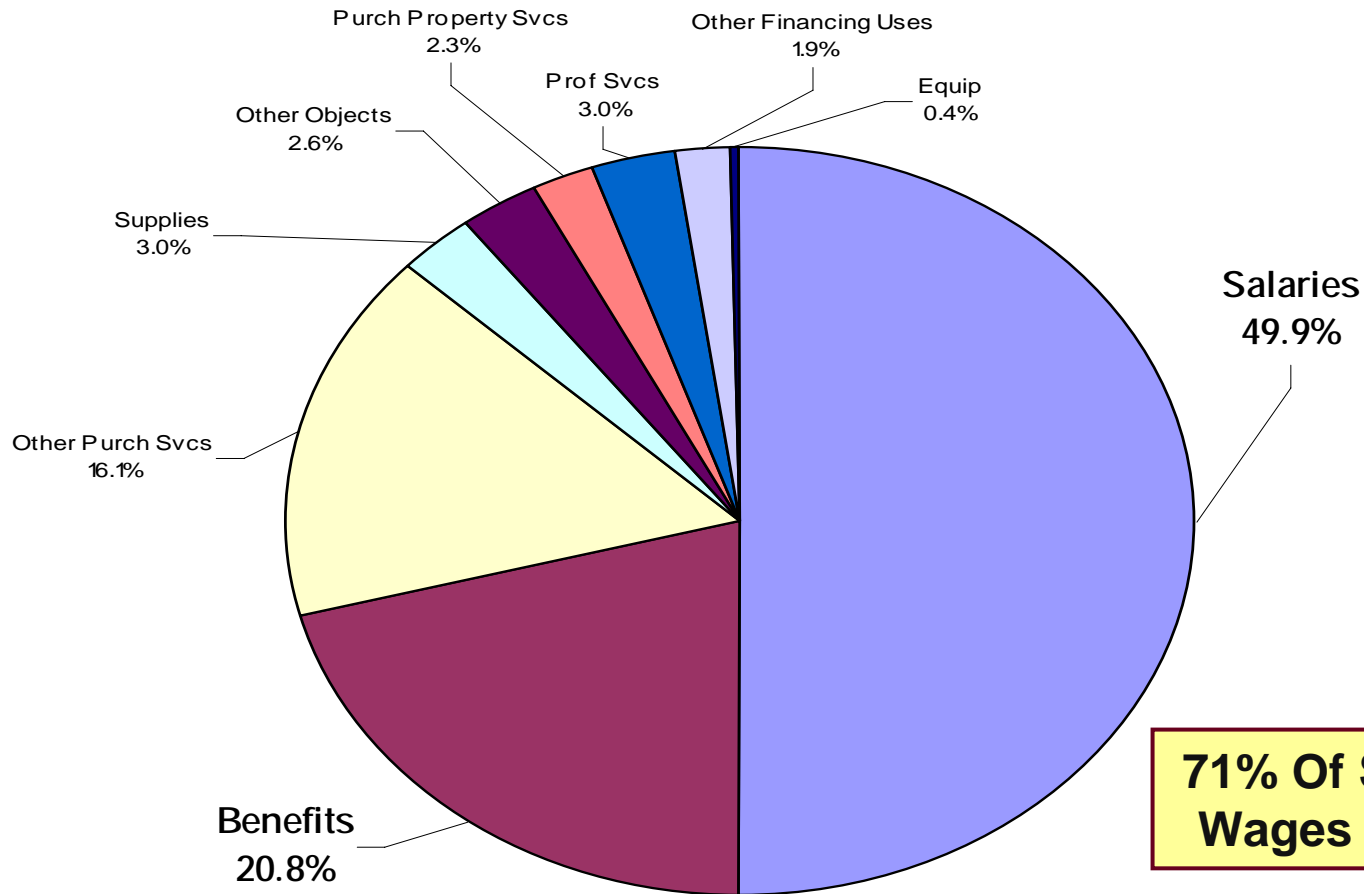
- NASD will be aggressively looking to reduce costs before presentation of Final Budget:
 - Second internal staff audit will be performed
 - Vacancies created by retirements & resignations will be examined closely before being posted
 - Targeted goal for special education has already been set:
 - Must reduce costs of out-of-district placements & corresponding transportation by 10% for the 2010-11 school year
 - Transition & implementation meetings have already begun

However, there is only so much the School Board & Administration can do without the cooperation, collaboration, and support of its labor groups

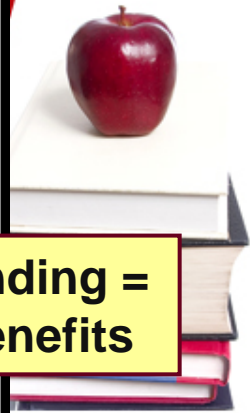


NASD 2010-11 PRELIMINARY BUDGET

2010-11
Preliminary Budget



**71% Of Spending =
Wages & Benefits**



NASD 2010-11 PRELIMINARY BUDGET

➤ As illustrated on the previous page, approximately **71%** of our annual budget is committed to wages and benefits.

➤ **NASD currently employs:**

- 6 Cabinet Members
- 35 Administrators (AAS)
- 35 Middle Management & Auxiliary Personnel (MMAP)
- 324 Support Staff (NESPA)
 - Includes Paraprofessionals, Custodians, Bus Drivers, Café Staff, Secretaries, etc.
- 610 Teachers (EANA)
 - Includes Classroom Teachers, as well as Lead Teachers, Guidance Counselors, Librarians, etc.

➤ **1010 Employees**



NASD 2010-11 PRELIMINARY BUDGET

- As illustrated on the previous page, approximately 71% of our annual budget is committed to wages and benefits.
- Spotlight naturally drawn to spending on “people costs”
- Must recognize that the funds needed to close our gap or shortfall can not all be placed on the backs of our taxpayers
 - **Our labor groups need to partner with us to keep NASD financially solvent**
 - EANA (Teachers & Professional Staff) Contract
 - Will expire in August 2010
 - NESPA (Support) Contract expired in June 2009
 - Working in “Status Quo”



NASD 2010-11 PRELIMINARY BUDGET

➤ Benefit package is an apparent stumbling block

- PSERS can not be addressed locally in collective bargaining
- **However - Health Care can be:**
 - Unfortunately, this has resulted in the current impasse with NESPA



NASD 2010-11 PRELIMINARY BUDGET

■ NESPA Negotiations

- After months of unsuccessful negotiations with this group, both NESPA & NASD engaged in a process called “FACT FINDING”
 - In May 2009
 - Fact Finding called for both sides to present their cases related to the NESPA contract to an independent 3rd Party (Hearing Officer) who then “finds the fact” and issues an opinion or report about the issues
 - Nearly all of the issues involved related to salary and benefits
 - Both parties can then accept and implement the Fact Finders Report or can remain at odds



NASD 2010-11 PRELIMINARY BUDGET

■ NESPA Negotiations

- Fact Finders Opinion / Report
- Issued in June 2009
- This report provided for base wage increases for 99% of NESPA members
 - Ranging from **1%** to **12.75%**
 - Overwhelming majority of NESPA staff would have seen an increase **in excess of 3%** in base wages
- This report also called for NESPA members to migrate to a new base medical/prescription plan
 - Blue Cross/Blue Shield Keystone POS
 - Which has been introduced in other Montgomery County School Districts
 - Extremely Comparable to Current Personal Choice Products
 - Fiscally Responsible Plan Offering
 - Potential Savings Are Significant



NASD 2010-11 PRELIMINARY BUDGET

■ NESPA Negotiations

- NESPA rejected the Fact Finders Report
- Impasse continues today
- NASD continues to provide NESPA members with Personal Choice coverage

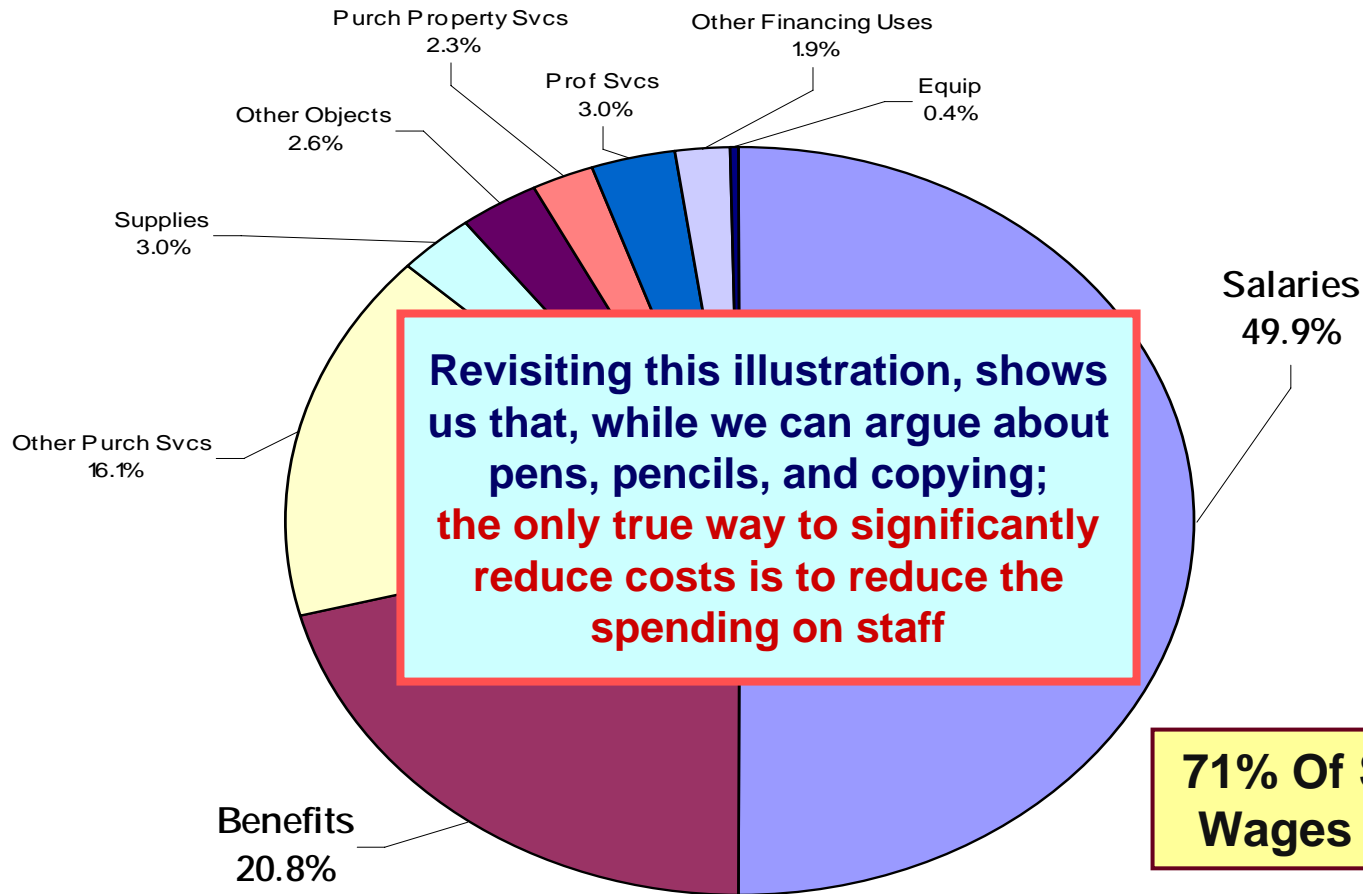
Combination of carrying these extra health care costs & the projected shortfall for the 2010-11 school year, regrettably, has brought us to the point of staff layoffs

- NASD School Board & Administration remain willing and available to meet with NESPA
 - **Health Care must be on the table**



NASD 2010-11 PRELIMINARY BUDGET

2010-11
Preliminary Budget



NASD 2010-11 PRELIMINARY BUDGET

■ Furloughs

- Are controversial and painful
- Recognizing that:
 1. Seniority plays a factor
 2. Each building and classroom is unique
 3. We are not willing to jeopardize student and/or teacher safety
 - Staff furloughs are being done very slowly – so that the appropriate transfers can be made when needed.
- May be extended beyond NESPA if needed



Thank You!

