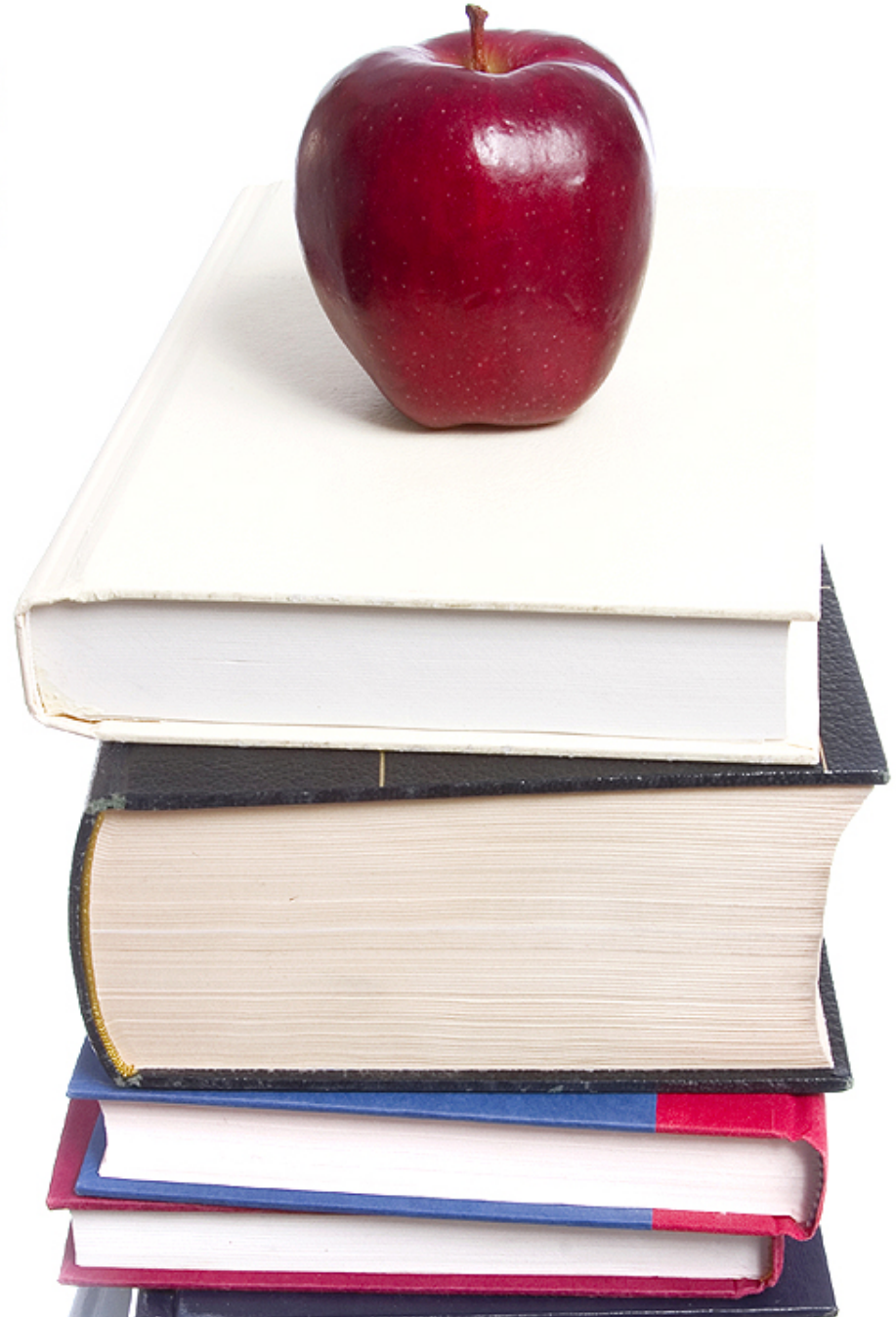


NORRISTOWN AREA SCHOOL DISTRICT

2010-11 PRELIMINARY
GENERAL FUND BUDGET

DISCUSSION MARCH 22, 2010

ACT 1 "EXCEPTIONS"



NORRISTOWN AREA SCHOOL DISTRICT

2010-11 BUDGET DISCUSSIONS

- Act 1, or the Homeowners Tax Relief Act, guides our budgeting timeline and process
- Act 1 establishes an annual “index”, or threshold, that Districts generally must limit their annual tax increase to
 - For 2010-11, our index is 2.9%
- If the School District wants/needs to raise taxes beyond this level:
 - The District can seek “exceptions”
 - Or can eventually ask for voter permission through a back-end referendum



NORRISTOWN AREA SCHOOL DISTRICT

2010-11 BUDGET DISCUSSIONS

- The “exceptions” provided for in Act 1, if approved, allow a school district to raise taxes beyond the index
 - There are 10 “exceptions”
 - 3 need approval by Court of Common Pleas
 - 7 need approval by Pa Dept of Education
- The exception categories provide partial relief for increases in costs that, in many cases, are beyond local control
- Districts planning to use one of the exceptions must follow a strict protocol for approval and must provide clear and convincing evidence that it qualifies for the exception sought



2010-11 Budget Discussions - Act 1 Exceptions

1

Emergencies / Natural Disasters

2

Threats

3

Debts

4

Special Education

5

No Child Left Behind



2010-11 Budget Discussions - Act 1 Exceptions

6

Maintenance of Actual Instructional Expense

7

Court Orders

8

Certain Health Care Costs

9

Tax / State Funding Maintenance

10

PSERS Increases (if greater than index)



2010-11 Budget Discussions - Act 1 Exceptions



EMERGENCIES / NATURAL DISASTERS

- Costs incurred in responding to an emergency or disaster that it declared by the Governor
- Requires court approval
 - Example: Hurricane / Blizzard



2010-11 Budget Discussions - Act 1 Exceptions



THREATS

- Costs incurred in responding to conditions that pose an immediate threat of serious physical harm or injury to the students, staff, or residents of the District.
- Requires court approval
 - Example: Bomb Scare / Terrorism



2010-11 Budget Discussions - Act 1 Exceptions



DEBTS

- To pay Interest & Principal on debt
- NOT ALL DEBT – very limited
 - Based on
 - What debt was used for
 - When the debt was issued
- Requires PDE approval



2010-11 Budget Discussions - Act 1 Exceptions

4

SPECIAL EDUCATION

- Costs for special education if increases exceed the index
- Requires PDE approval



2010-11 Budget Discussions - Act 1 Exceptions



NO CHILD LEFT BEHIND

- To pay expenses incurred in the implementation of a Corrective Action Plan required under NCLB, where the expenses of the plan exceed certain Commonwealth funding mechanisms
- Requires PDE approval
 - Example:
 - Cost of School Improvement Plan
 - Implementation of School Choice



2010-11 Budget Discussions - Act 1 Exceptions



MAINTENANCE OF ACTUAL INSTRUCTIONAL EXPENSE

- For costs necessary to maintain the actual instructional expenses per ADM, adjusted by the index or to maintain per student local tax revenues, adjusted by the index.
- Eligible districts must have experienced growth exceeding 7.5% in the prior 3 years
- Requires PDE approval
 - Example: Districts with rapid student growth



2010-11 Budget Discussions - Act 1 Exceptions



COURT ORDERS

- For costs incurred in implementing a court order or administrative order from a Federal or State agency.
- Requires Court approval
 - **Example:**
 - Special Education Awards
 - Assessment Appeals
 - Transportation ???



2010-11 Budget Discussions - Act 1 Exceptions

8

CERTAIN HEALTH CARE COSTS

- To pay health care expenses that are attributable to a collective bargaining agreement if the increased costs exceed the index
- Applies ONLY to collective bargaining agreements in effect on January 1, 2006
- Requires PDE approval
 - Example:
 - Our EANA contract was in effect on January 1, 2006
 - But will expire 8/31/10
 - Some of our health care costs for July 2010 & August 2010 may qualify for an exception



2010-11 Budget Discussions - Act 1 Exceptions

9

TAX / STATE FUNDING MAINTENANCE

- To maintain revenues derived from real property taxes, earned income taxes, basic education funding, and special education funding, adjusted by the index.
- Requires PDE approval
 - **Example:**
 - If state funding freezes, school districts may seek an exception for the amount of any lost revenue
 - If a local tax base is eroding, districts may seek an exception for the amount of revenue lost due to this adverse activity.



2010-11 Budget Discussions - Act 1 Exceptions



PSERS INCREASES

- To make payments on behalf of active members of the Public School Employees Retirement System – where the increase in the school districts share of payments exceeds the index
- Requires PDE approval



2010-11 Budget Discussions - Act 1 Exceptions



SUMMARY:

EXCEPTION	APPROVAL	COULD NASD QUALIFY FOR THIS EXCEPTION FOR 2010-11?	WILL/DID NASD APPLY?	ESTIM AMT (PRELIMI
EMERGENCY	COURTS	UNKNOWN/LIKELY	NO	
THREATS	COURTS	UNKNOWN/UNLIKELY	NO	
DEBT SERVICE	PDE	YES	NO	
SPECIAL ED	PDE	NO	NO	
NCLB	PDE	YES	YES	\$ 3,765,000
ACTUAL INSTR EXP	PDE	NO	NO	
COURT ORDERS	COURTS	UNKNOWN/LIKELY	NO	
HEALTH CARE	PDE	YES	NO	
TAX/STATE FUNDING	PDE	NO	NO	
PSERS	PDE	YES	YES	\$ 1,142,000
			TOTAL:	\$4,907,000

NASD 2010-11 PRELIMINARY BUDGET

- Our “exception” requests were submitted to PDE on March 4, 2010
- PDE approval deadline is March 24, 2010
- If PDE approves both of our requests (in full), we could raise taxes by approx 7% without needing voter approval through back end referendum



NASD 2010-11 PRELIMINARY BUDGET

- Please be assured that we do not intend to raise taxes at that level, however, approval of these exceptions would give NASD the flexibility to raise taxes beyond the index of 2.9% if needed
- We are continuing to refine our projections and estimates, as well as to look for creative ways to mitigate the impact that the PSERS and health care increases will have in NASD during 2010-11



Thank You!

