

NORRISTOWN AREA SCHOOL DISTRICT
2012-13 PRELIMINARY BUDGET

Presented: December 5, 2011

**Scheduled for Adoption:
January 23, 2012**



NORRISTOWN AREA SCHOOL DISTRICT

2012-13 Preliminary Budget

December 5th 2011 - Presentation Overview

Act 1 of 2006

Guides Annual
Process &
Timeline

**CHANGES FOR
2012-13!**

2012-13 Revenue

Limited Info
Available About
State / Federal
Funding

Local Revenues
Difficult to project
so early

2012-13 Expenses

Significantly
Impacted by
PSERS

Medical Increases
Unknown At This
Point

Includes Capital
Dollars for the first
time in many years

Next Steps

Budget Gap /
Shortfall To
Address:

Annual Program
Review

Annual Position
Review
(Staff Audit)



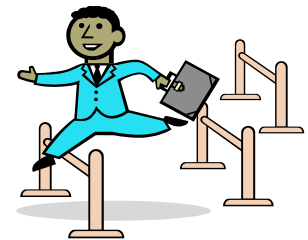
NASD 2012-13 PRELIMINARY BUDGET

ACT 1 of 2006

- **Requires NASD to:**
 - Place our 2012-13 Preliminary Budget on “Public Display” by January 5, 2012
 - Adopt our 2012-13 Preliminary Annual Budget by January 25, 2012
 - This document will be discussed publicly on December 5, 2011, and is scheduled for adoption on January 23, 2012

- **Compliance Issue At This Point**
- **By no means is this is our 2012-13 Final Budget**

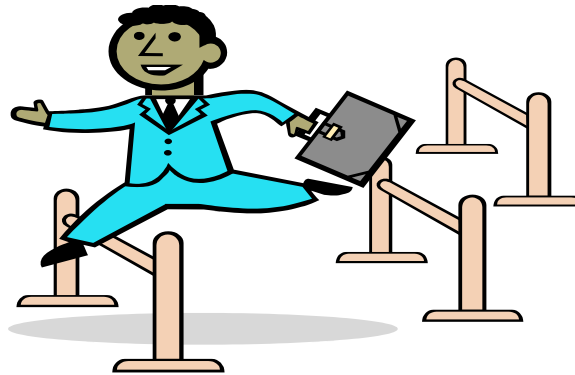
**DATES ARE
ACCELERATED BY
ABOUT 1 MONTH THIS
YEAR BECAUSE 2012
IS A PRESIDENTIAL
ELECTION YEAR
&
ACT 1 TIES ALL
BUDGET ACTION TO
THE DATE OF
ELECTION DAY**



NASD 2012-13 PRELIMINARY BUDGET

ACT 1 of 2006

- **At this point, our actions are more focused on compliance with the adoption deadline than on instructional program recommendations and/or financial projections**
 - **Focused reviews of both will occur over the next six months!**



NASD 2012-13 PRELIMINARY BUDGET

REVENUES:

- **Preliminary projections indicate we may have a \$5+ million shortfall (which translates to about a 7% tax increase)**
 - However, information about state and federal revenues for 2012-13 is not yet available
 - And, because the Budget Adoption date is accelerated, there is some uncertainty in the local revenue levels and projections
- **However, NASD can not raise taxes by 7% without a referendum**
 - Act 1 regulations have changed - making local authority much more limited than in prior years.
 - Due to the elimination of many of the Act 1 Exceptions
 - **Administration is not recommending a budget referendum**
 - February 9th is the date to notify PDE of any intent to submit our 2012-13 Budget for an April 24th referendum
 - **Instead, we are committed to reducing the needed tax increase to a level that is acceptable under Act 1**
 - Act 1 changes illustrated on next page



2012-13 Budget Discussions - Act 1 Exceptions

SUMMARY:

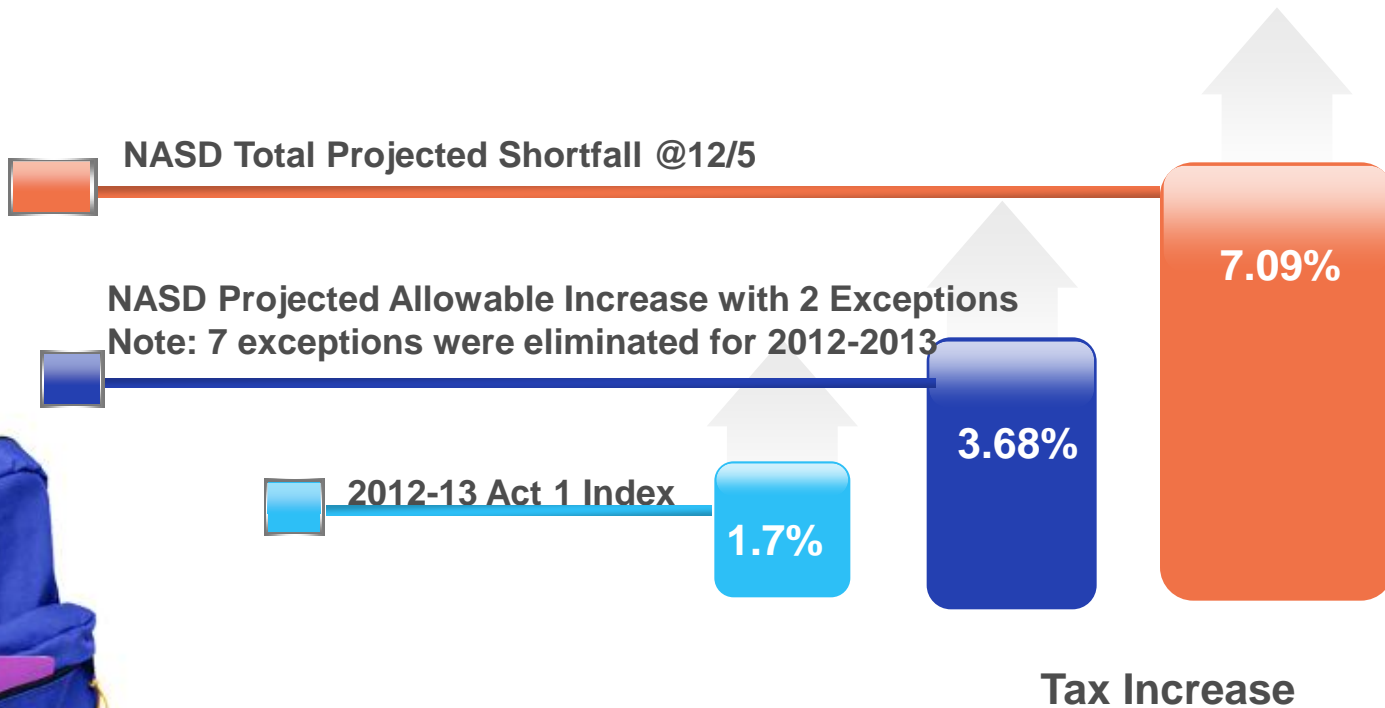
EXCEPTION	APPROVAL	AMOUNT OF EXCEPTION GRANTED IN 2010-11	AMOUNT OF EXCEPTION GRANTED IN 2011-12	FOR 2012-13, WHICH EXCEPTIONS WILL NASD APPLY FOR?
EMERGENCY	COURTS			ELIMINATED
THREATS	COURTS			ELIMINATED
DEBT SERVICE	PDE			NO
SPECIAL ED	PDE		\$ 814,370	YES – HOWEVER FORMULA MODIFIED
NCLB	PDE	\$ 3,765,380	\$ 1,959,895	ELIMINATED – SIGNIFICANT IMPACT TO OUR TAXING AUTHORITY
ACTUAL INSTR EXP	PDE			ELIMINATED
COURT ORDERS	COURTS			ELIMINATED
HEALTH CARE	PDE			ELIMINATED
TAX/STATE FUNDING	PDE			ELIMINATED
PSERS	PDE	\$ 1,142,150	\$ 955,465	YES



NASD 2012-13 PRELIMINARY BUDGET

REVENUES:

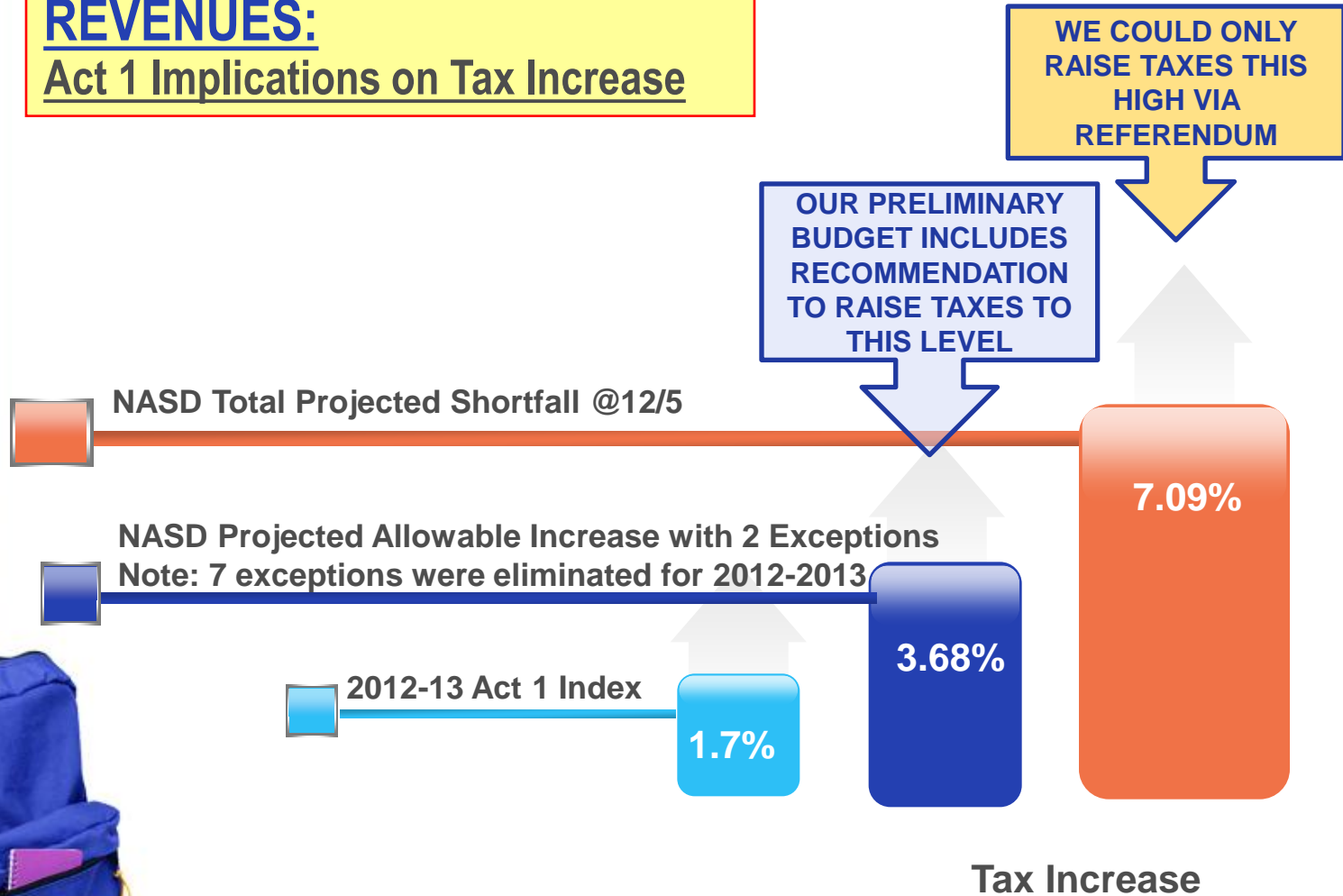
Act 1 Implications on Tax Increase



NASD 2012-13 PRELIMINARY BUDGET

REVENUES:

Act 1 Implications on Tax Increase



NASD 2012-13 PRELIMINARY BUDGET

EXPENSES:

- **One of the primary factors driving increase is PSERS mandated contributions (Public School Employees Retirement System)**
 - Employer Contribution Rate increasing by over 40%
 - From 8.65% to 12.36%
 - Expenses will rise by \$2.3 million
- **Impact of other contributing factors are only estimates at this point; more accurate data will be available as we move through the next few months**
 - BCBS “First Look” medical premium increases:
 - 10+% increase
 - Continue to work towards self-funding
 - Staffing levels for 2012-13
 - Not yet finalized; annual position audit to begin shortly
 - Retirement information not available at this time
 - Program recommendations for 2012-13
 - Again, because of the early timetable, program review and recommendations are not yet available



NASD 2012-13 PRELIMINARY BUDGET

EXPENSES:

- For the first time in many years, we are asking the to Board to consider including some Capital Dollars in the 2012-13 year:
 - \$100k for technology
 - \$1.5 Million for roof replacement project at Whitehall Elementary School
 - \$250k for an energy savings project designed to provide air conditioning for Eisenhower and Stewart Middle Schools
- Will be the subject of much more discussion over the next few months
 - Technology Education Committee
 - Facilities Committee



NASD 2012-13 PRELIMINARY BUDGET

NEXT STEPS:

- In 2009-10, we were able to reduce our needed tax increase from **6.45%** (projected at the time the Preliminary Budget was adopted) to a **0.00%** tax increase by the end of June when the Final Budget was adopted
- In 2010-11, we were able to similarly reduce our needed tax increase from **11.95%** (projected at the time the Preliminary Budget was adopted) to a **4.29%** tax increase by the end of June.
- For 2011-12, our preliminary budget included a proposed tax increase of **6.78%**, (projected at the time the Preliminary Budget was adopted) which was reduced to a **2.19%** tax increase by the end of June.
- For 2012-13, preliminary projections indicate a need for a **7.09%** tax increase, but we are already committing to reduce this to **3.68%**; and hope to be able to reduce this further as we work towards final budget adoption in June 2012.
- At this point, we need to comply with the Act 1 timetable and adopt our Preliminary Budget in January 2012



NASD 2012-13 PRELIMINARY BUDGET

NEXT STEPS:

- As we move throughout the next few months, we will continue to share regular updates about our Budget.
- We will again use the District website to post materials and information
 - <http://www.nasd.k12.pa.us>
 - Budget information on the left side of our home page



Thank You

