



**NORRISTOWN AREA
SCHOOL DISTRICT**

2009-10 PRELIMINARY BUDGET DISCUSSION

SPECIAL BUDGET MEETING – FEBRUARY 17, 2009



NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

OVERVIEW

- **Act 1 Requires Pa Public School Districts to adopt a Preliminary Budget by February 18, 2009**
 - The adoption of our Preliminary 2009-10 Budget is scheduled for February 17, 2009
 - Working draft – will be revised continually over the next few months
- **Act 1 limits our tax increase for 2009-10 to 4.7% (Act 1 Index)**
- **We may exceed this % increase, if needed, by asking approval from:**
 - Pa Dept of Education (Exception process)
 - Pa Court of Common Pleas (Exception process)
 - Voting community (through referendum if needed)



NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

OVERVIEW

- As a result of the accelerated timeline for approving a [preliminary annual budget](#) (Act 1 moved this from May to February), very conservative assumptions are used in the development of the [preliminary budget](#)
- All assumptions will be revisited and revised prior the presentation and adoption of our Final 2009-10 Budget
- Final 2009-10 Budget Adoption scheduled for June 22, 2009



NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

OVERVIEW

- Our 2009-10 **Preliminary Budget** is based on many estimates & projections, as there are many crucial factors which remain unknown at this point in time. These include:
 - State & Federal Funding
 - Long Term Impact of Current Economic Crisis on Local Revenues Sources (Earned Income Tax, Property Transfer Tax, etc)
 - Collective Bargaining Agreements with our Support Associations are expiring - negotiations are underway, but final settlements may affect expense projections and estimates
 - Medical & Drug Premiums - Initial projections from Blue Cross & Blue Shield included double digit premium increases.
 - Unstable fuel market



NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

OVERVIEW

- Our **Preliminary Budget** is a working document – which is continually changing as our needs, projections, and estimates are refined.
 - Since the development of our original preliminary budget in early January, we have been able:
 - To identify additional state revenues
 - To complete an extensive internal staff audit – preliminary results have identified some cost savings opportunities
 - Through Attrition, Position Restructuring, & Possible Opportunities for Staff Reassignment
 - **As a result, we are already able to reduce the proposed tax increase significantly.**
- We will continue to refine our estimates, projections, and needs over the next six months.



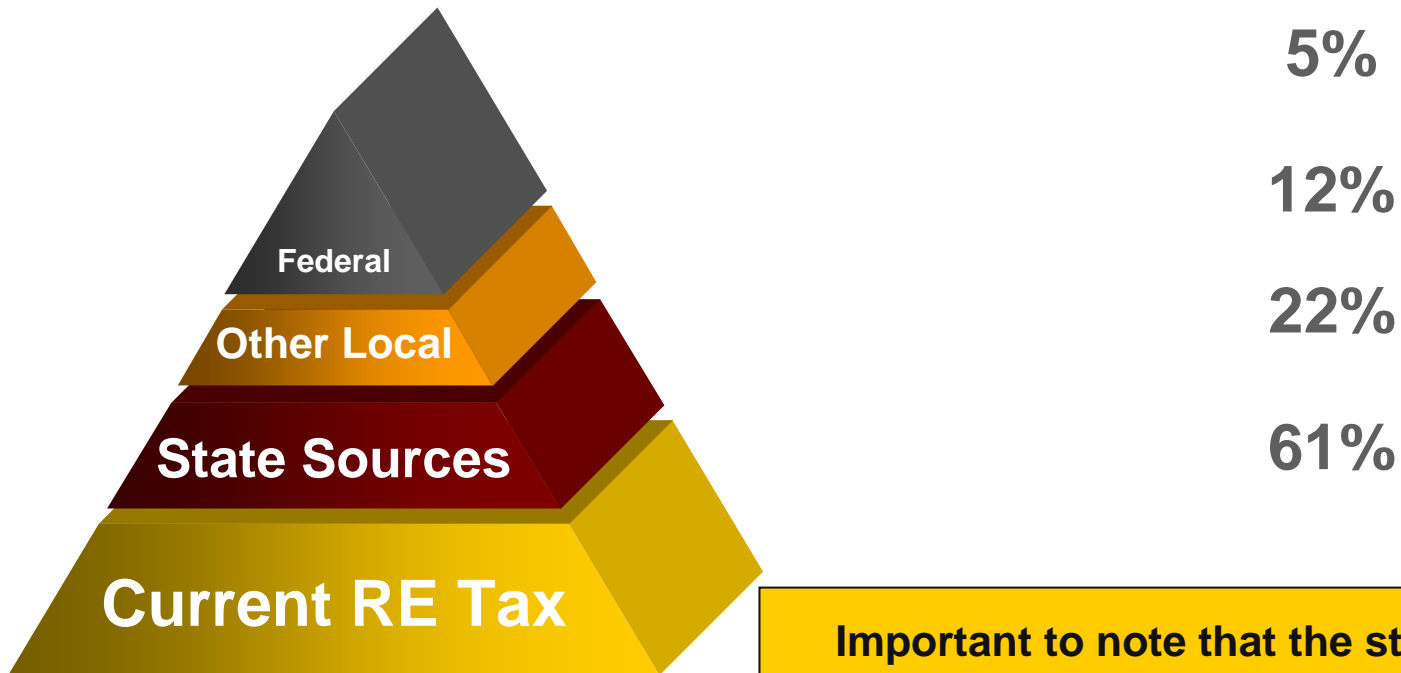
NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

REVENUES

SUCCESS

NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

WHERE DO WE GET OUR FUNDS?



Important to note that the state share has been increasing recently, but reliance on property tax remains problematic



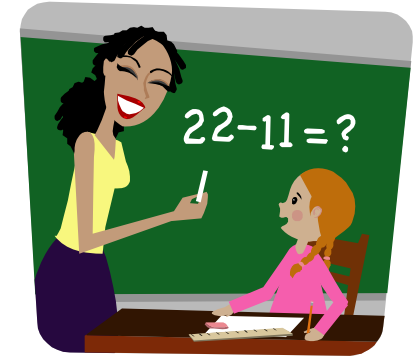
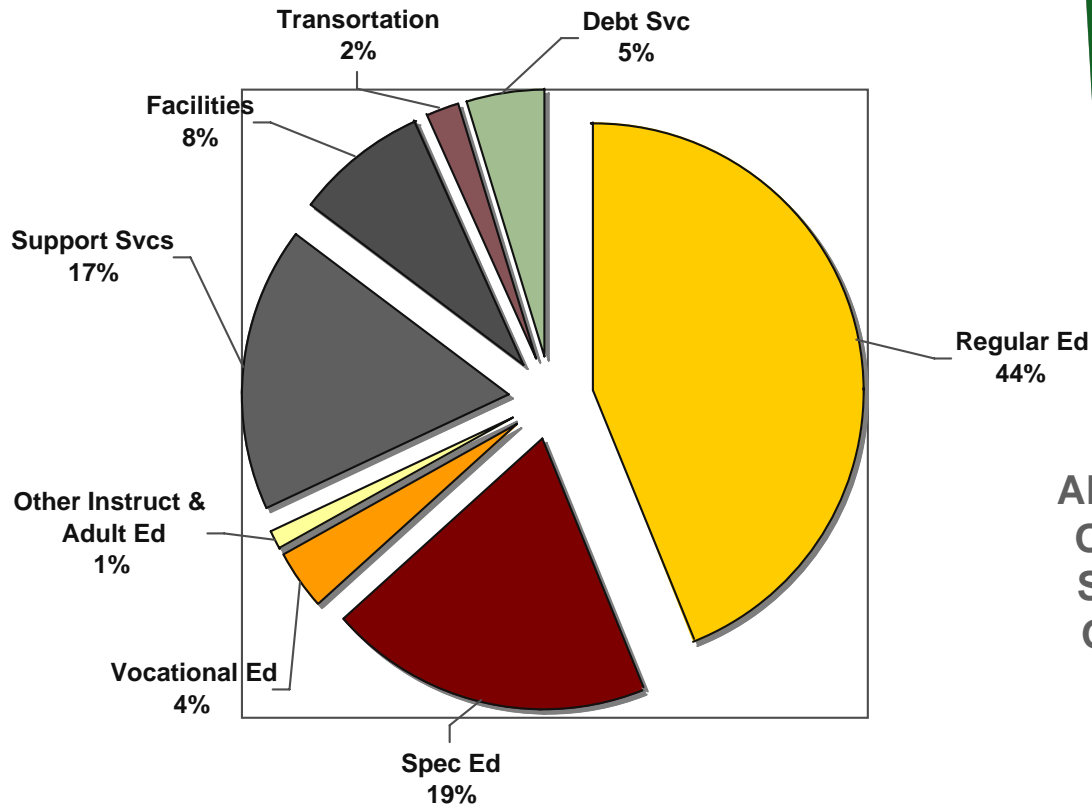
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EXPENSES

SUCCESS

NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

- WHERE DO WE SPEND OUR MONEY?**



**APPROXIMATELY 67%
OF OUR FUNDS ARE
SPENT DIRECTLY IN
OUR CLASSROOMS
FOR STUDENT
INSTRUCTIONAL
SERVICES**

SUCCESS

NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

**2009-10 PRELIMINARY BUDGET INCLUDES FUNDS FOR ALL CURRENT PROGRAMS & STAFF.
THE FOLLOWING CHART SUMARIZES THE VARIANCES PROJECTED FOR THE 2009-10
SCHOOL YEAR**

ESTIMATED 2008-09 EXPENSES (@12/31/08):		\$118,932,000
Medical & Drug Premium Increases (Also subject to change via negotiation process)	2,100,000	
Wage Increases (Subject to change - negotiations with support associations is underway)	1,050,985	
Safe Schools/Healthy Schools Grant Related Expenses (SRO)	1,250,000	FEDERAL GRANT \$\$\$ WILL BE USED TO PAY FOR 100% OF THESE EXPENSES
Central Montgomery County Technical High School Tuition Increase (27% Increase)	629,900	
Charter School Tuition Increases (projecting 10% Increase)	538,000	
Transportation Contract Increases	260,000	
Utilities - Electric, Oil, Natural Gas - offset by price reduction in vehicle fuel	250,000	
PSERS (Retirement) Scheduled Increase To Employer Contribution Rate	13,000	
MCIU Budget Increase	5,000	
Increased Allocoation for legal expenses (teacher negotiations will begin)	25,000	
Variance in Debt Svc Payments	(1,000)	
Reduction in Allocatin for Replacement Vehicles (Student Transportation)	(127,000)	
Projected Prelim Increase in Transfer to Athletic Fund (needed for benefit increase)	12,000	
Sub Total		6,005,885
BUDGET		\$124,937,885
PRELIMI	& Reassignment)	(752,000)
BUDGET		124,185,885

← ALL GRANT FUNDED

IMPORTANT TO NOTE THAT SOME EXPENSES ARE BEYOND LOCAL CONTROL – STATE & FEDERAL MANDATES SIGNIFICANTLY IMPACT OUR ANNUAL BUDGET



NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

TAXPAYER IMPLICATIONS

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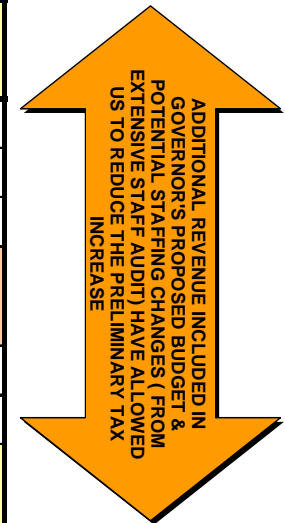


NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

Comparison of Additional Revenue Generated & Taxpayer Impact
Associated with Various Mill Increases

Assessed Value	\$2,778,870,639
Divided by # of Taxable Properties (estimated)	21,600
Average Assessed Property	\$128,651

Mill Increase		Additional RE Tax Revenue Generated (Mill Value 2,584,350)	New Millage Rate	Average RE Tax Bill (128,651 x New Millage Rate)	Average Tax Bill Increase	% increase of Tax Millage
Current			28.417	\$ 3,636.08		
0.259	TAX INCREASE NEEDED IF BURNSIDE & HOLLOWAY	\$ 668,825	28.676	\$ 3,689.17	\$ 53.09	0.911%
0.336	TAX INCREASE NEEDED IF BURNSIDE ONLY IS SOLD	\$ 868,825	28.753	\$ 3,699.13	\$ 63.05	1.183%
1.000		\$ 2,584,350	29.417	\$ 3,784.53	\$ 148.45	3.519%
1.013	PROPOSED PRELIMINARY INCREASE NEEDED @ FEB 2009	\$ 2,618,825	29.430	\$ 3,786.24	\$ 150.16	3.566%
1.100		\$ 2,842,785	29.517	\$ 3,797.39	\$ 161.31	3.871%
1.200		\$ 3,101,220	29.617	\$ 3,810.26	\$ 174.18	4.223%
1.300		\$ 3,359,655	29.717	\$ 3,823.12	\$ 187.04	4.575%
1.3355	ACT 1 TAX LIMIT - APPROVAL IS NEEDED TO EXCEED THIS	\$ 3,451,399	29.753	\$ 3,827.69	\$ 191.61	4.700%
1.500		\$ 3,876,525	29.917	\$ 3,848.85	\$ 212.77	5.279%
1.800		\$ 4,651,830	30.217	\$ 3,887.45	\$ 251.37	6.334%
1.834	PROPOSED PRELIMINARY INCREASE NEEDED @ JAN 2009	\$ 4,740,825	30.251	\$ 3,891.88	\$ 255.80	6.455%





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NORRISTOWN AREA SCHOOL DISTRICT

2009-10 PRELIMINARY BUDGET

Per Act 1 - If the gross budget calls for a real estate tax increase greater than the index (4.7%), the District **MUST:**

**REDUCE THE BUDGET (CUTS)-
HOLDS TAX INCREASE AT
4.7%**

**SEEK EXCEPTIONS –
POSSIBLE TAX INCREASE OF
5%-6%**

**SUBMIT TAX INCREASE TO
BACK END REFERENDUM-**



NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

- **OUR GOAL: TO DEVELOP A FINAL 2009-10 GROSS BUDGET THAT REQUIRES A MINIMAL TAX INCREASE**
 - ☑ **BELOW THE ACT 1 INDEX**

- **Administration is currently developing action plan to minimize impact on local community, while concentrating on protecting our core programs.**
 - ☑ **THAT IS RESPECTFUL TO OUR STUDENTS, STAFF, AND TAXPAYERS – PARTICULARLY GIVEN THE CURRENT ECONOMIC STATE**



NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

Our Administrative Action Plan includes:

- Working with staff at all levels (teachers, administrators, and support staff) to maximize the results we are getting from our existing resources
- Aggressively pursuing alternative revenue sources
 - Additionally, Board may again consider sale of unused property on Burnside Ave and on Holloway Drive
- “Zero-Based” budget development has been used in several key functional areas
- Performing Staff Audit – Preliminary Results being reviewed right now



NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

Additionally:

- For the first time in recent memory, the federal and state government seem to be prepared to work in common.
- The Federal Stimulus Package & the Governors Budget Proposals, if implemented aggressively & fairly, should help local school districts avoid excessive local tax increases
 - Deliberations are being monitored closely



NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

- **Adoption of Preliminary Budget is scheduled for this evening**
 - Adopting this budget does not obligate the District to any spending/taxing plan
 - It is a “PRELIMINARY” plan
 - Includes a 3.56% proposed tax increase
 - Again – down from the amount proposed in Jan 2009
 - **Adoption is needed to comply with Act 1**
 - Formally kicks-off our public budget discussions



NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

- **Each month, we will publicly review & discuss a different budget topic, including:**
 - Local Revenues – Assessments & Tax Collections
 - State & Federal Subsidies, Grants, etc
 - Charter School, VoTech School, and Specialized School Tuition & Funding
 - Staffing & Benefits
 - Athletic & Food Service Program
 - Debt Service, Transportation & Maintenance



NORRISTOWN AREA SCHOOL DISTRICT 2009-10 PRELIMINARY BUDGET

- **Final Adoption of 2009-10 Budget is scheduled for June 22, 2009**



Thank You!