



## NORRISTOWN AREA SCHOOL DISTRICT 2009-10 BUDGET

### FREQUENTLY ASKED QUESTIONS & ANSWERS

**Q: How is the Norristown Area School District funded?**

A: Like all 501 school districts in Pennsylvania, Norristown Area School District receives revenue from four primary sources: local, state, federal and "other" revenues. What makes Norristown Area different than most other District's, however, is the extremely low percentage of our budget that comes from state and federal contributions. According to the National Center for Education Statistics, on average Pennsylvania public school districts receive about 39% of their revenues in state subsidies. Comparatively, NASD receives just 22% of its revenue from the state.

The administration and school board is extremely mindful of the fact that for every dollar the district spends, about 70 cents came from local taxes.

**Q: Why is state funding to Norristown Area School District so low?**

A: Many of the state subsidies received by the district are determined, at least in part, by a formula called the Market Value/Personal Income Aid Ratio (MV/PI AR). This ratio, adjusted annually by the state, is used to allocate funding to school districts throughout the state. The district's estimated 2008-2009 aid ratio is .4018; only 90 of the state's 501 school districts have a lower aid ratio. The Governor released preliminary subsidy amounts in February, 2009, which did include a substantial increase in proposed funding for our District; however, the state funding formula is still inadequate. The state, by law, is required to approve its final budget by June 30 of each year; therefore, the preliminary subsidy amounts may differ from the amounts subsequently adopted by the state.

**Q: What's the status of the 2009-2010 Norristown Area School District budget?**

A: At its February 17<sup>th</sup> meeting, the school board adopted a **Preliminary Budget** of \$124,185,885. The board will continue to hold monthly public discussions of the 2009-10 Budget throughout the next few months, while the Administration continues to refine the projections and estimates for both revenues and expenses. The Board will vote on final adoption of the 2009-10 Budget at its June 22, 2009 meeting.

**Q: What are the most important things to know about the 2009-10 budget?**

A: In January 2009, we developed a PRELIMINARY (or tentative) budget that included a tax increase of approximately 6.5%. This budget was developed before our Governor's budget was publicly released. We quickly learned that our District had been earmarked by Harrisburg to receive more funding than had been included in our January budget document. So, we decided to make some revisions to our preliminary budget to include this additional state funding. At the same time, District administrators were in the midst of conducting a very extensive and comprehensive staff audit; hoping that we would be able to identify some positions that could be restructured or eliminated as a cost savings measure. The preliminary findings of this audit did reveal some cost savings opportunities. These potential savings were also incorporated into the revised version of the preliminary budget.

**On February 17, 2009, we presented to the School Board and to our community, a revised preliminary budget that included a reduced tax increase - down to approximately 3.5%. This PRELIMINARY (or tentative) budget was adopted on February 17th by our School Board in accordance with the requirements of Act 1 (which is the state legislation that governs our budgeting process).**

Please know that we are implementing many cost savings strategies in our District right now so that we can reduce the needed tax increase even further. We recognize that the current economic uncertainty is placing a strain on many residents and businesses in our community, and we do not want to further stress the local economy by unnecessarily taxing our community.

It is also important to note that for the first time in recent memory, the federal and state governments 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. We are anxiously looking forward to learning the final details of both of these funding plans, and are optimistic that additional funding will be provided to our District.

School District	% Increase In Proposed Tax Rate for 2009-10
Abington	0.00%
Cheltenham	9.51%
Colonial	4.10%
Hatboro-Horsham	3.25%
Jenkintown	4.00%
Lower Merion	8.21%
Lower Moreland	5.43%
Methacton	7.38%
<b>Norristown</b>	<b>3.56%</b>
North Penn (Montco)	4.89%
Perkiomen Valley	7.00%
Pottsgrove	5.20%
Pottstown	8.21%
Souderton	N/A
Springfield	5.32%
Spring-Ford	6.43%
Upper Dublin	7.95%
Upper Merion	4.10%
Upper Moreland	11.00%
Upper Perkiomen (Montco)	17.09%
Wissahickon	0.00%

The Commonwealth of Pennsylvania advised NASD that we could increase taxes by up to 4.7% without the need for a local referendum. Because of responsible budgeting, the preliminary proposed millage rate for 2009-10 is 29.430 mills, an increase of just 1.013 mills, or **3.56%**. Norristown Area School District's proposed tax or millage increase is very low when compared to other neighboring school districts. (See chart to the left)

**Q: What is a mill?**

A: A mill is 1/10 of \$.01 or \$.001 (one thousandth). A mill levy is the number of dollars a taxpayer must pay for every \$1,000 of assessed value.

**Q: How are assessments prepared?**

A: Pennsylvania has a constitutional requirement for uniformity of taxation. Counties are the governmental unit principally responsible for assessments. They typically meet the uniformity requirement by adopting a "base year" market value.

**Q: How does a millage rate and an assessment come together in the form of a tax bill?**

A: You can easily calculate your school tax bill by multiplying the millage rate – proposed at 29.430 mills – by the assessed value of your home. So a property assessed at \$100,000 would be looking at an annual school tax bill of \$2,943. A house assessed at \$ 300,000 would have a tax bill of \$8,829. The "average" assessment in Norristown Area School District is around \$128,650 – a \$3,786 tax bill. That translates into a \$150 dollar increase from 2008-09.

**Q: Does a mill raise the same amount of money for every school district?**

A: No. Every district has a unique tax base and the effect of a mill levy is therefore different.

**Q: I understand the tax increase is small. But still, any increase is still an increase. Given the other things going on in the economy, couldn't the board simply choose not raise taxes at all this year?**

A: Just like the basic expenses in your household budget are going up, so too are ours. Freezing the district's expenditures could require measures that would directly and negatively impact our students, which we would be hesitant to do. However, given the current local and national economic crisis, the District administration is committed to further reducing the 2009-10 Budget and needed tax increase, while still completing its obligation to budget wisely, while preserving core educational programs.

In addition to the extensive staff audit currently being performed (as mentioned in an earlier response), the District Administrative team is:

- ✓ 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
- ✓ Using "Zero-Based" budget development in several key functional areas

**Q. Can you depend on the other sources of local revenues instead of my property taxes?**

A. In addition to private property tax, local revenues are generated through earned income tax, real estate transfer tax, personal & per capita taxes, investment earnings, and facility rentals.

Earned income tax collections, real estate transfer taxes and investment earnings are directly related to a robust economy and cannot be depended on to produce the needed consistent revenue.

**Q. What is a charter school?**

A. A charter school is an independent public school created and designed by citizens from the local community. Charter schools are tuition free. In Pennsylvania, charter schools are possible due to a 1997 revision to the public school code known as Act 22 (the "charter school law"). Each charter school has a performance contract detailing the school's mission, program, goals, students served, methods of assessment and ways to measure success. This performance contract is typically between the charter school and the school district in which it operates. Additional information about charter schools in PA is available from the PA Department of Education –

[http://www.pde.state.pa.us/charter\\_schools/site/default.asp](http://www.pde.state.pa.us/charter_schools/site/default.asp).

**Q. How is a Pennsylvania charter school funded?**

A. Charter schools are tuition free for families. A charter school receives funding from the school districts where its students reside.

**Q. How much was budgeted in the current 2008-09 school year, and how much is budgeted in the Preliminary 2009-10 Budget?**

A. Our 2008-09 Budget was adopted in the amount of \$ 120,784,500.

The School District, in response to growing economic concerns, has already implemented some cost savings strategies in the current school year. This has included "freezing" some departmental budgets. As a result, we are projecting right now that we will spend approximately \$ 118,932,000 in the 2008-09 school year. (A decrease of about \$1.8 million). This figure is used as our base figure when building the budget for the following year.

It is, however, also important to note that our revenues are down as a direct result of the lagging economy. A revenue budget shortfall of about \$ 600,000 is currently being projected for the 2008-09 school year.

Our preliminary 2009-10 budget includes projected expenses of \$ 124,185,885, which includes \$ 1.2 million of expenses directly related to the Safe Schools/Healthy Schools Grant the District recently received. **NASD will be reimbursed from the Federal government for every dollar spent on this new program.**

The variances in our annual expenses can be shown several ways:

	2008-09 Adopted Budget	2008-09 Projected Expenses (@ Jan 09)
Total Budgeted Expenses	\$ 120,784,500	\$ 118,932,000
Variance (\$)		\$ (1,852,500)
Variance (%)		( 1.53%)

	2008-09 Projected Expenses (@ Jan 09)	2009-10 Preliminary Budgeted Expenses
Total Budgeted Expenses	\$ 118,932,000	\$ 124,185,885
Variance (\$)		\$ 5,253,885
Variance (%)		4.23%

	2008-09 Adopted Budget	2009-10 Preliminary Budgeted Expenses
Total Budgeted Expenses	\$ 120,784,500	\$ 124,185,885
Variance (\$)		\$ 3,401,385
Variance (%)		2.81%

**Q. Will there be a tax increase needed to fund the proposed athletic field project at NAHS?**

A. We will be speaking briefly about the proposed athletic project at our budget meeting on March 16<sup>th</sup> at 5:30pm. We are still very early in the feasibility and design phase, but hope to be able to share our project goals at that meeting. **Please know that we DO NOT intend to raise taxes to fund this project.** We have begun identifying grant opportunities (through both the Commonwealth of PA and through private foundations), and hope to kick off a Capital Campaign sometime this spring

You may find additional information about our 2009-10 Budget on our website: [www.nasd.k12.pa.us](http://www.nasd.k12.pa.us)