

North Penn School District

2021-22 Budget Update
April 21, 2021



Tonight's Agenda

- Highlights
- Budget Summary
- Revenues
- Fund Balance
- Expenditures

“The budget is not just a collection of numbers, but an expression of our values and aspirations.”

~Jack Lew

Highlights



Bond Rating

Aa1

19 in PA

Bond Refunding Savings

New Bond Issue	Refunded Bond Issue(s)	Net Savings
2021 North Montco	2015	\$80,294
2020A	2016	\$289,130
2020	2018, 2019	\$404,710
2019A	2013, 2014, 2015	\$753,458
Total Savings		\$1,527,601

Five Propane-Fueled School Busses to Join North Penn's Fleet thanks to Competitive State Grant

Posted on 03/15/2021



\$716,528 in grants

31 propane buses



North Penn Transportation @NPST_Bus · Apr 16

...

Happy Friday, North Penn! We just got two brand new propane school buses delivered, with more on the way 🌍♻️🟩





2020 AWARD OF ACHIEVEMENT



NICHOLAS KRAYNAK

COORDINATOR OF TRANSPORTATION

NORTH PENN SCHOOL DISTRICT

FREE CURBSIDE MEAL BUNDLES

NORTH PENN SCHOOL NUTRITION SERVICES

NP EMERGENCY FEEDING FACTS:



120

of essential SNS
employees working to safely
prepare & serve meals



13

of curbside
meal sites



Serving 7 breakfasts, 7
lunches & afterschool
snacks every meal bundle!

1,201,452

Total FREE curbside meals served to children 18 & younger in
our community since March 17, 2020!

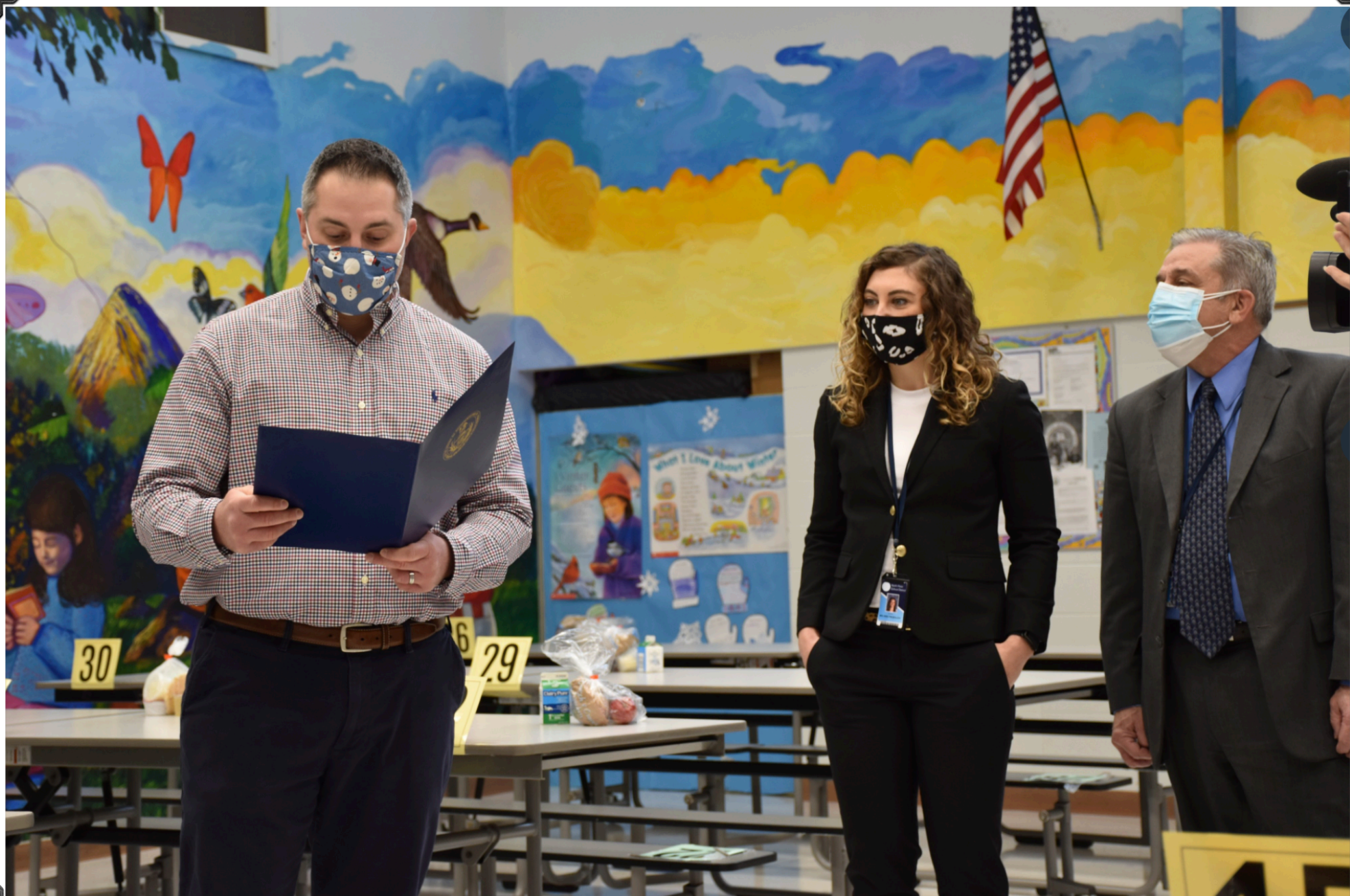


FREE SCHOOL MEALS
NORTH PENN SCHOOL NUTRITION SERVICES

1,445,823

Total FREE meals served to children 18 & younger in school & through curbside distribution since March 17, 2020!





North Penn High School teams with Skippack Pharmacy to vaccinate 3,000 in pop-up clinic



~ 12,000 Vaccinated



Upcoming Clinics

- High School (Skippack Pharmacy)
Sunday, April 25th
- Pennbrook Middle School (North Wales Pharmacy)
Sunday, April 25th

NPSD Earns Meritorious Budget Award for Sixth Straight Year

Posted on 01/20/2021

Only 10 districts in State



Departmental Benchmarking Data

▼ Departmental Benchmarking Data

[North Penn School District](#) » [School Board](#) » [School Economics 101](#) » [Departmental Benchmarking Data](#)

Benchmarking Data

[Facilities](#)

[Special Education](#)

[Transportation](#)

[Student Performance Benchmarking - NPSD VS. Charter Schools](#)

Deep Dive- Special Education



DASHBOARDS

Select Dashboards

- ☐ Special Education
- ☒ Special Education- Cost Peer Comparison
- ☐ Special Education- Enrollment Peer Comparison
- ☐ Special Education- Expenditure Changes
- ☐ Special Education - State Assistance

Special Education - Cost Peer Comparison



PEER EXPENDITURE

Special Education Cost per Student

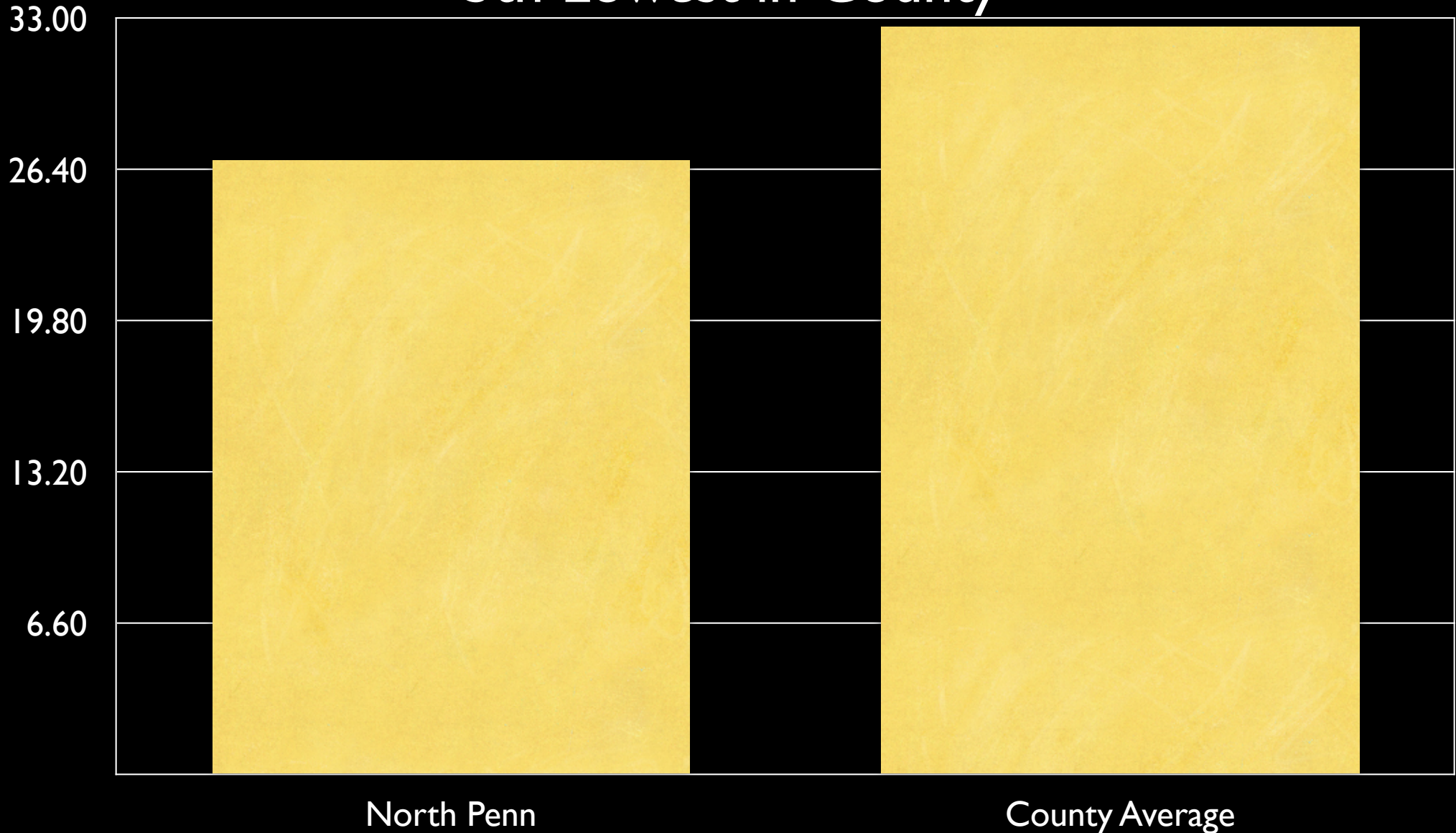
Note: Expenditure amounts are all of Fund 23 and 24 and these functions from other funds: all 1200s, all 2700's, 2140 and 2150
Source: Pennsylvania Department of Education Enrollment and Annual Financial Report Data

District	Year				
Pottstown SD	2019		23.21%		\$22,650.00
Spring-Ford Area SD	2019		22.68%		\$23,887.13
Norristown Area SD	2019		19.44%		\$19,351.72
Wissahickon SD	2019		18.95%		\$21,663.60
Pottsgrove SD	2019		18.83%		\$20,348.38
North Penn SD	2019		18.81%		\$22,090.67
Lower Merion SD	2019		18.71%		\$32,443.10
Souderton Area SD	2019		18.63%		\$20,244.77

Tax Rates

22% Below County Average

5th Lowest in County



Here's how a Montco school district created a tax relief program that others want to copy

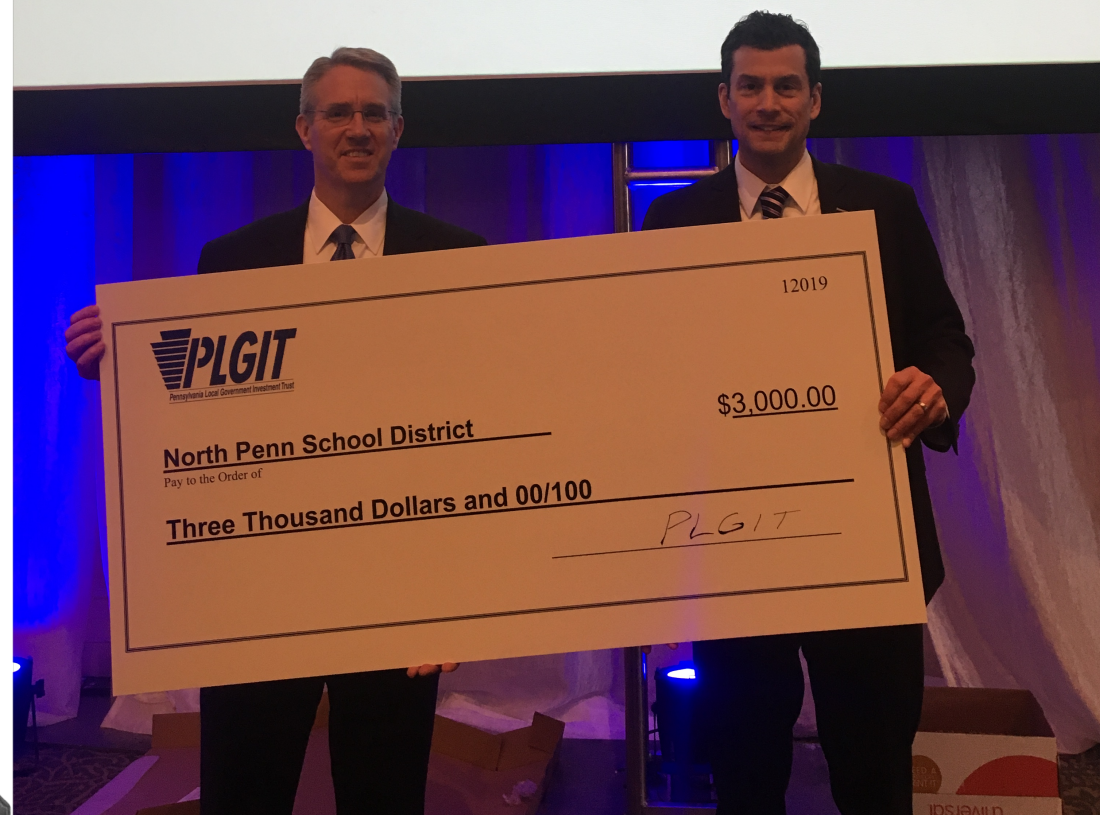
by [Laura McCrystal](#), Updated: September 7, 2019



PASBO

PASBO ANNUAL CONFERENCE &

March 5-8, 2019 | HERSHEY Loc



Program Data

Fiscal Year	Eligibility	Rebate Percentage
2018-19	Property Owners	25%
2019-20	+Renters +Hybrid	30%
2020-21	+Supplements	50%
2021-22	Everything Above	60%

Program Data

Fiscal Year	Applicants	Rebates Issued	Average Rebate
2018-19	453	\$35,758	\$82
2019-20	570	\$60,207	\$108
2020-21 YTD	421	\$91,474	\$222

6

Installments

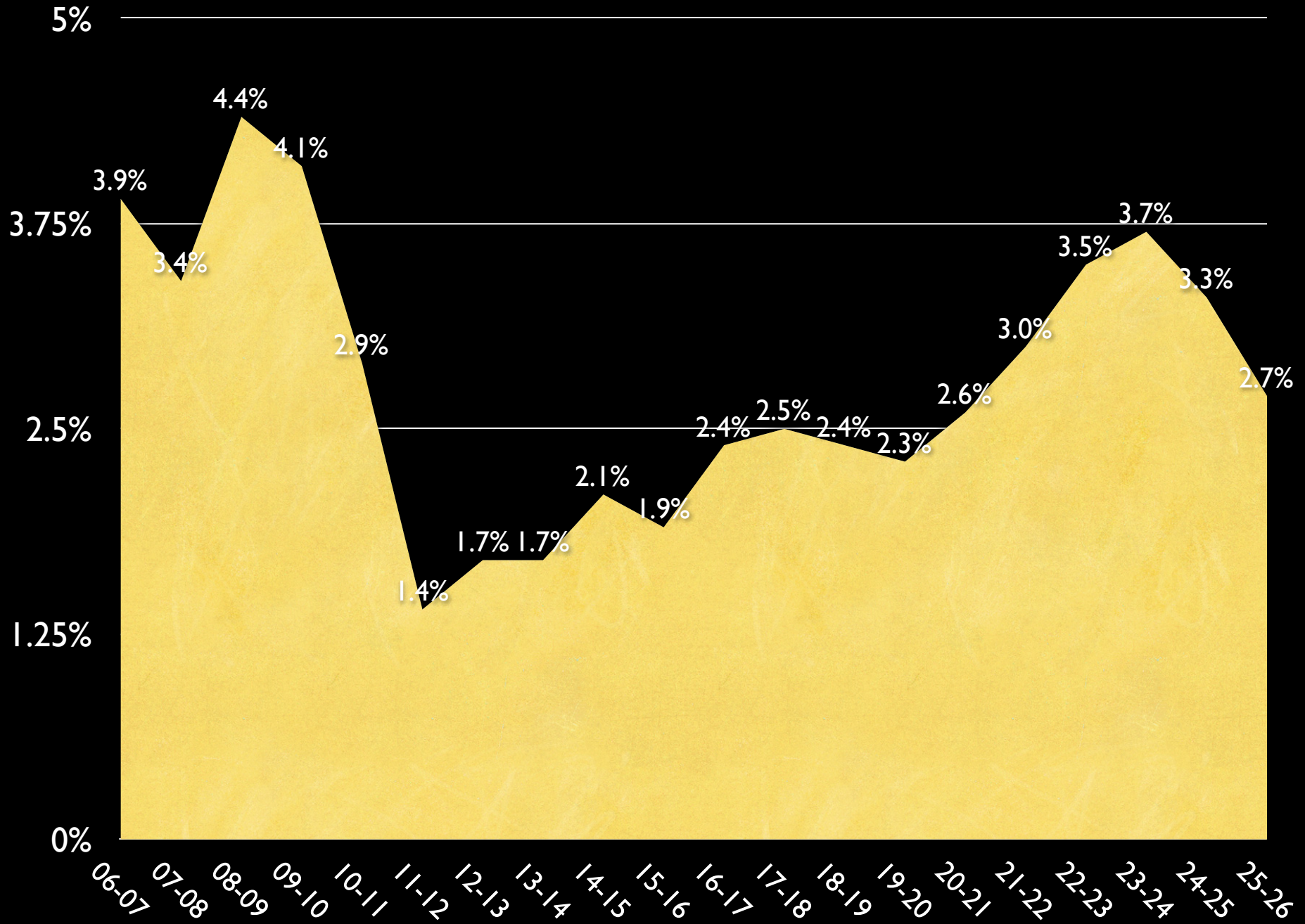
5%

Late Tax Penalty

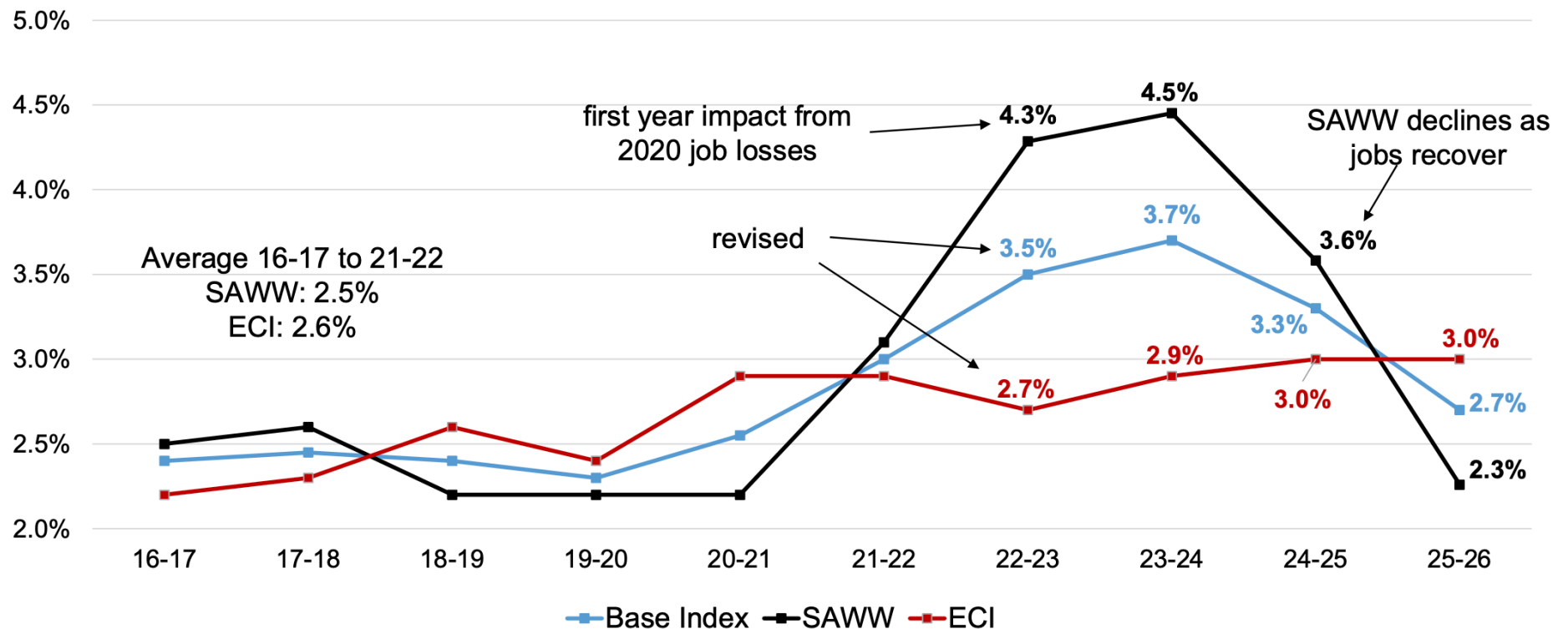
Budget Summary

3.0%

Act I Index



Act 1 Index Components: Actual and Forecast

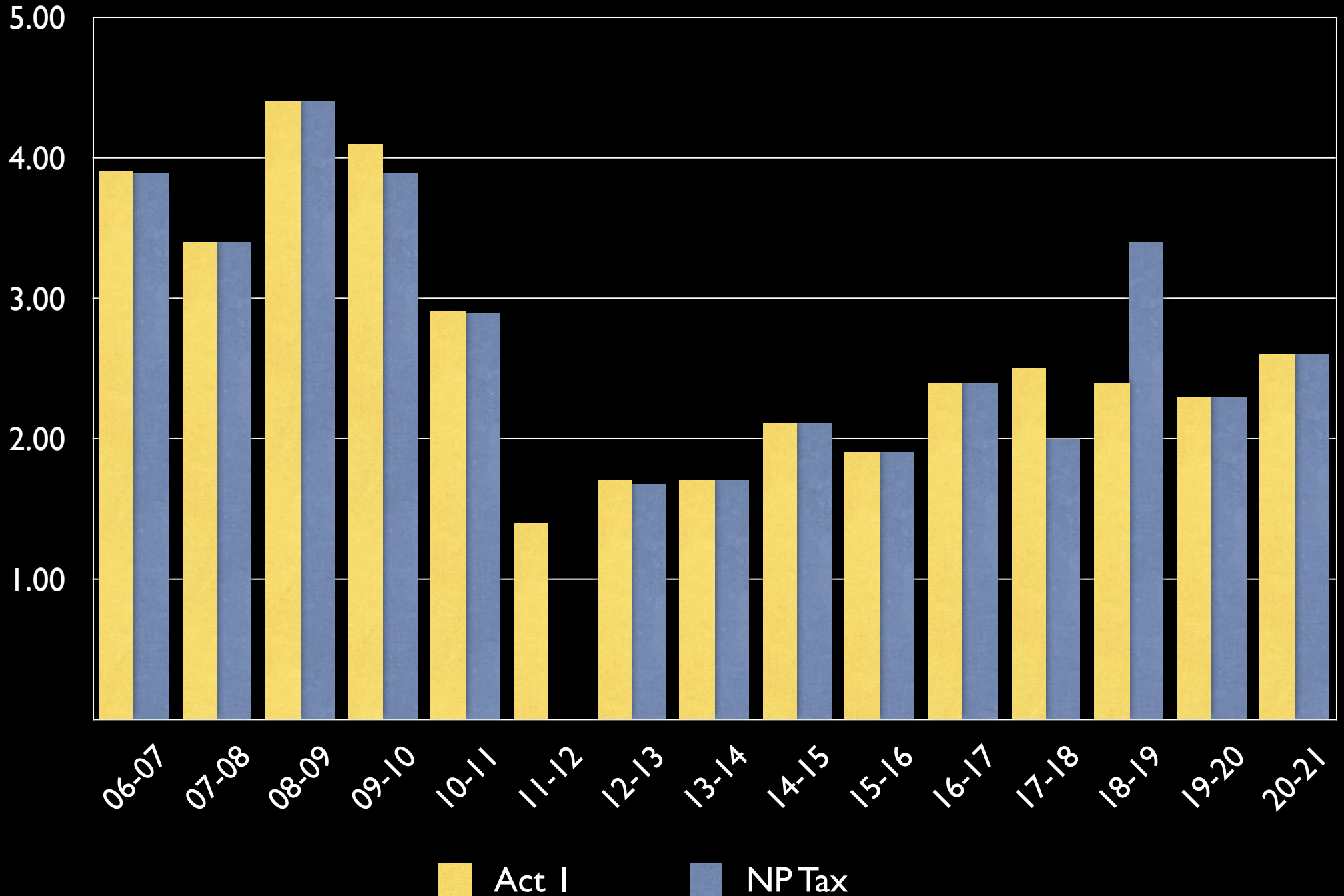


Sources: Index and components through 21-22 published by PDE. For later years, SAWW is projected by the Department of Labor and Industry and ECI is projected by IHS Markit with minor adjustments by the IFO. Assumes no change in minimum wage.

February 25, 2021



Act I Index vs. NP Tax Increase



Budget Timeline

12/17/20

Resolution Not to Exceed Act I Index Passed
Follow Pre-Act I Budget Process

4/21/21

Special Finance Committee Meeting
Deep Dive Into Budget
Board Direction on Tax Rate

5/11/21

Adoption of Proposed Final Budget
Board Worksession

6/17/21

Adoption of Final Budget
Board Action Meeting

0%

\$11.5 M

Deficit Budget

6.07%

To Balance

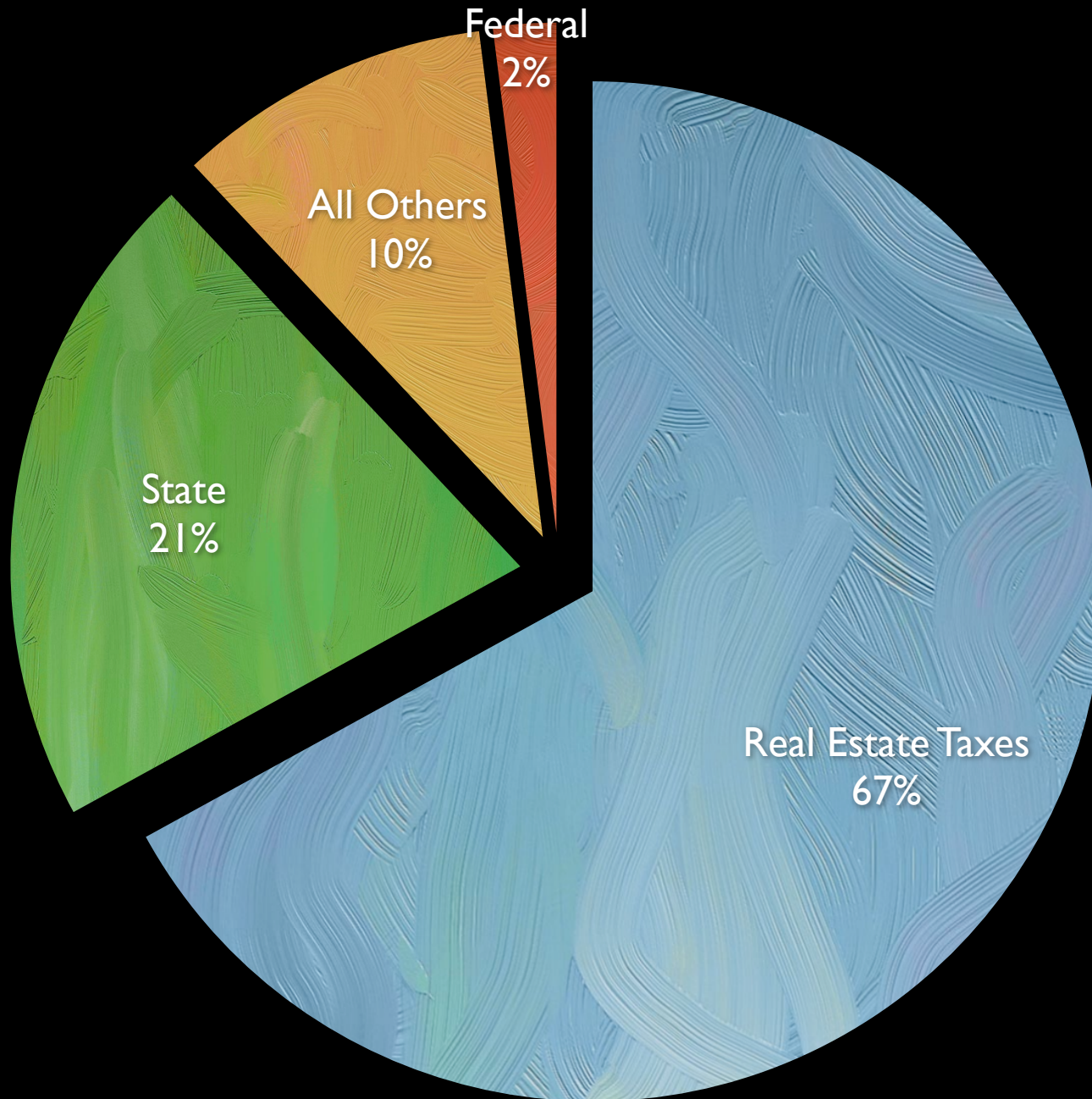
Budget Comparison

Fiscal Year Budget	Revenues	Expenses	Surplus (Deficit)
2021-22 Current	\$276,086,278	\$287,598,703	-\$11,512,425
2020-21	\$271,716,870	\$278,122,120	-\$6,405,250
\$ Change	\$4,369,408	\$9,476,583	-\$5,107,175
% Change	1.61%	3.41%	

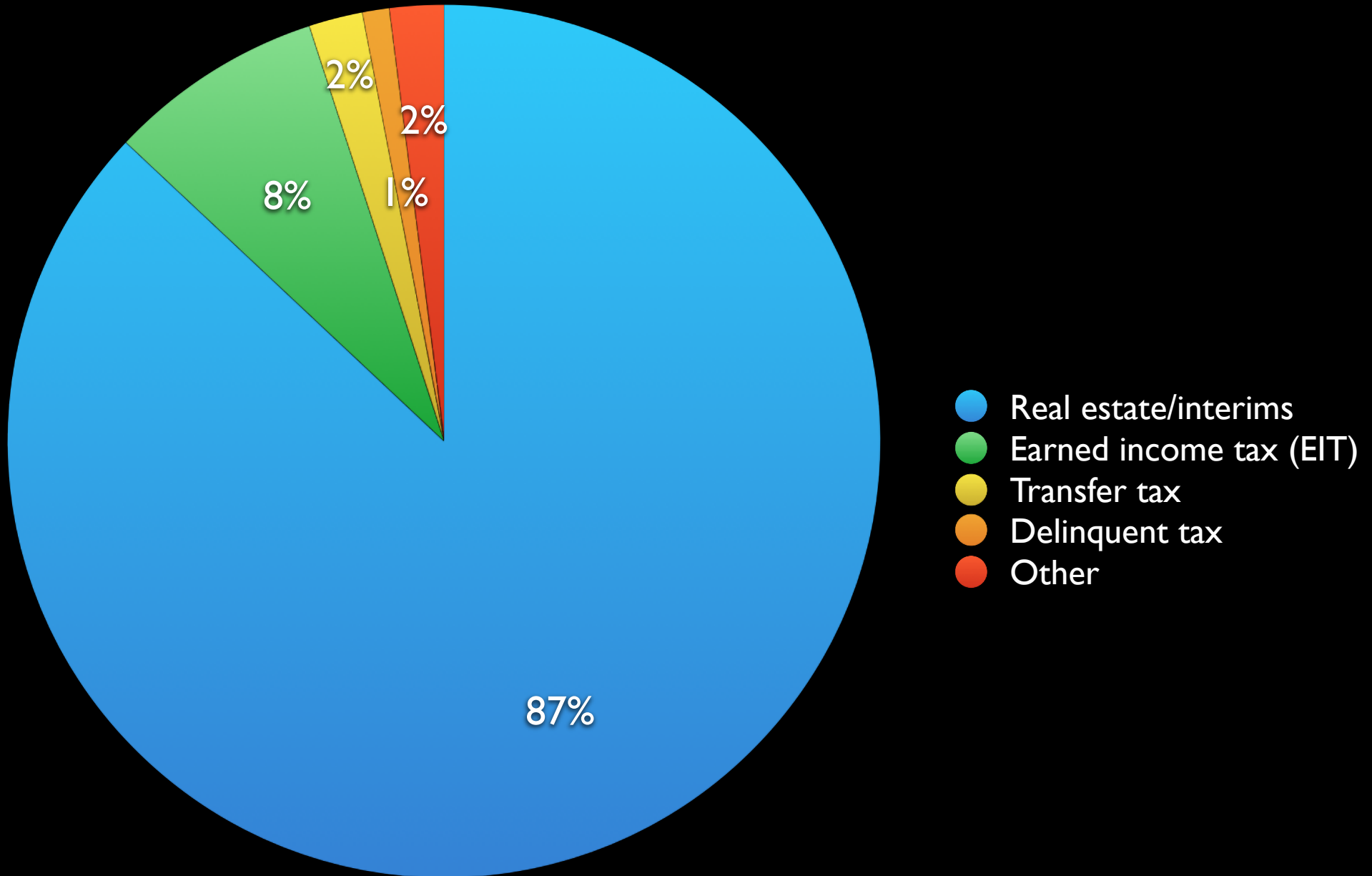
Revenues

Revenue Breakdown

\$276,086,278



Local Revenue Allocation



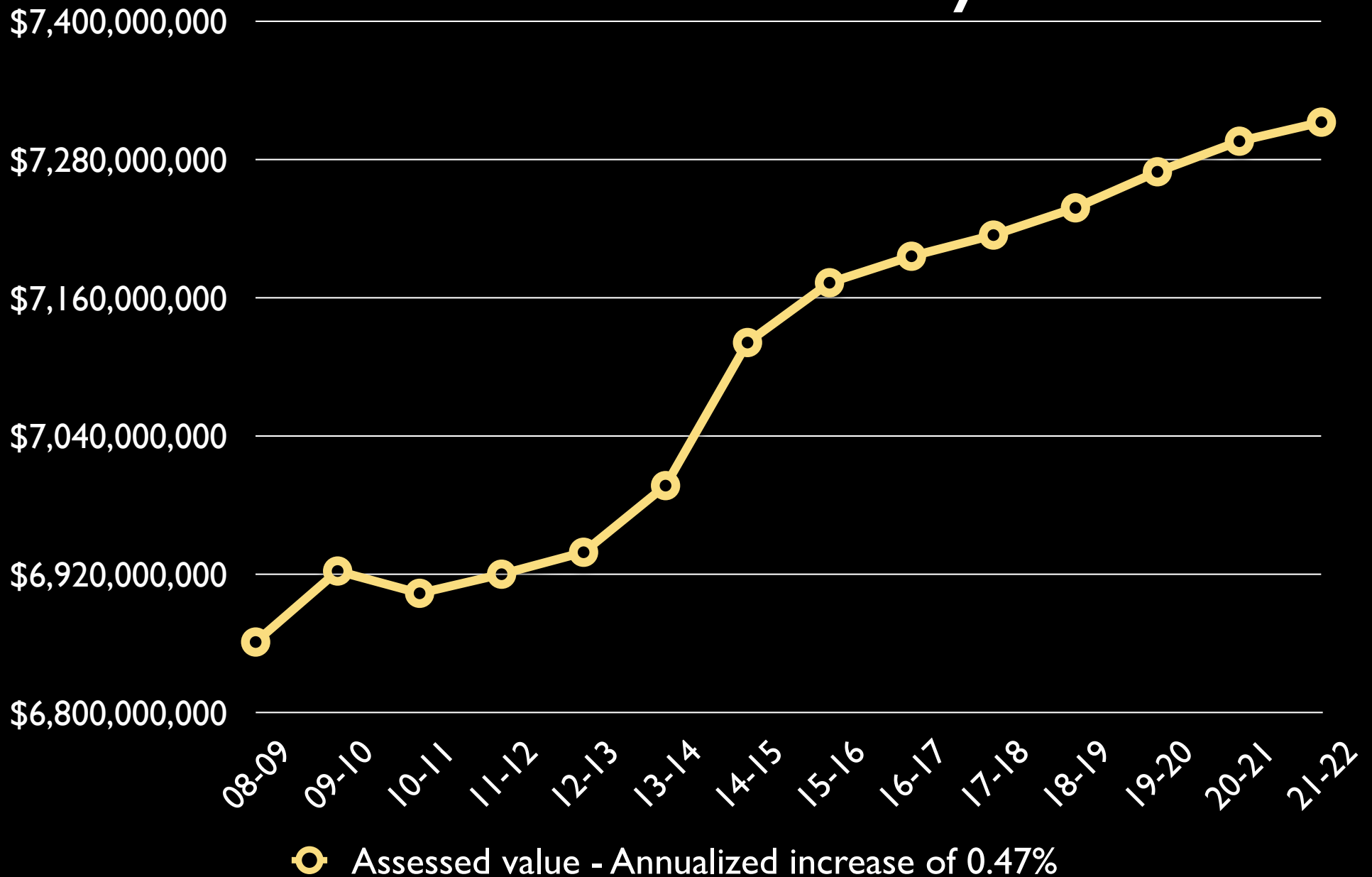
The Big 3

1. Real Estate Tax

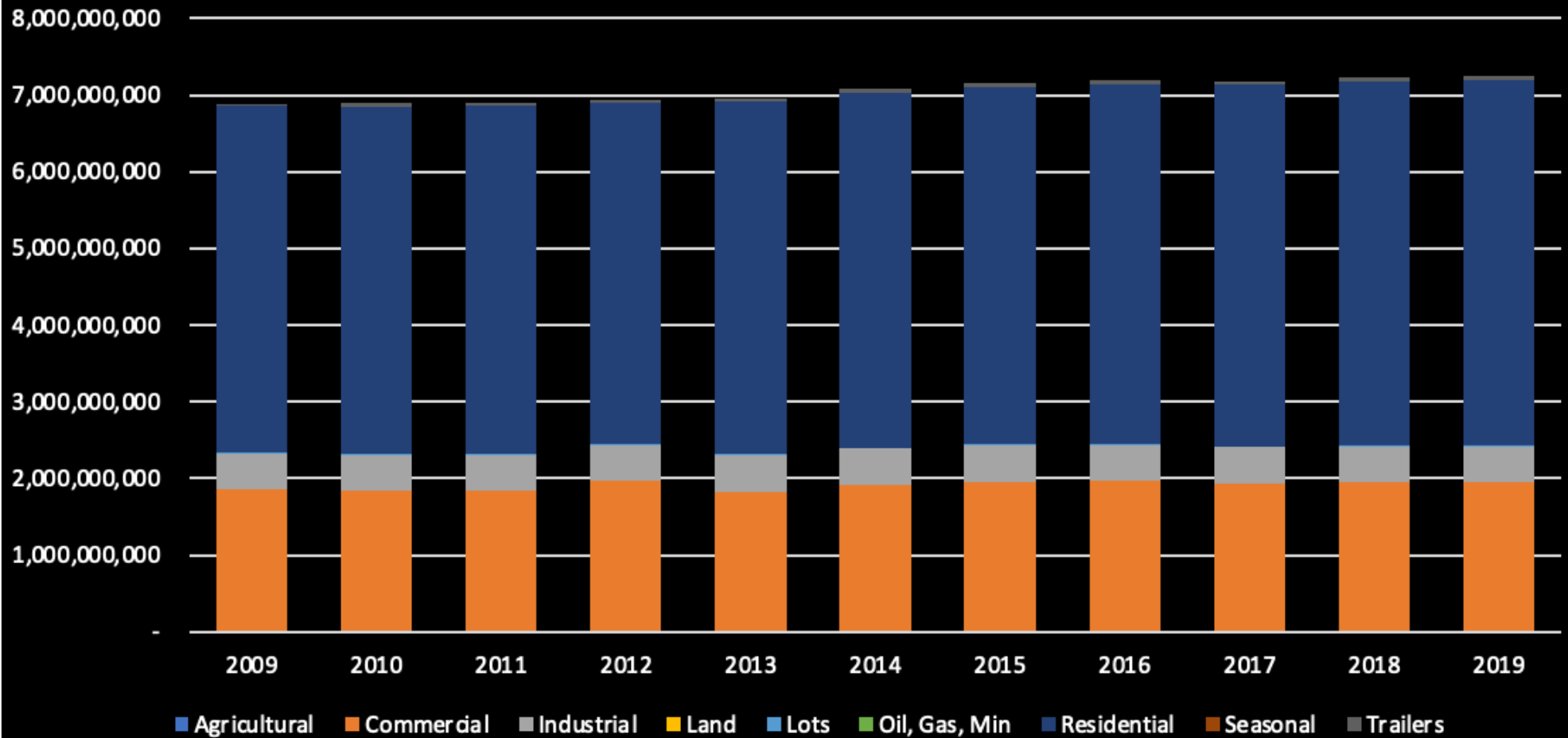
2. Earned Income Tax

3. Realty Transfer Tax

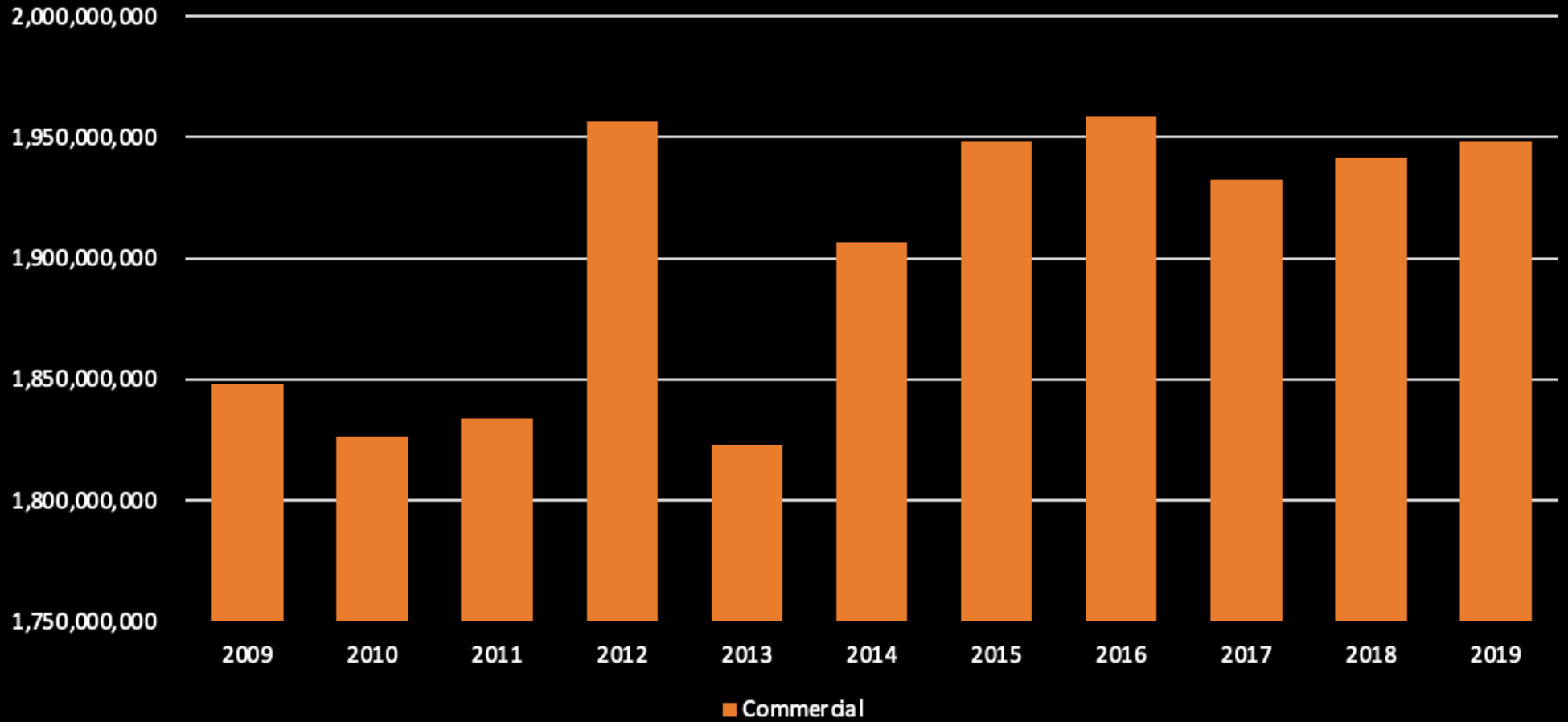
Tax Base History



Assessed Value History



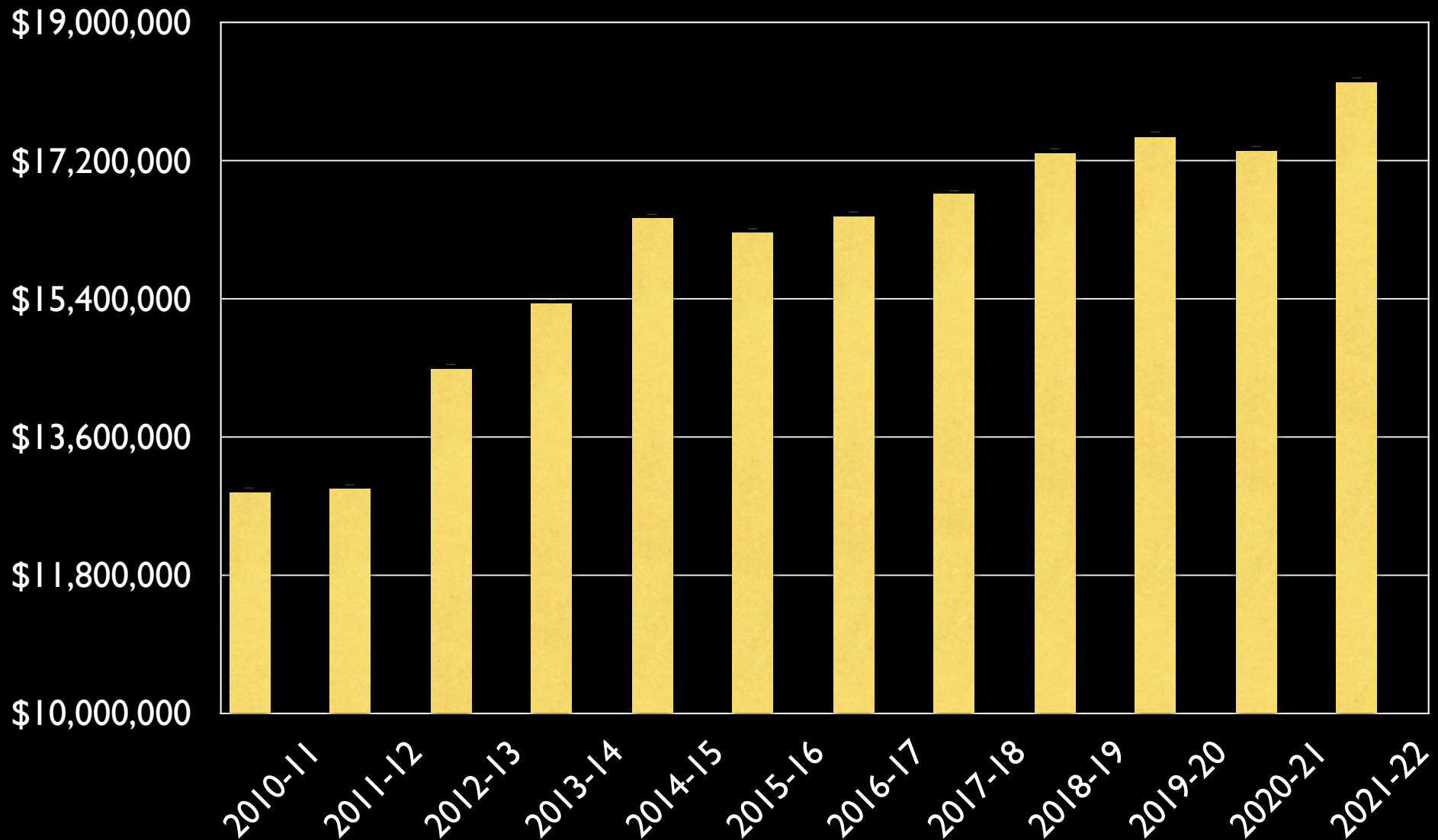
Commercial Assessed Value History



Assessed Value Impact

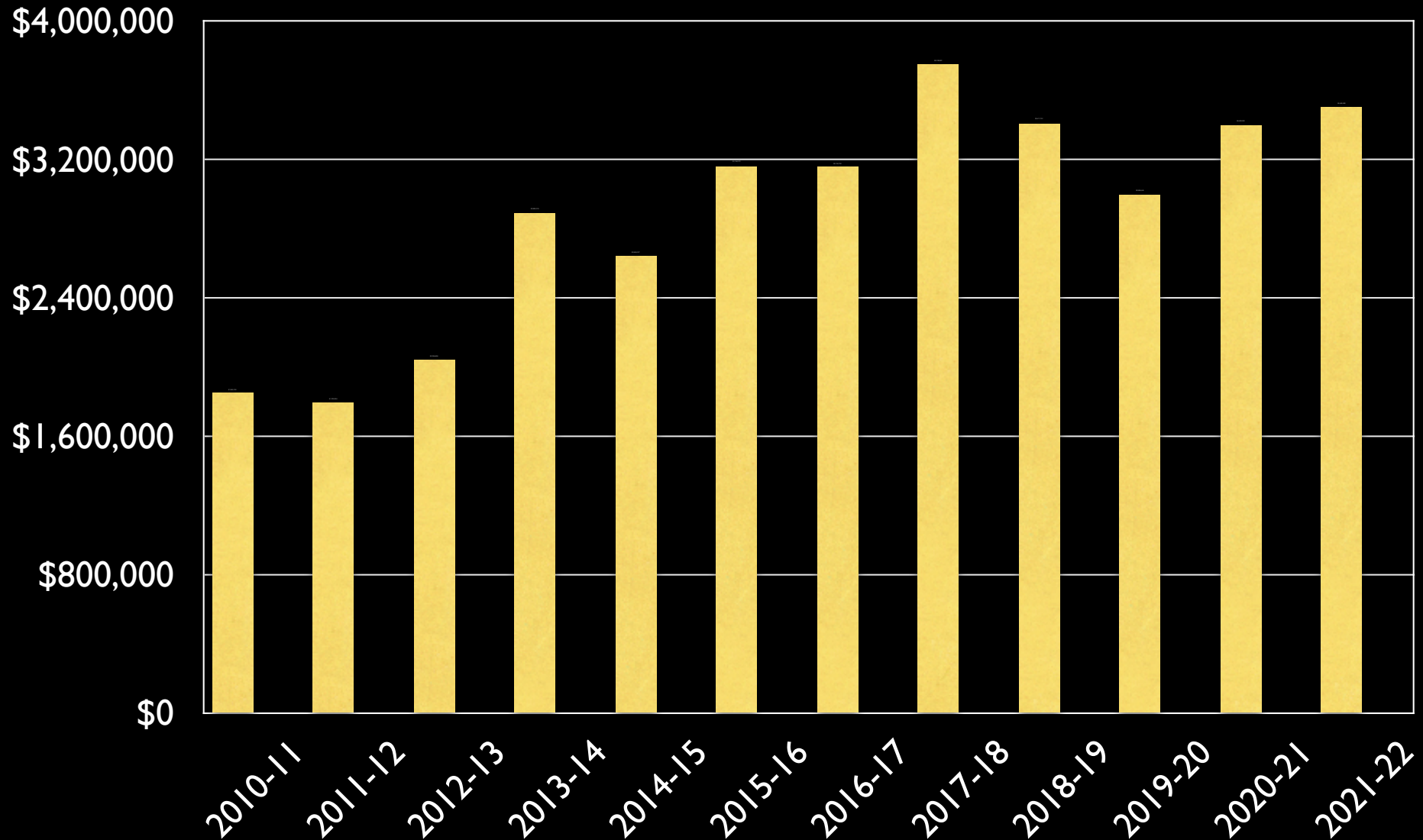
Fiscal Year	Assessed Value	Millage	Revenue @ 96.7% Collection
2021-22	\$7,312,246,797	26.7742	\$189,318,833
2020-21	\$7,295,734,875	26.7742	\$188,891,329
Change	\$16,511,922 0.23%		\$427,504 0.23%

Earned Income Tax



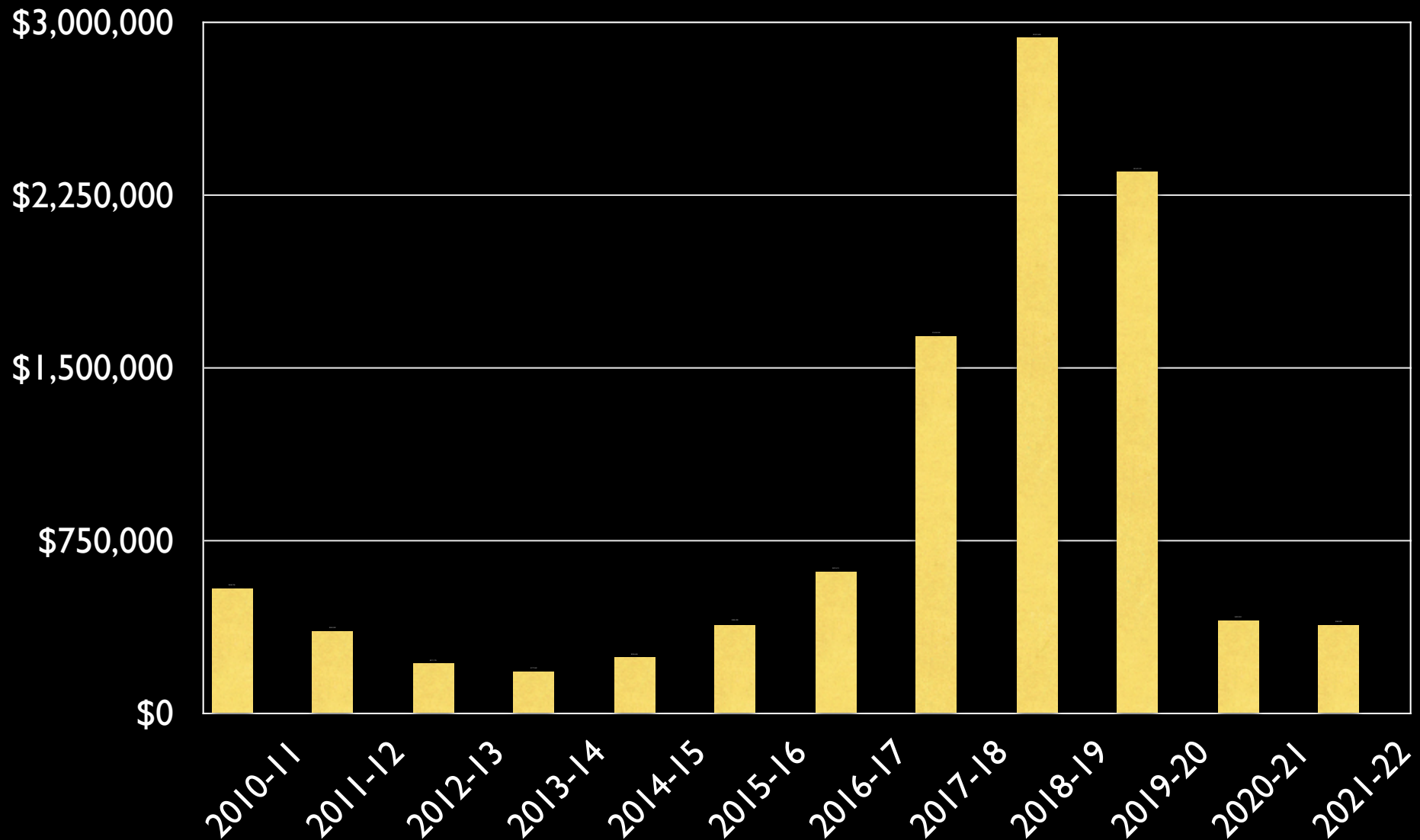
The chart shows the total earned income tax for each year.
Measure of fiscal health and an indicator of economic conditions

Realty Transfer Tax



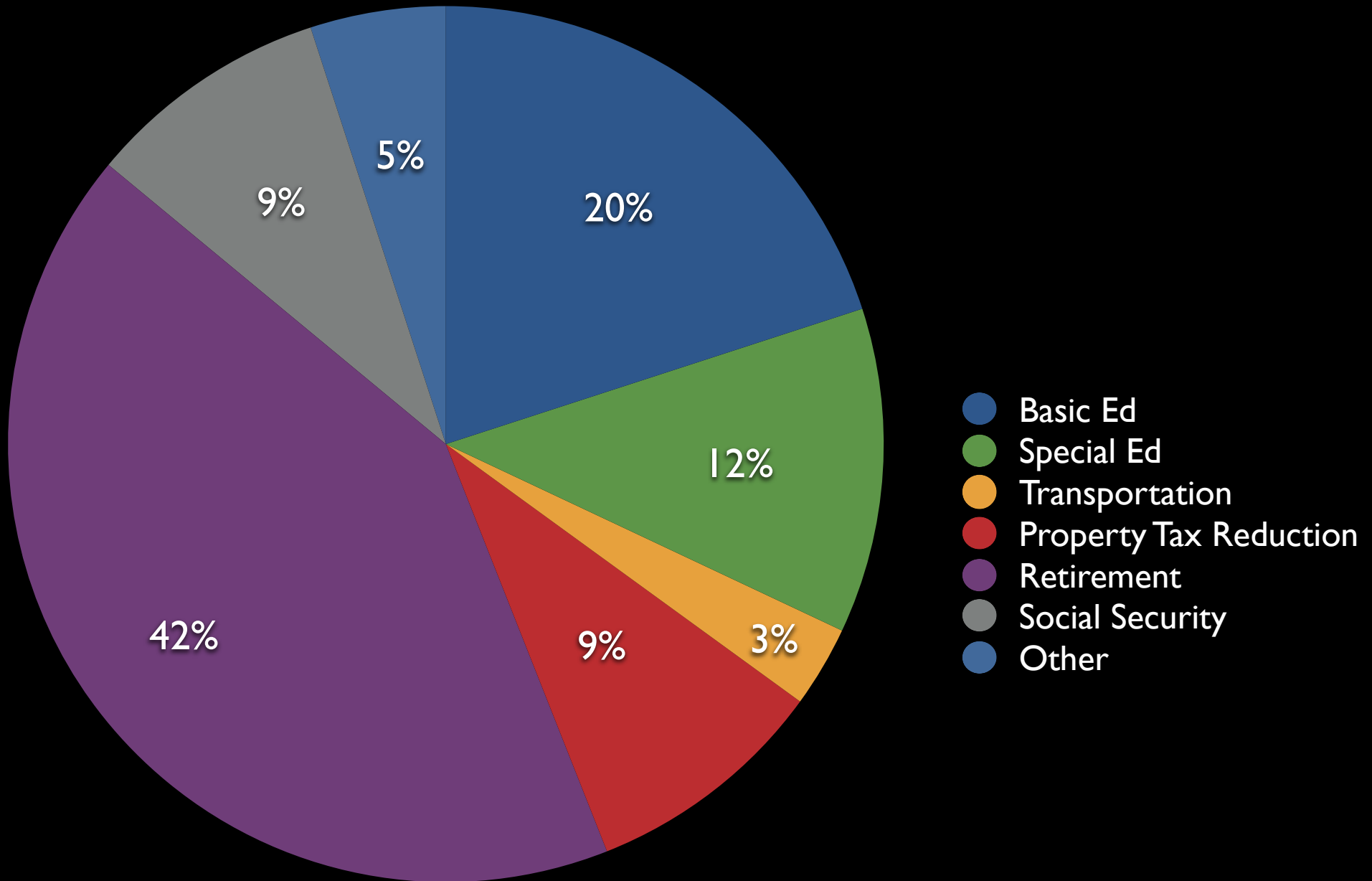
The chart shows the total realty transfer tax for each year.
Measure of fiscal health and an indicator of economic conditions

Investment Earnings

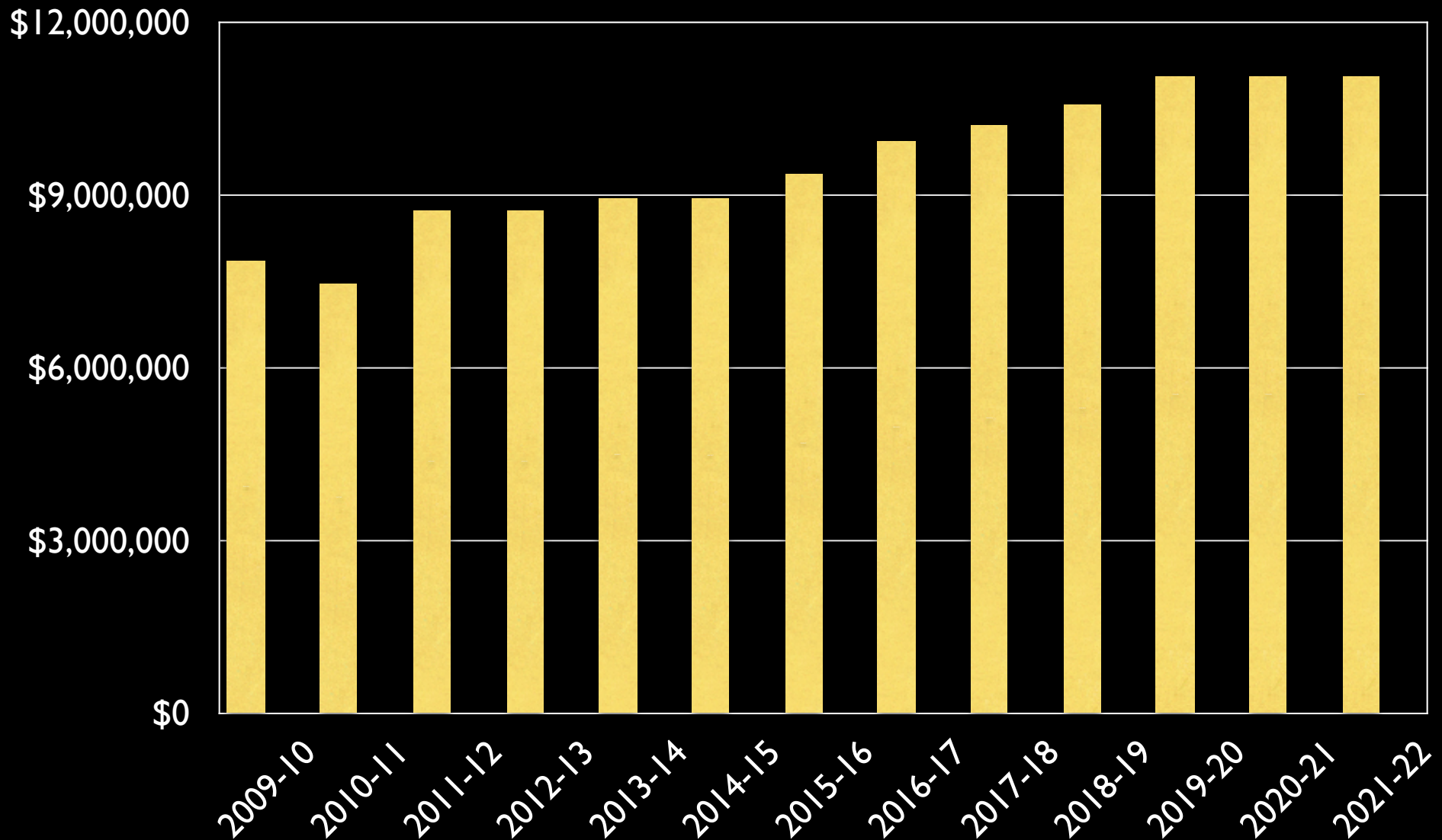


The chart shows the total revenue generated from district investments. Measure of investment strategy, interest rate environment, and cash flow projection efficiency.

State Revenue Allocation

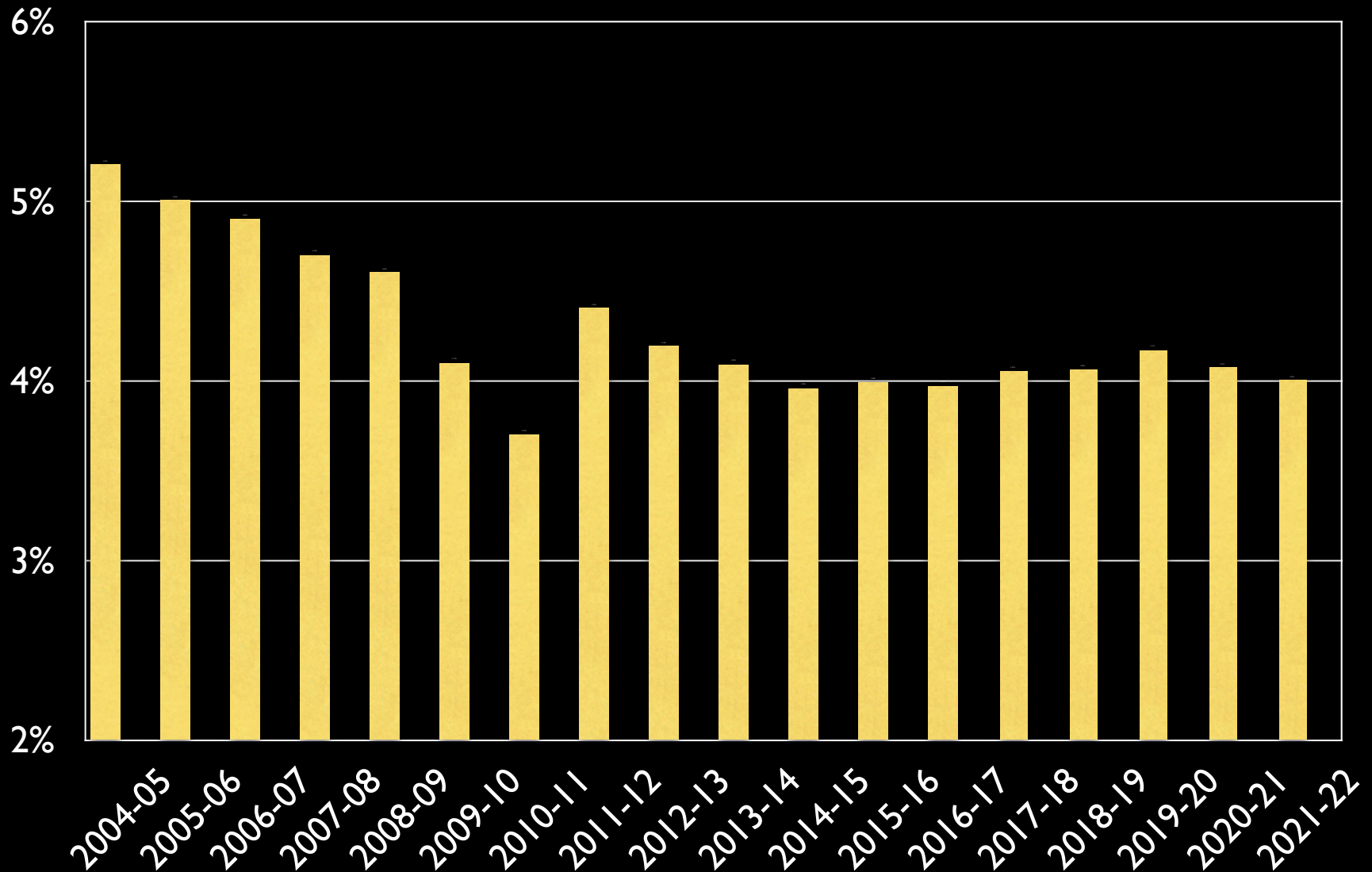


Basic Ed Subsidy



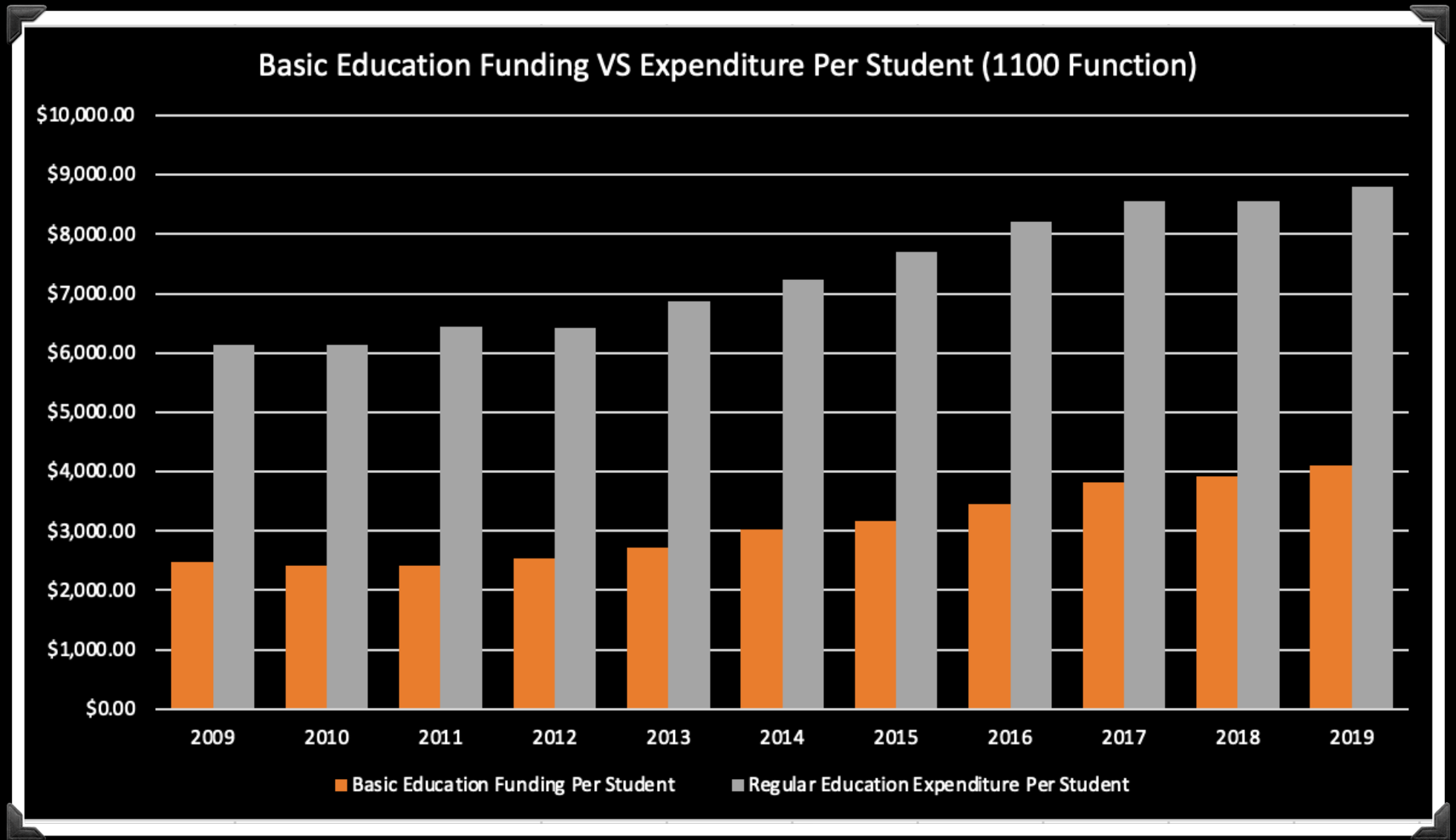
The chart shows the total state subsidy for basic education.
Measure of state support.

Basic Ed Subsidy %



The chart shows the percentage of basic education funding as it relates to the total revenues. Measure of relative state share of funding.

The Widening Gap



“PA’s school funding system is unfair to students, teachers, and communities.” Gov. Wolf explains public school investment proposal

We cannot wait for fair funding

Alex Battaglia, Karen Pooley, Laura Johnson and John Barnett

Published 7:43 p.m. ET Mar. 7, 2021

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On Feb. 3, Gov. Tom Wolf proposed a bold budget for 2021-22 that would substantially increase Pennsylvania's K-12 Basic Education Funding budget. Perhaps most importantly, it would distribute most of that increase to school districts using the Fair Funding Formula that was adopted by the legislature in 2016. Our organization, Pennsylvanians for Fair Funding, urges our legislators to utilize the fair funding formula for all BEF.

Directing \$6.4 billion in state funding through the fair funding formula

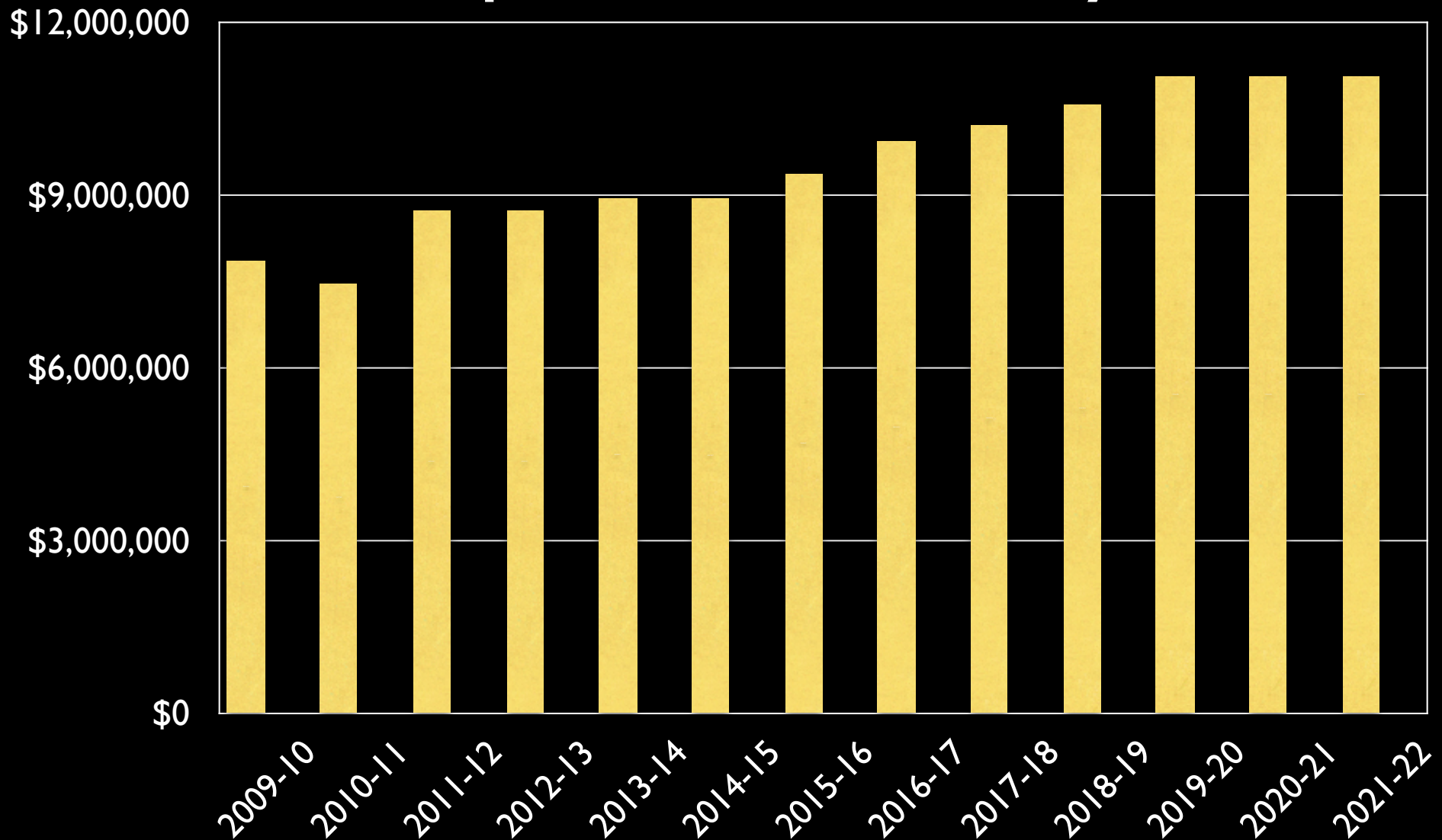
Pennsylvania has one of the most unfair school funding systems in the country and the fair funding formula created in 2016 applies only to new investments. Last year, only 11 percent, or \$700 million, of state funding ran through it. The remaining 89 percent, or \$5.5 billion, is still distributed based on student enrollment in 1992, without considering shifts in student counts or actual costs school districts face today. Urban and rural school districts with growing student enrollment must fill the funding gap with frequent property tax increases, adding to the burden of homeowners and businesses.

What if...

\$8.4 million

76% increase

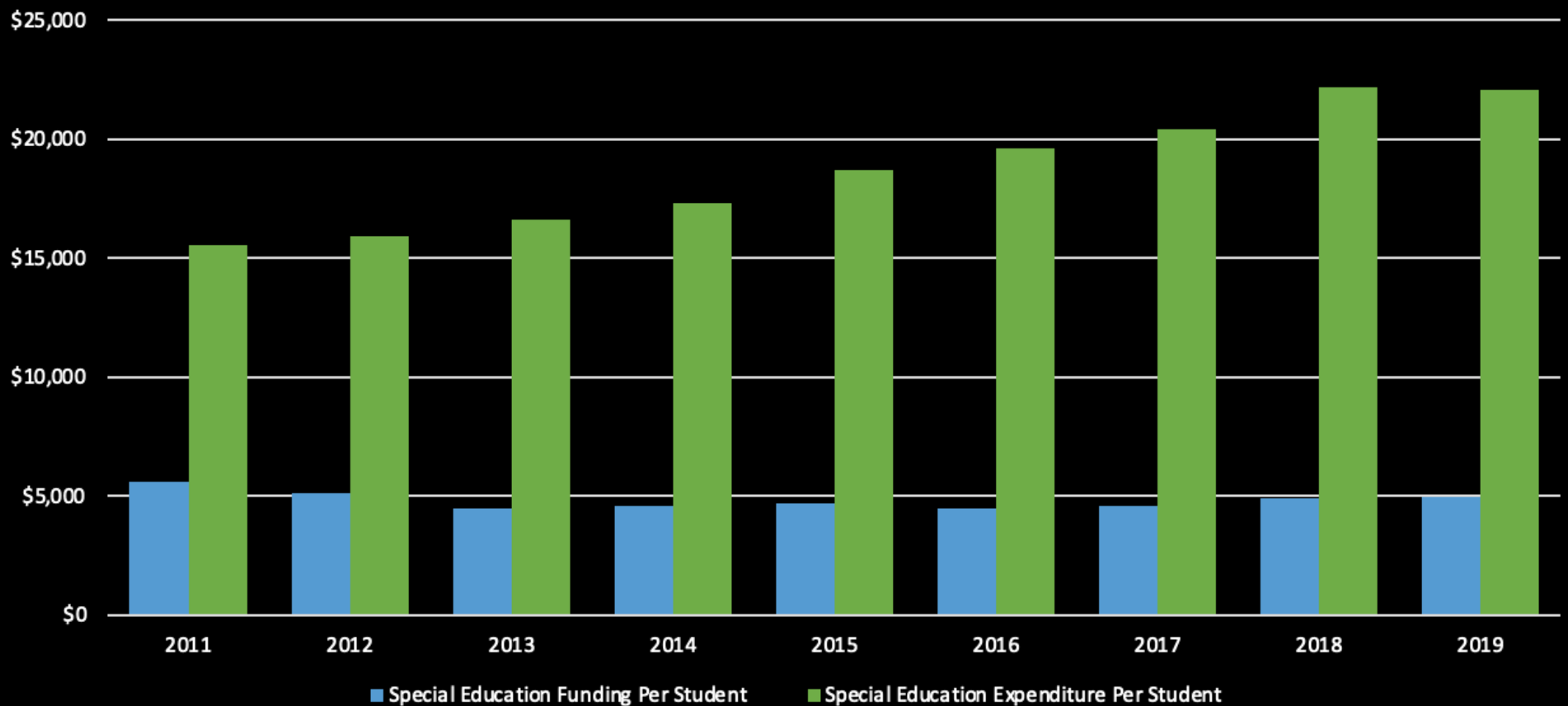
Special Ed Subsidy



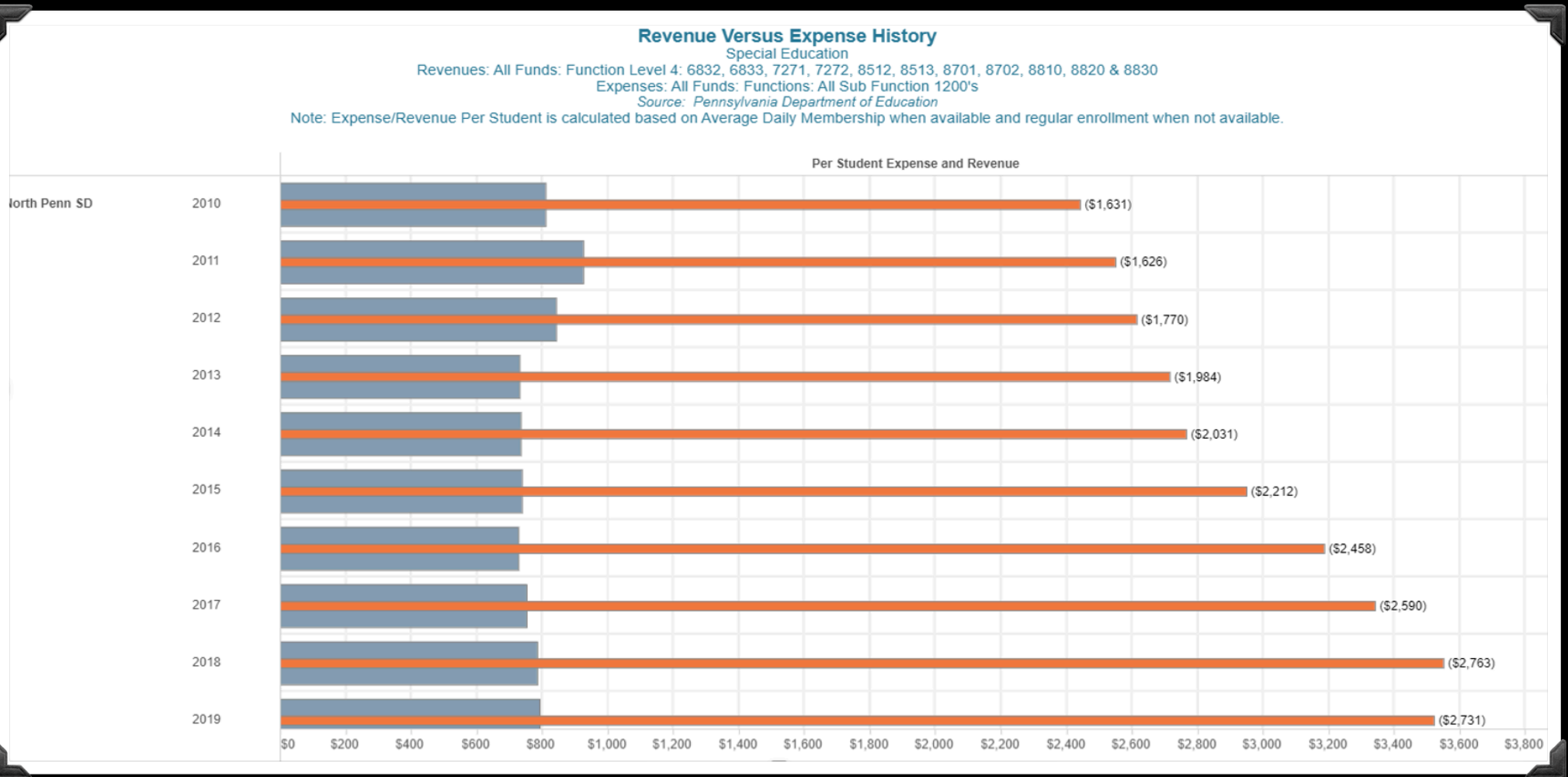
The chart shows the total state subsidy for special education.
Measure of state support.

The Widening Gap

Special Education Funding VS Expenditure Per Student



The Widening Gap

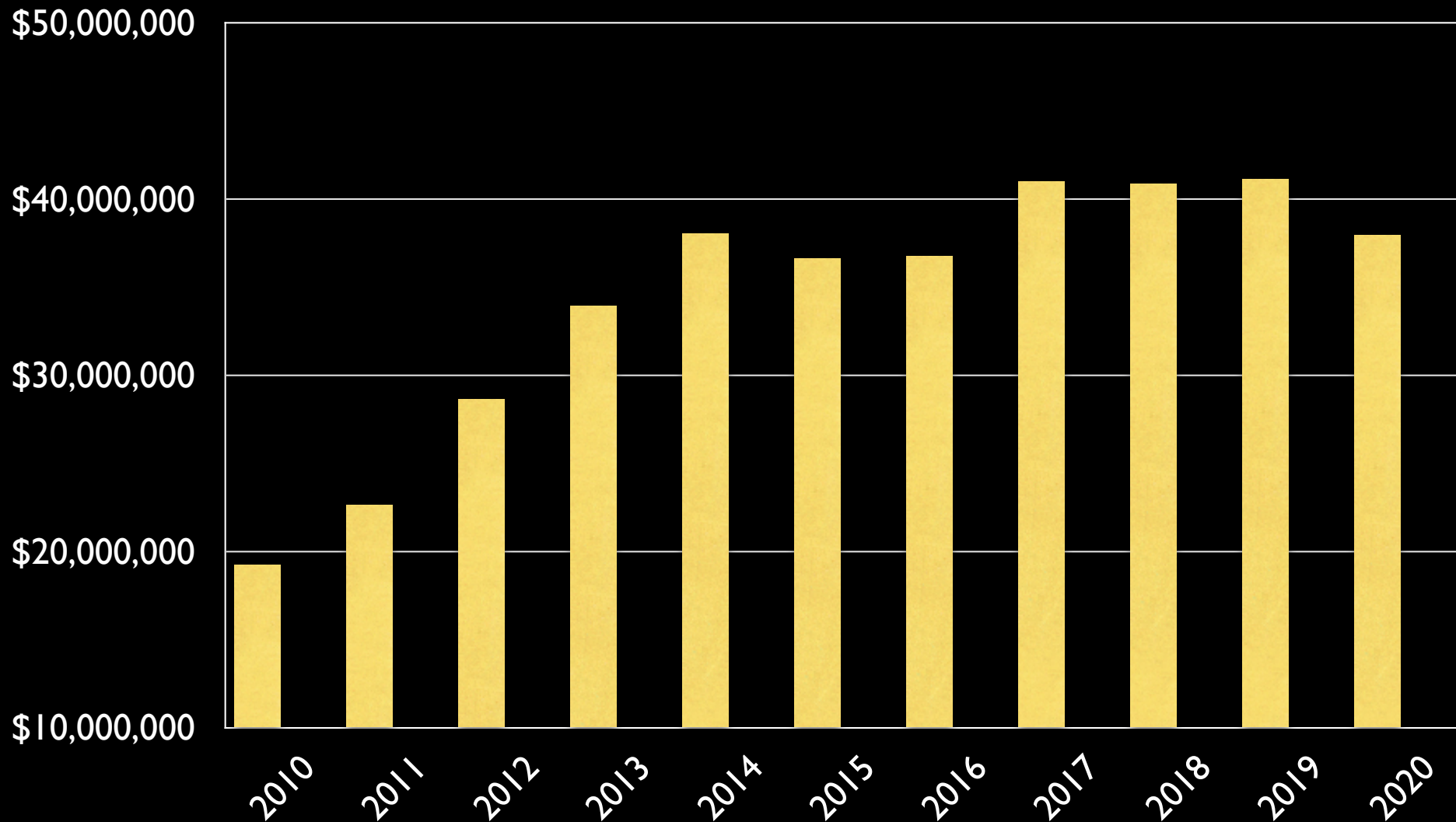


Fund Balance

Fund Balance Breakdown 6/30/20

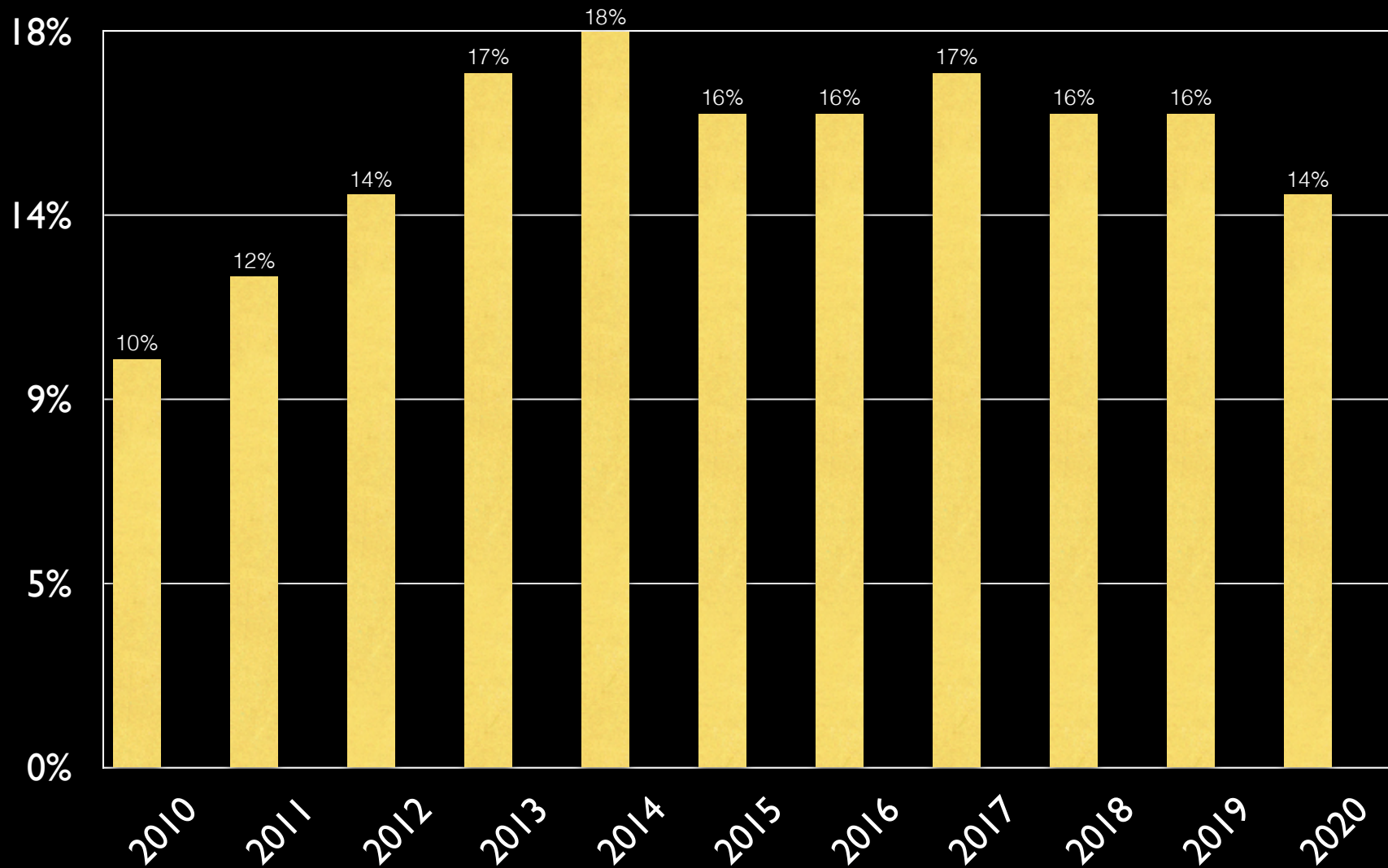
Description	Amount
Nonspendable (inventory & prepaid items)	\$274,251
Assigned for self-funded insurance	\$2,700,000
Committed to PSERS	\$16,806,523
Unassigned (6.51%)	\$18,107,387
Total Fund Balances	\$37,888,161

Total Fund Balance



The chart shows the total general fund balance. Measure of fiscal health.

Fund Balance %

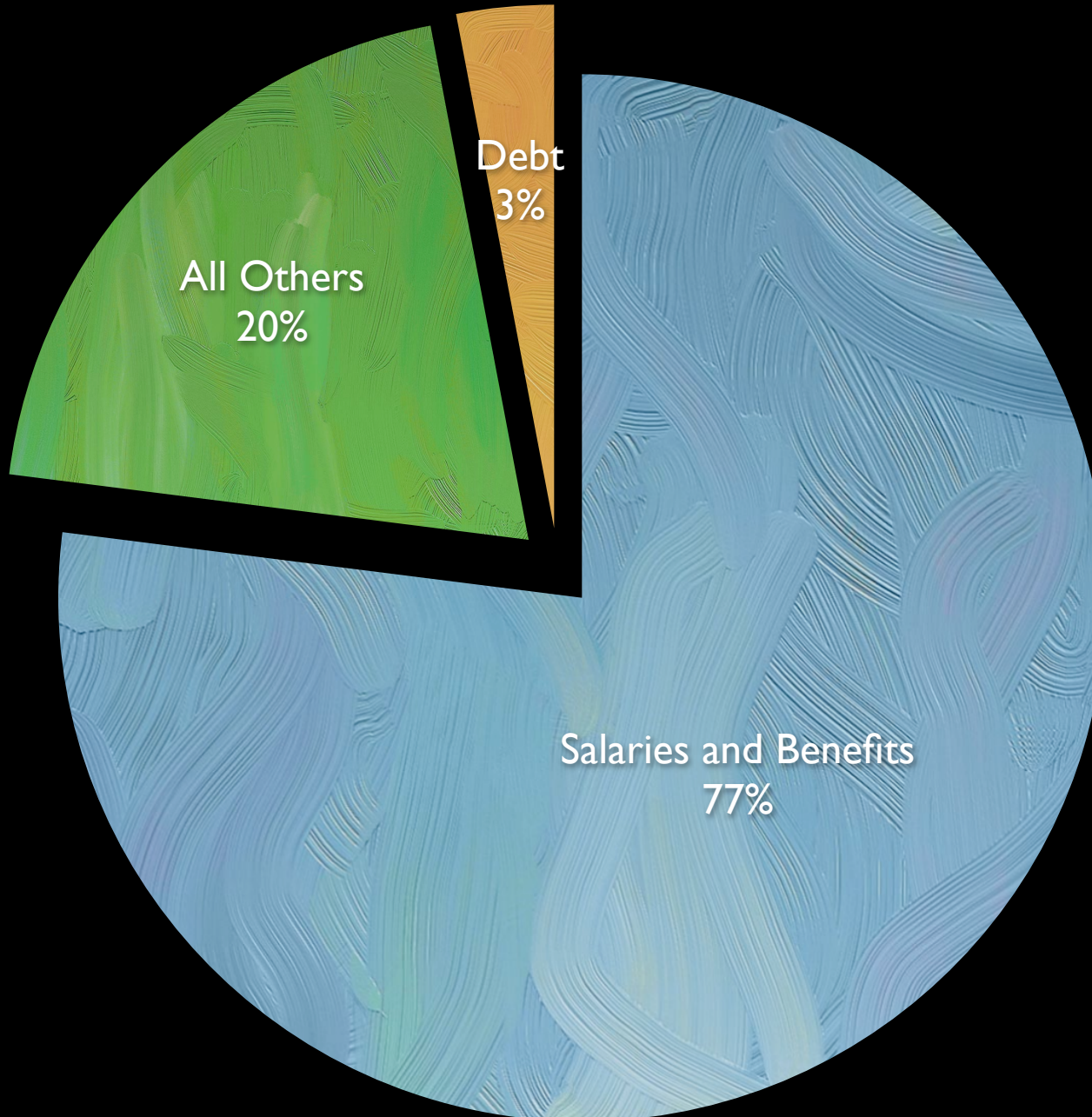


The chart shows fund balance as a percent of total general fund expenditures. Measure of fiscal health.

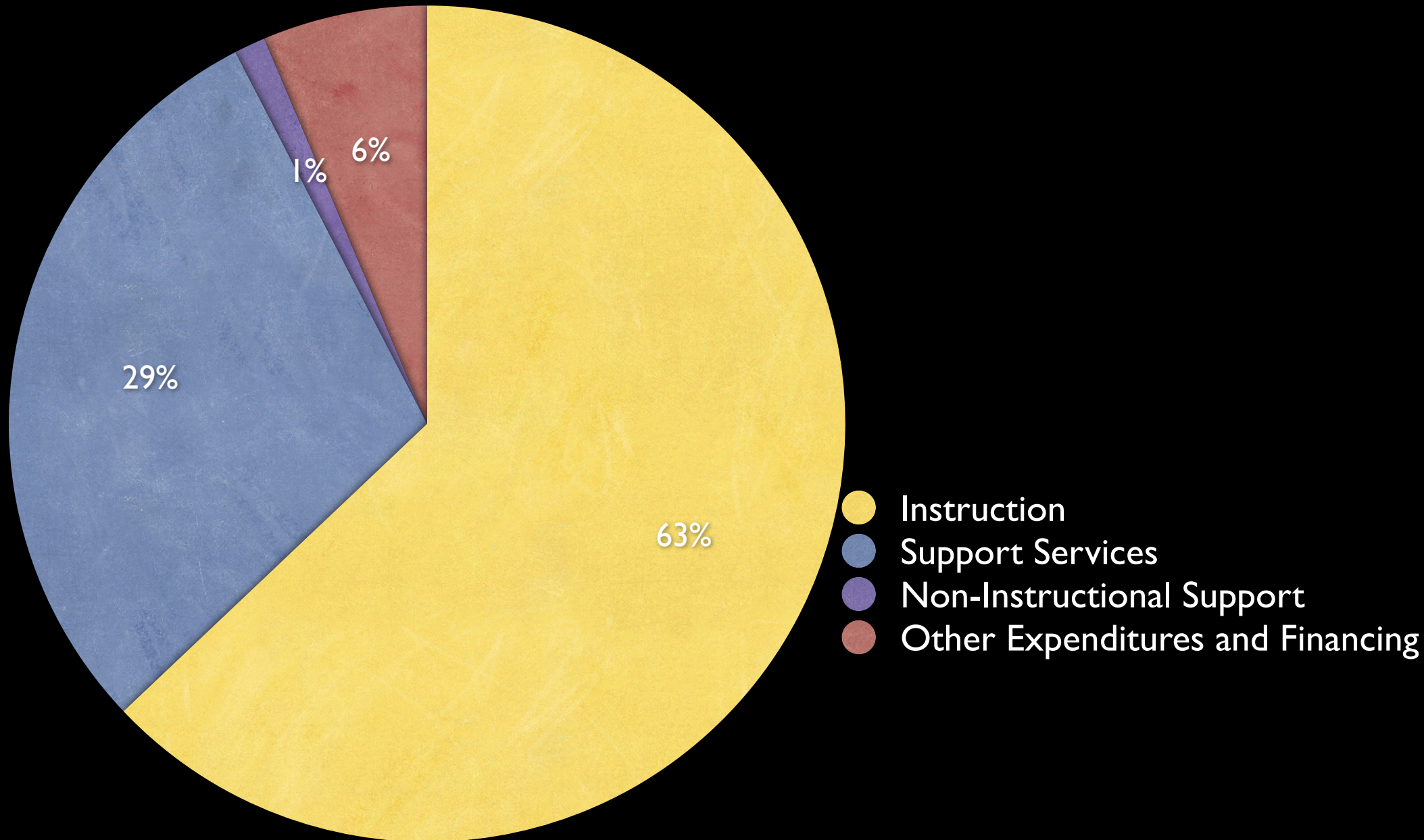
Expenditures

Spending Breakdown

\$287,598,703



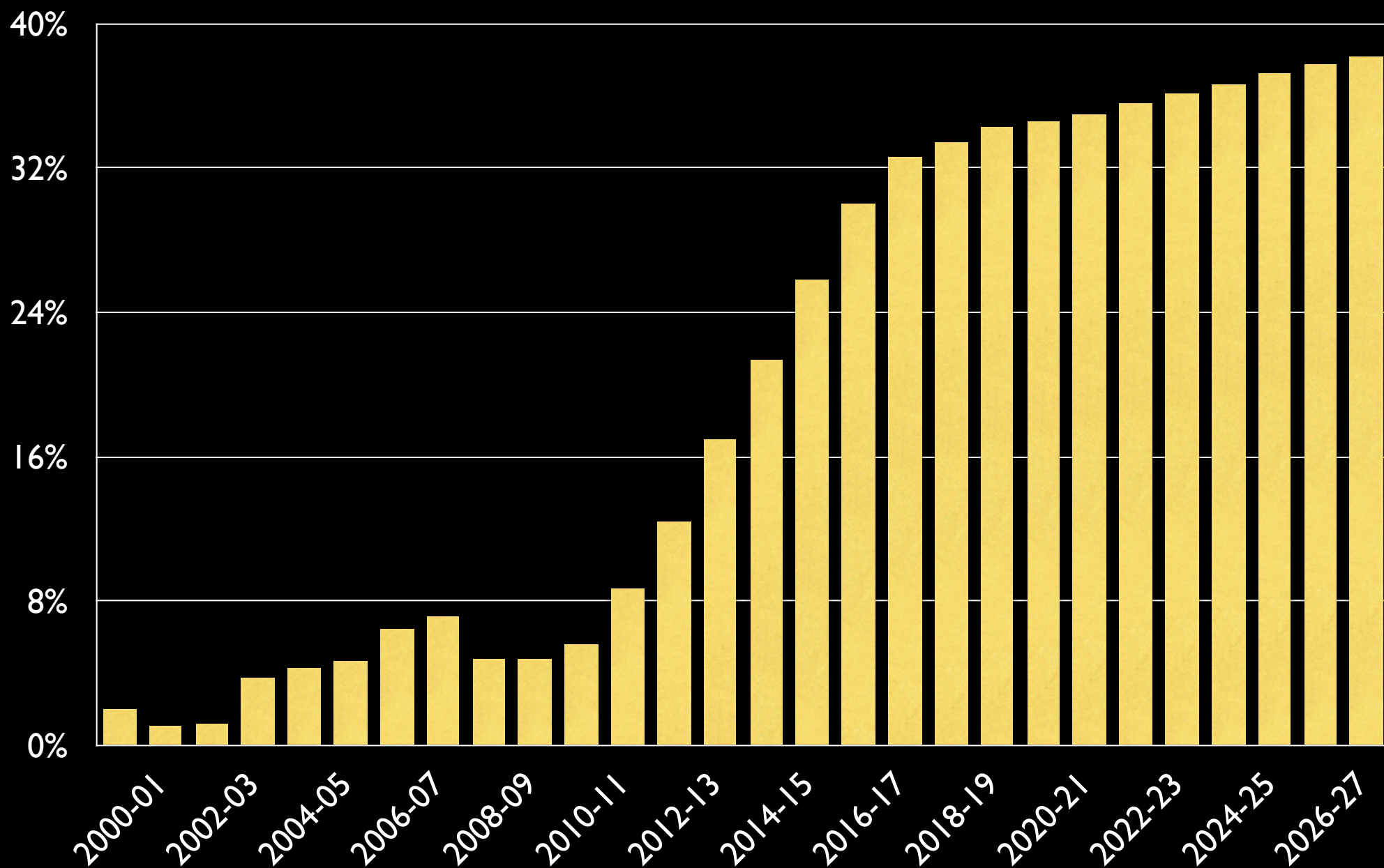
Spending Allocation by Function



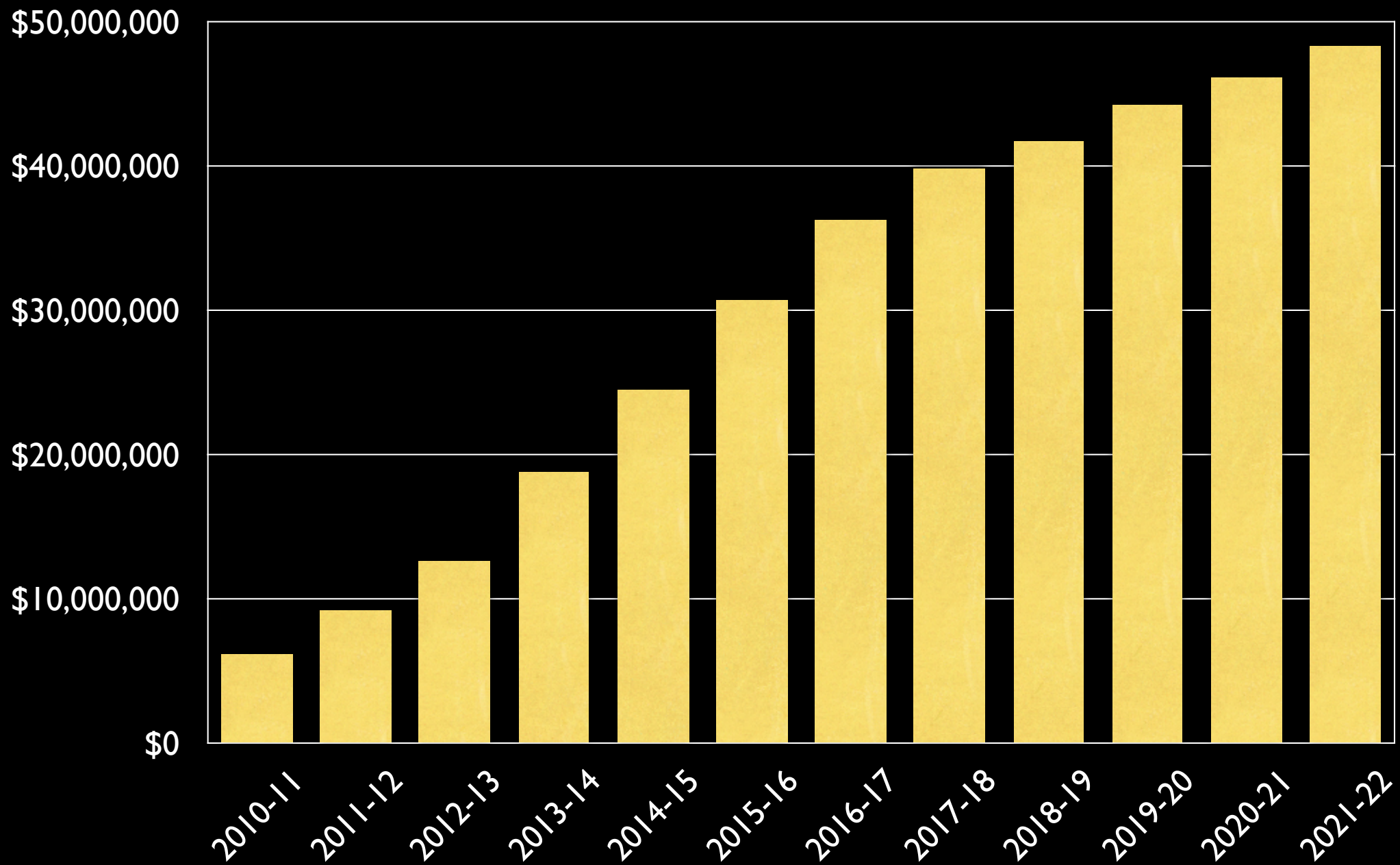
Expenditure Increase Drivers

Salaries & Benefits (includes new positions)	\$5,816,085
Charter School Tuition	\$1,488,276
Student Chromebooks (ESSER-Funded)	\$1,426,180
Teacher Laptops (ESSER-Funded)	\$1,100,000
North Montco Tuition	\$289,662
Special Education Placements	\$186,471
Total increase in major items	\$10,306,674
Total expenditure increase	\$9,476,583
Act I index revenue @ 3.0%	\$5,679,528

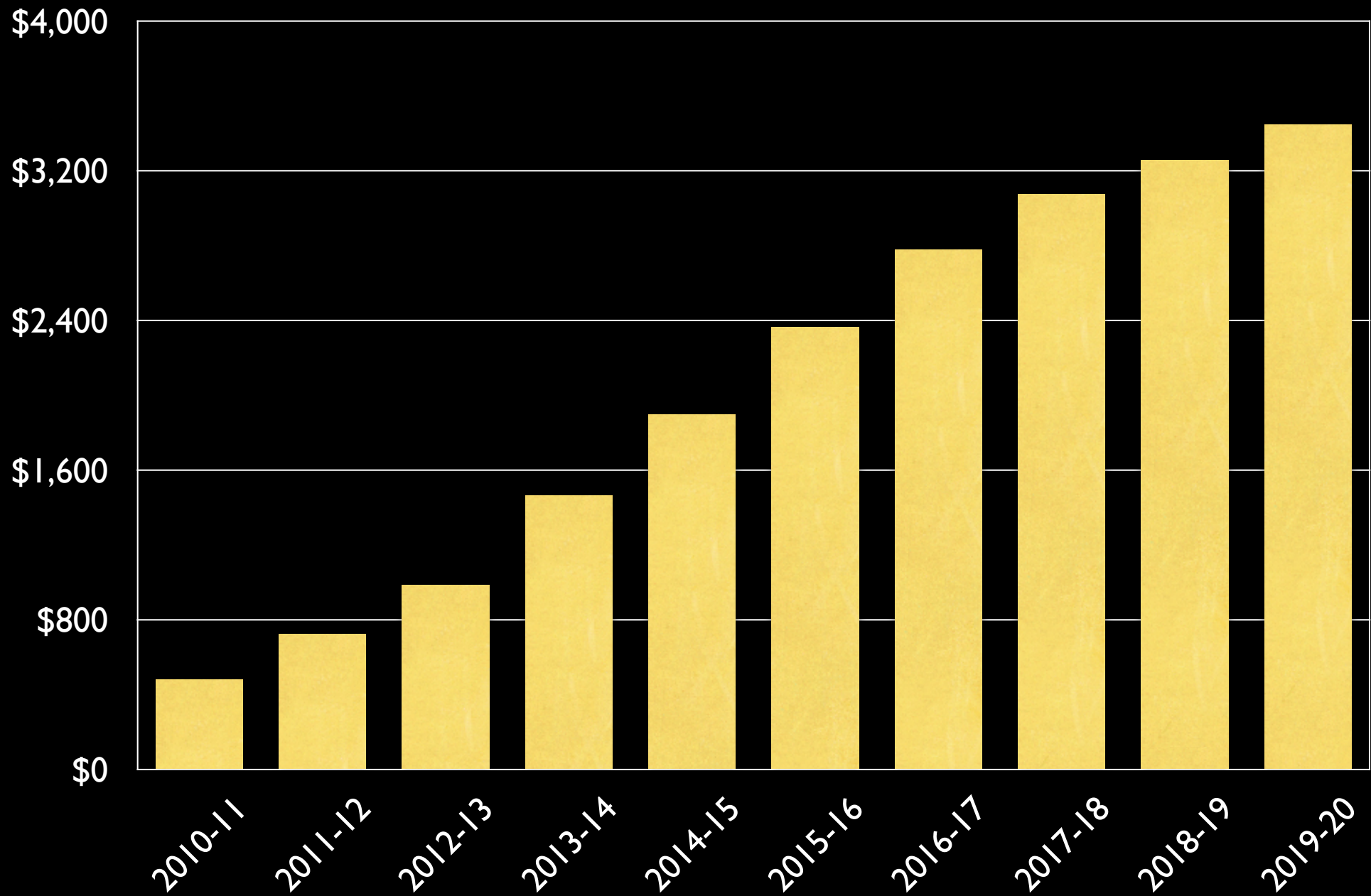
Retirement Rate



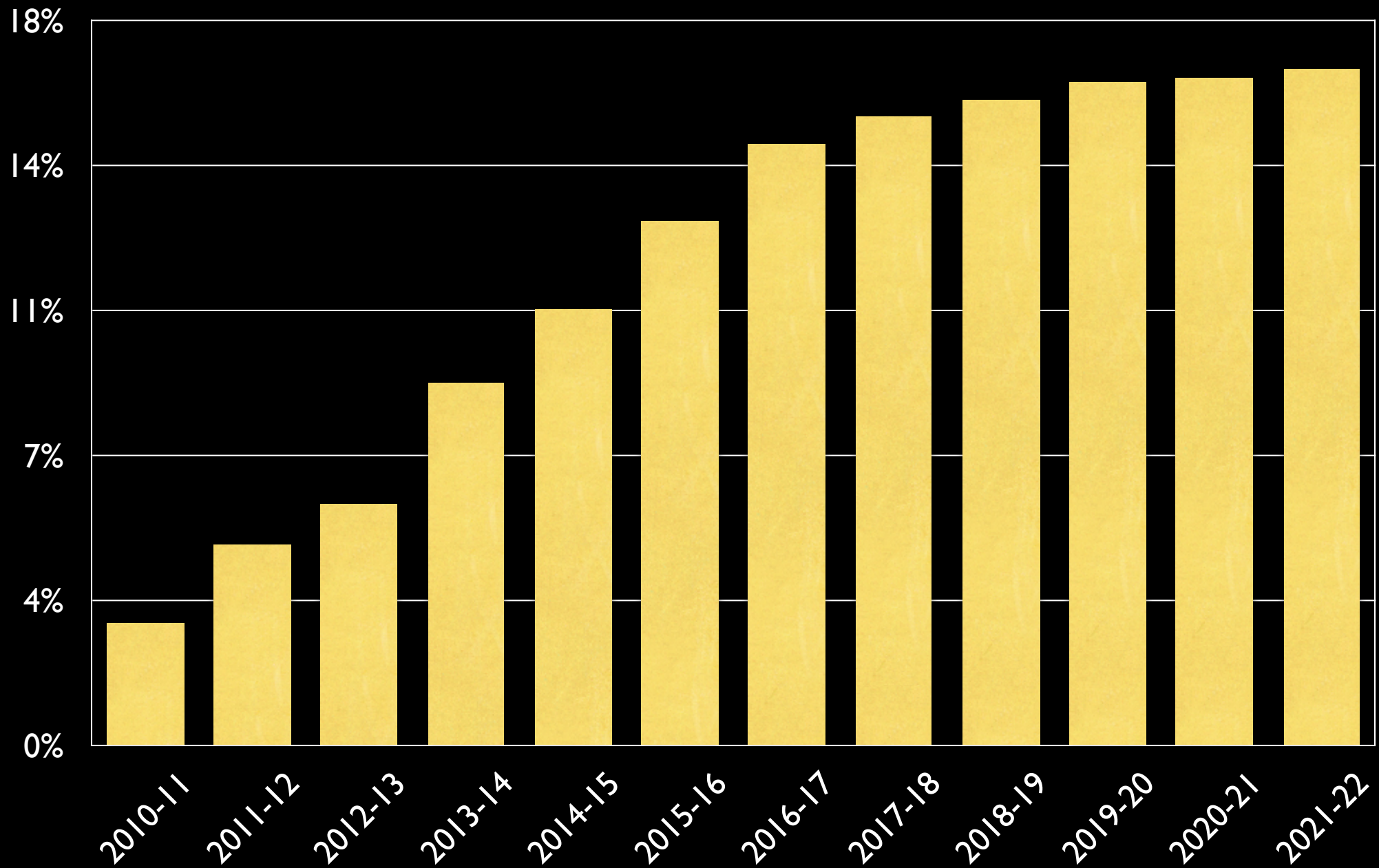
Gross Retirement Expense



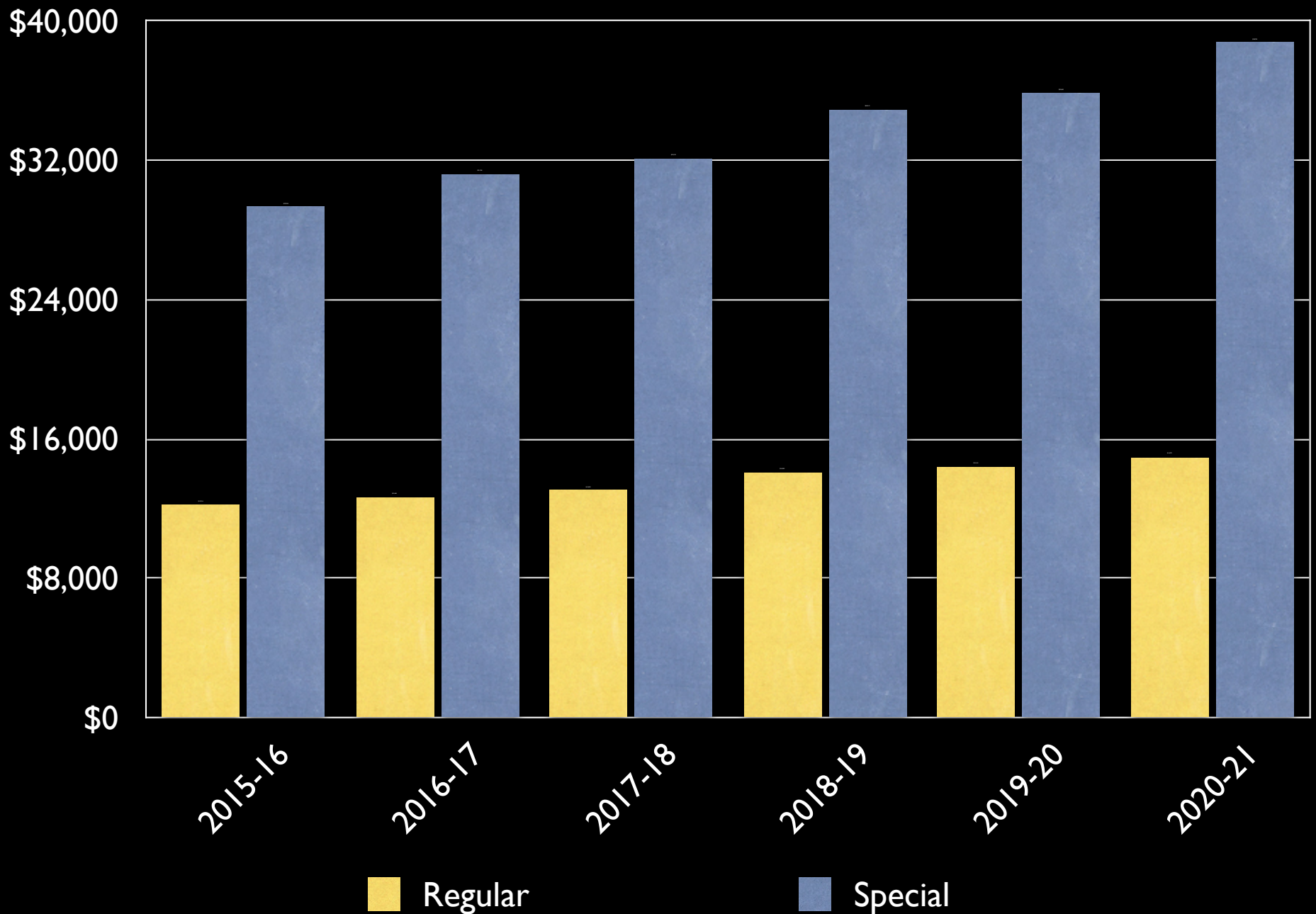
Retirement Expense Per Pupil



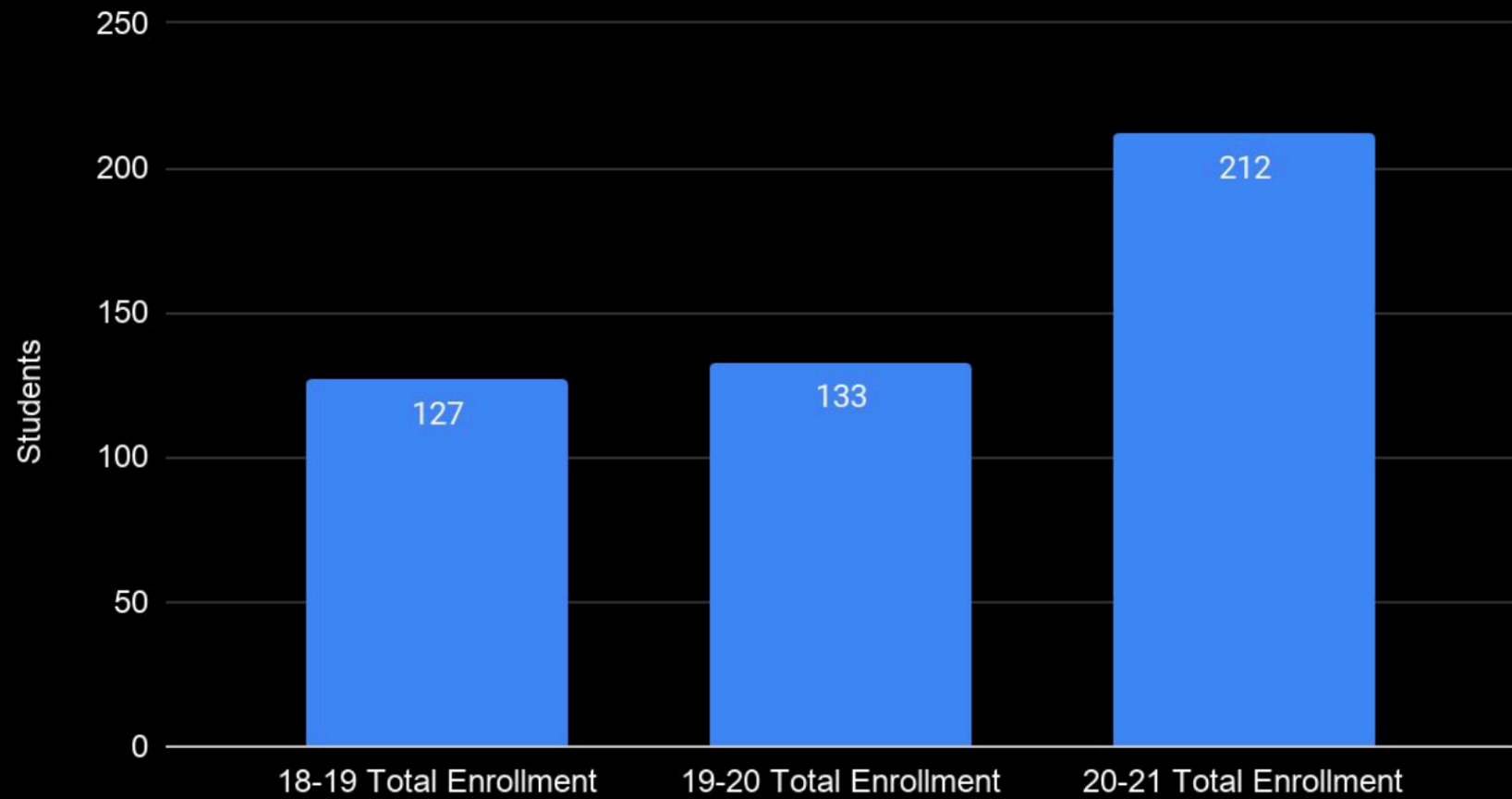
Retirement as a % of Budget



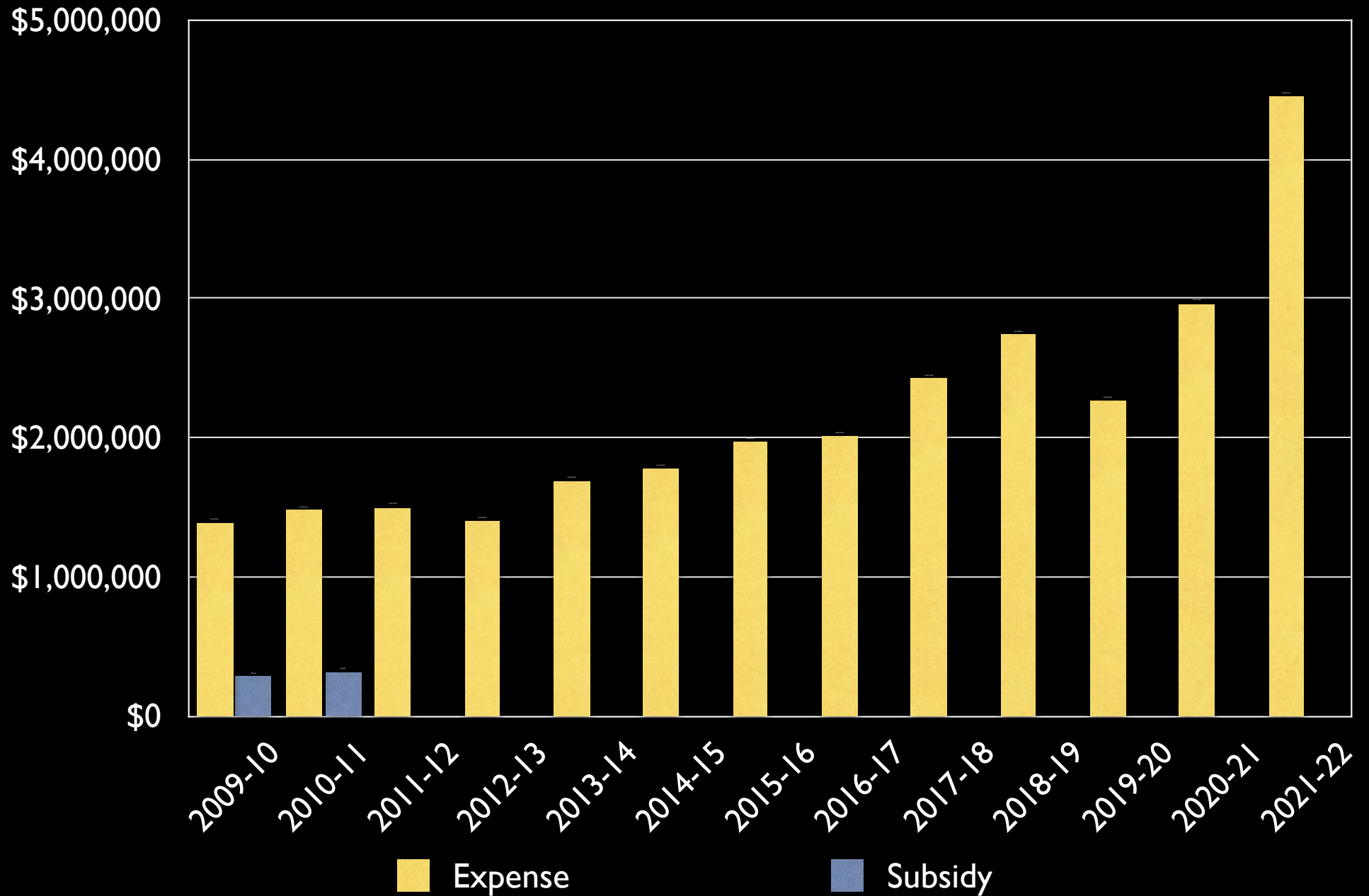
Charter Tuition Rates



Total North Penn Cyber Student Enrollment



Charter School Tuition



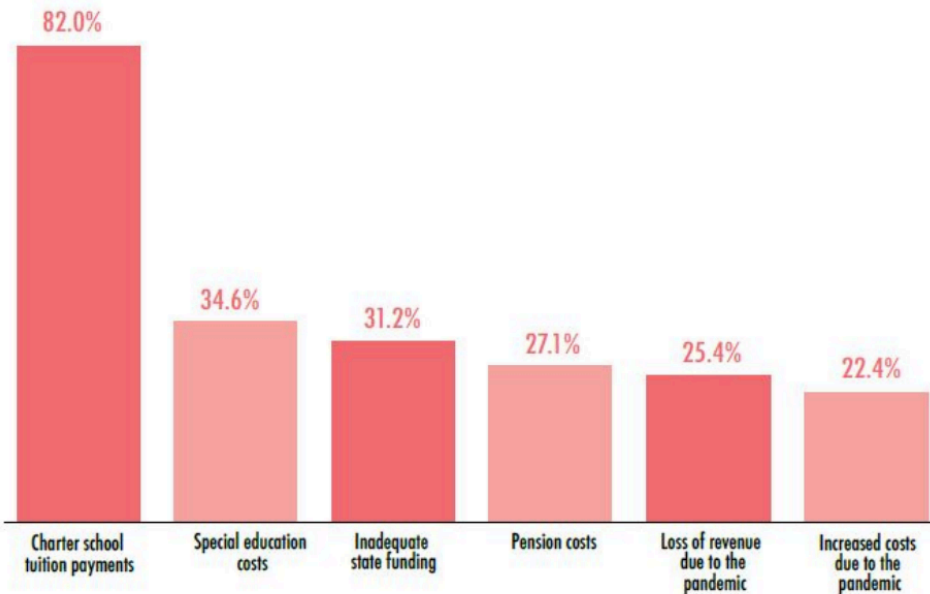
Cyber charter migration exacerbates budget pressure

At the start of the 2019-20 school year, 38,600 students were enrolled in a cyber charter school. By the start of the 2020-21 school year, that number had grown to 60,900 – a 58% increase. That increase in enrollments will conservatively lead to an estimated \$335.5 million in charter school tuition payments for school districts.²

Charter tuition payments are easily the top budget pressure for school districts

Although the top four budget pressures are the same as last year, an overwhelming number of school districts identified mandatory charter school tuition payments as one of their biggest sources of budget pressure. However, the pandemic has also brought on several new budget pressures.

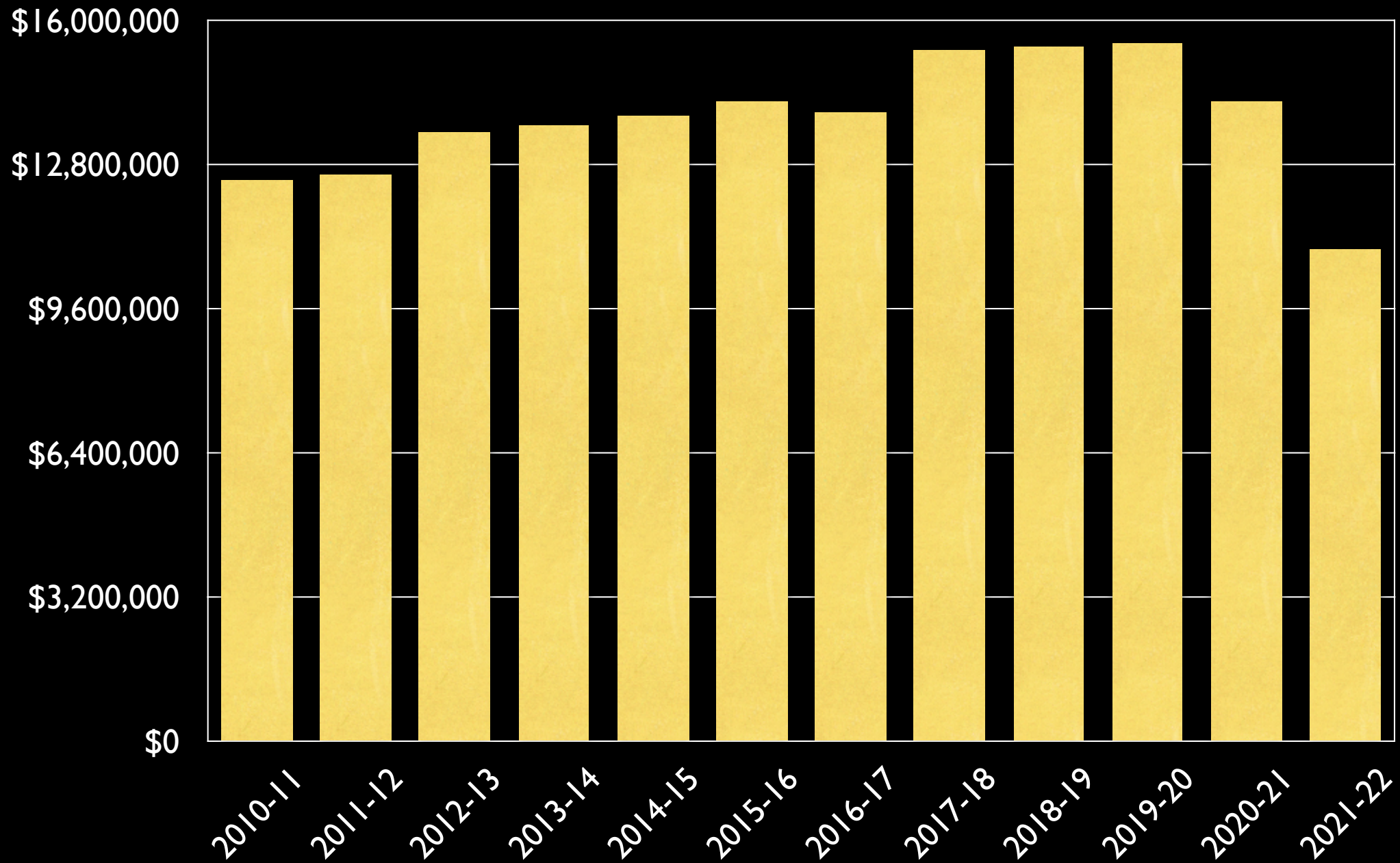
Top budget pressures



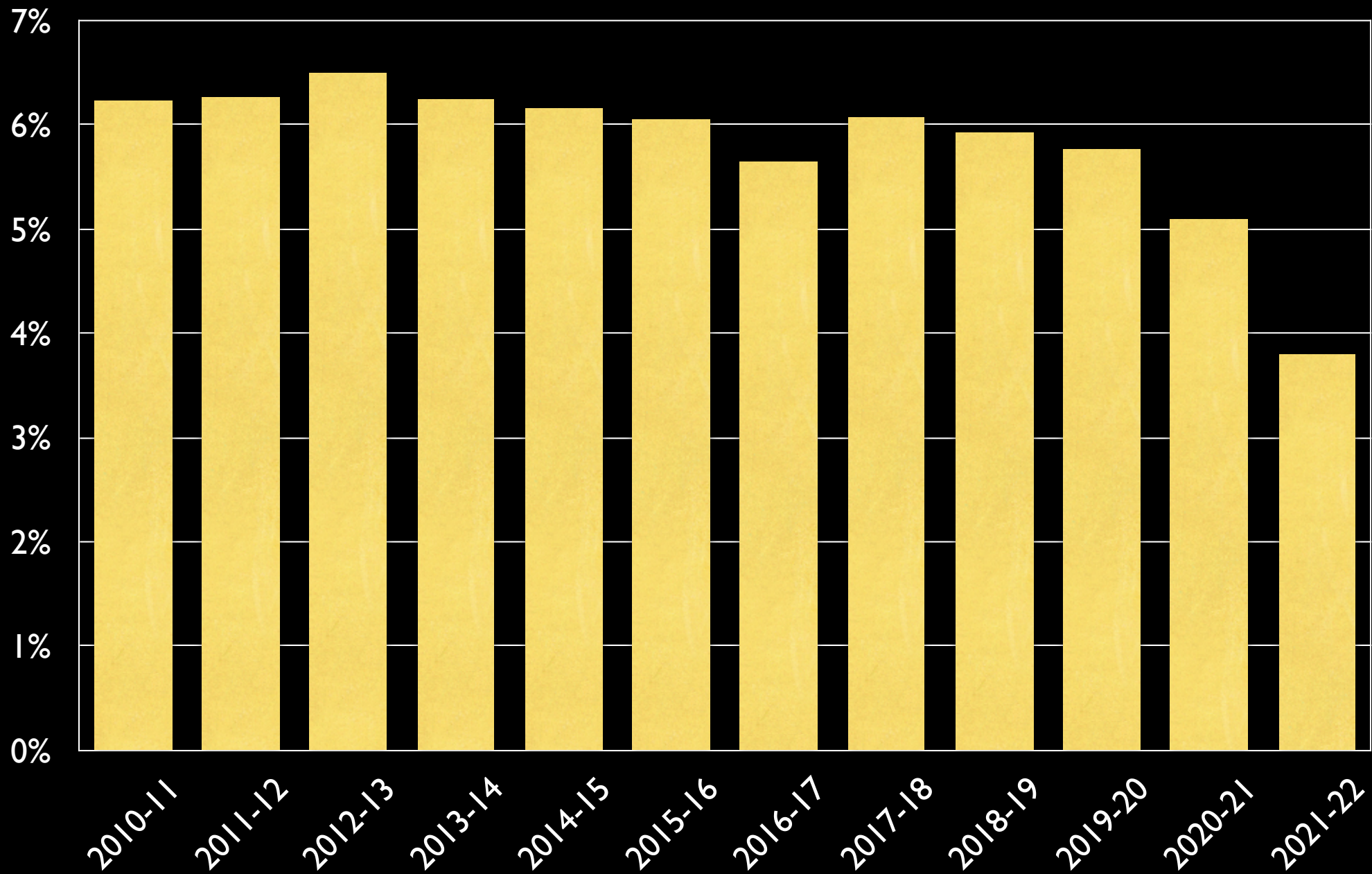
HB272 Charter School Reform Savings

\$620,000

Debt Service



Debt Service as a % of Budget



Debt Reduction

Reduction in 2020-21 Budgeted Transfer to Capital Reserve	\$1,233,417
Reduction in 2021-22	\$3,254,536
Total Reduction Budgeted Transfer to Capital Reserve	\$4,487,953

What About Use of Federal Stimulus Funds?

Federal Stimulus Funding

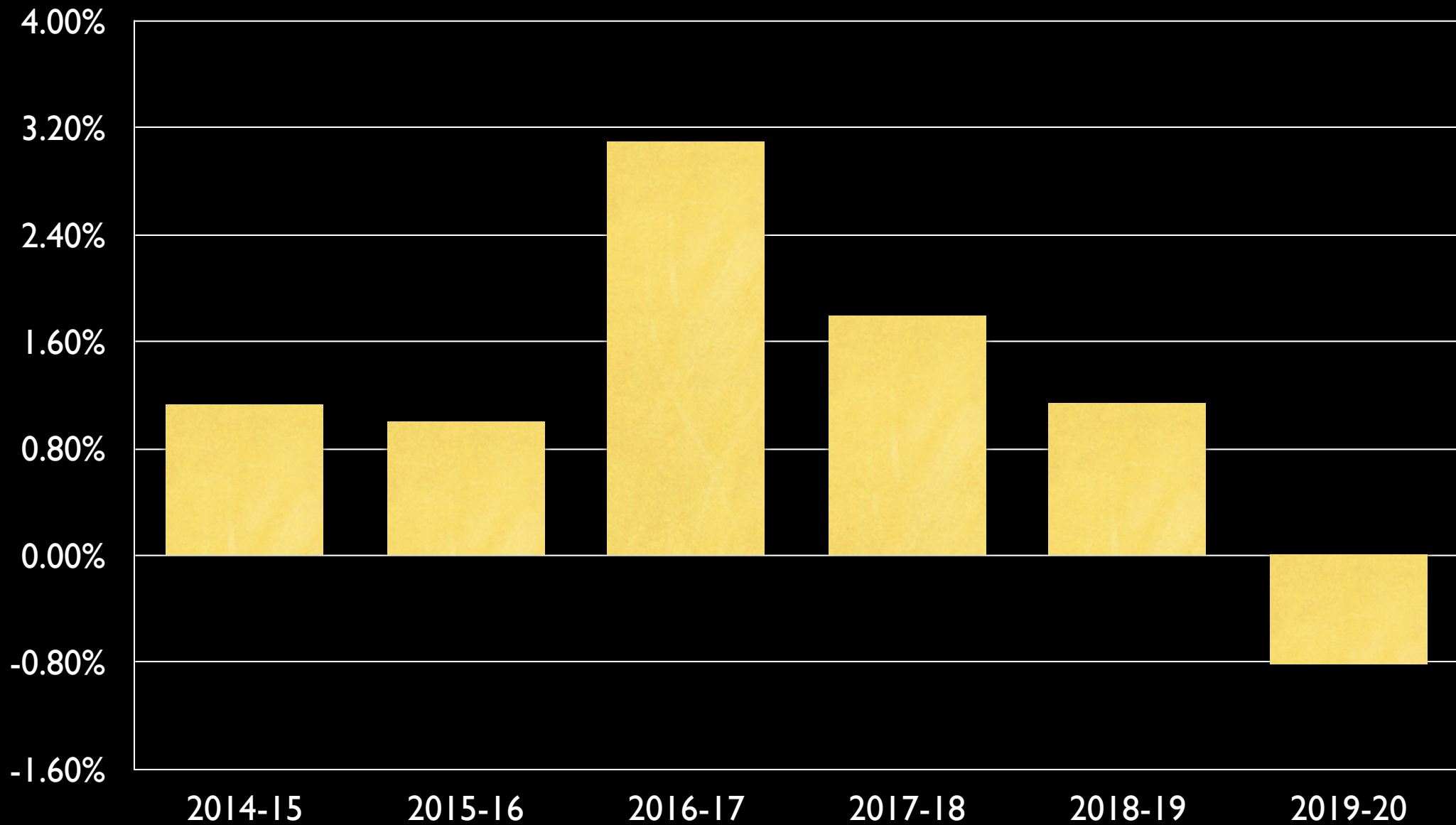
Total Amount Awarded	\$17,669,429
Spent or Allocated by 2020-21	\$2,767,582
Allocated for 2021-22	\$5,299,257
Allocated for 2022-23	\$186,726
Allocated for 2023-24	\$160,195
Amount Remaining	\$9,255,669

2021-22 Budgeted Item	Amount	Supp/ Supplant
Student Chromebooks	\$1,426,180	Supplant
Teacher Laptops	\$1,100,000	Supplant
Undesignated Supplements	\$1,000,000	Supplement
Learning Coaches/Reading Spec.	\$404,595	Supplement
Canvas Coaches	\$401,346	Supplement
Supplant Existing Budgeted Exp.	\$250,000	Supplant
Renaissance Software	\$191,246	Supplant
Canvas Learning Management	\$162,000	Supplant
Special Education Summer Prog.	\$151,535	Supplement
PPE Supplies/Equipment	\$124,355	Supplement
Student Assistance Program	\$88,000	Supplant
Total 2021-22	\$5,299,257	

Budget Scenario

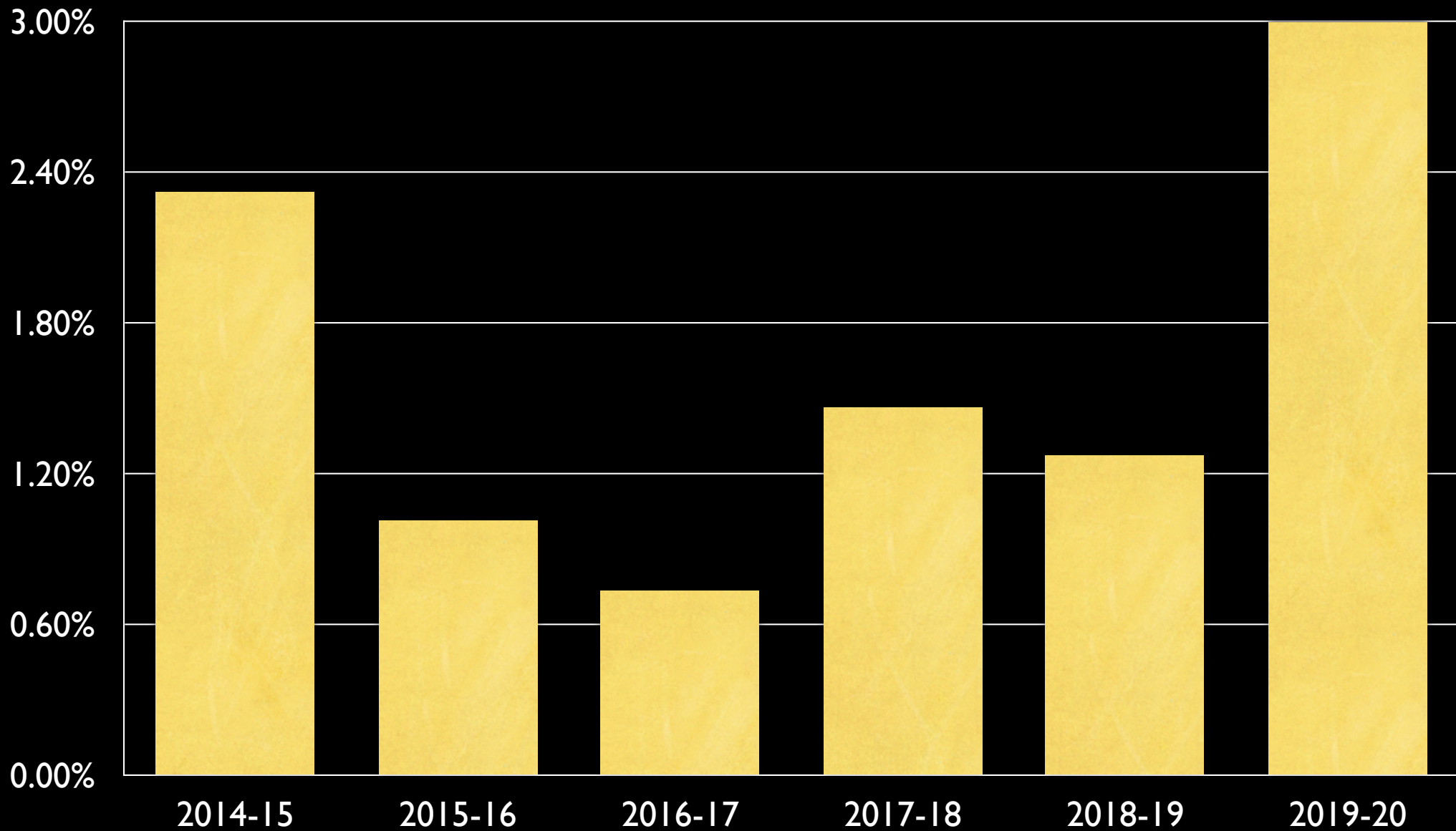
Current Budget Deficit	-\$11,512,425
Example Tax Increase - 2.85%	\$5,412,999
Budgetary Reserve	\$1,500,000
Additional Retirements	\$800,000
*Potential Positive Variances (0.50%)	\$2,818,425
Projected Ending Deficit	-\$981,001

Revenue Variances



1.23% Avg

Expenditure Variances



1.63% Avg

Tax Scenarios

Tax Increase	Additional Revenue	Remaining Deficit	Average Homestead Increase
0.00%	\$0.00	\$11,512,425	\$0
1.00%	\$1,904,888	\$9,607,537	\$40
1.50%	\$2,846,711	\$8,665,714	\$59
2.00%	\$3,795,614	\$7,716,811	\$79
2.85%	\$5,412,999	\$6,099,426	\$113
3.00%	\$5,679,258	\$5,833,167	\$119

Next Steps

- Direction on tax rate for proposed final budget
- Refine and update data based on new information
- Proposed final budget adoption

Discussion

