



## NEWS RELEASE

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NORWIN SCHOOL DISTRICT  
281 MCMAHON DRIVE  
NORTH HUNTINGDON, PA 15642  
CONTACT: MR. JONATHAN SZISH, 724-861-3039

### **NORWIN TAKES FIRST LOOK AT 2017-2018 BUDGET Board and Administration Face the Challenge of a New Budget**

NORTH HUNTINGDON, PA. – Norwin School District received its first look at the 2016-2017 Education Budget at Norwin Board of Education's Workshop Meeting. Based on an early look at revenues and expenditures, the School District faces an almost \$3.3 million deficit.

Mr. Jude Abraham, Interim Director of Business Affairs, gave an overview of what's driving the deficit as well as options for reducing the deficit at the February 13, 2017 Board meeting.

The Board of Education is directing the Administration to look at all options to reduce the deficit in the coming weeks.

Norwin School District currently educates about 5,595 students in Grades K-12 in seven school buildings, as well as students in cyber charter schools and in out-of-District placements for students with special needs. This school year (2016-2017), Norwin School District provides this educational program on a budget of approximately \$67.4 million. However, with projected cost increases, maintaining the same level of educational programs and services next school year will require an estimated budget of about \$70.7 million, Mr. Abraham said.

This means that a deficit of \$3.3 million must be addressed by June through a combination of a potential increase in local taxes, a reduction in operational expenses, and limited use of the School District's reserve funds. The deficit must be addressed by June, when the school board is required to adopt a final budget for the 2017-2018 school year.

The drivers of the deficit are state-mandated retirement contribution rate increases (projected to increase \$990,000 next school year); healthcare expenditure increases (projected to increase by \$170,000 - \$200,000); charter and cyber school costs; special education programs and transportation; and wage and salary increases.

The following areas will be reviewed to reduce the deficit: a new student transportation contract; reductions or realignment to administrative, professional, and support staff; the delivery model for Special Education and paraprofessionals; full-day kindergarten; family consumer science, music, and art; and subcontracting for District services. All options will be considered.

Governor Tom Wolf proposed an education budget to the Legislature earlier this month that would give Norwin School District an \$116,188 increase in basic education subsidies and about a \$48,185 increase in special education subsidies. Despite a total increase of \$164,373 to both basic and special education, the state is reducing the School District's transportation subsidy by \$107,983. On these items, that means there will be a net increase of state subsidies of only \$56,390.

The Ready to Learn Block Grant, which is designed to enhance educational program, is included in the Governor's budget proposal at level funding, and Norwin School District's allocation is proposed to be \$671,000. This is factored in to the revenue projections provided by Mr. Abraham.

The state Legislature has until June 30, 2017, to adopt a state budget that releases funds to all 500 school districts.

For the past several years, school districts in Pennsylvania have been hard pressed to fund educational programs and services and have had to rely on local tax increases. This is directly related to state-mandated

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**-- Jay Himes, Executive Director**

Pennsylvania Association of School Business Officials  
speaking about budgeting challenges facing all PA districts

retirement contribution increases and other costs, such as cyber charter tuition, over which there is little local control.

“We have spent almost \$1 million per year for each of the past four years on PSERS increases,” said Mr. Robert Perkins, School Board President, upon hearing Mr. Abraham’s projection that PSERS costs may increase by \$990,000 in 2017-2018. He indicated that the state has done little to control cyber charter school costs or PSERS increases. “No business would be able to survive with this kind of difficulty.”

Although a final budget won’t be approved until June, Mr. Abraham said a 3.3 percent tax increase, which equates to 2.41 mills, will need to be considered. This would generate an additional \$924,000 in new revenues for the School District and would stay within the limits of the Act I inflationary index, which the District has never exceeded.

The initial discussion with the Board of Education assumed the possibility of a \$2.2 million deficit in the 2017-2018 school year, which included a 2.41-mill tax increase that was not clearly explained. Since the February 13<sup>th</sup> presentation to the Board, Mr. Abraham has clarified that the deficit is estimated to be \$3.3 million without any tax increase.

At this point, a tax increase has not been approved by the Board of Education and no decision on that will be made until June, when the final budget is adopted.

The Board and Administration will continue to meet the changing needs of the District, just as they have for the past several years, by making every effort to reduce the deficit and use a limited amount of the School District’s fund balance, which will be estimated at \$1.8 million by June 30, 2017.

Norwin School District has reduced expenses to meet budget deficits; however, state retirement increases have consistently outpaced the reductions. The Board and Administration are concerned that continued cuts will harm the School District’s highly regarded educational programs and services.

“Each and every year, we have realigned and restructured programs and services through the budget and staffing processes,” said Superintendent Dr. William Kerr. “We will continue to streamline all operational services, use contracted services where possible, and be fiscally responsible.”

Revenue-generating options are being explored, including, but not limited to, increased facility rental fees, athletic participation fees, admission fees for specific athletic events, and student parking fees. Various cost avoidance options are under consideration.

On February 9, 2017, Dr. Kerr attended a Budget Seminar provided by the Pennsylvania Association of School Business Officials (PASBO) held in Cranberry. The Budget Seminar provided participants with an increased awareness about the governor’s budget and how it will impact school districts. The seminar covered education funding along with other education-related policy highlighted in the governor’s budget proposal.

PASBO also surveyed all 500 school districts in Pennsylvania and found that they are continuing to tread water financially as the cost of mandated retirement benefits, health care, special education and charter school tuition outpaced new state funding. The report is available on the PASBO web site at [www.pasbo.org](http://www.pasbo.org).

“We continue to march backwards resulting in more staff cuts, higher property taxes and reduced educational opportunities,” said Jay Himes, PASBO Executive Director. “Our only option to balancing school budgets is to increase property taxes, cut staff and spend down reserves.”

“It is discouraging to see that a significant number of school districts across the state have continued to cut programs, reduce staff, and increase class size for a sixth consecutive year,” said Mark DiRocco, Executive Director, Pennsylvania Association of School Administrators. “It is imperative that appropriate levels of state revenues are invested in our public schools to properly educate our children.”

Norwin School District’s tax rate is currently 75.2 mills in Westmoreland County, a figure which includes 1.2 mills that Norwin School District collects for Norwin Public Library, and 11.68 mills in Allegheny County.

The Norwin School District has consistently had one of the lowest tax rates out of the 17 school districts in Westmoreland County.