

Basic Education Funding Commission Testimony

October 16, 2014

Good morning. It is a pleasure to provide testimony before the Pennsylvania Basic Education Funding Commission regarding one of the important issues impacting the sustainability of public education – school funding. On behalf of my superintendent colleagues, thank you for your commitment to ensuring a fair and equitable funding formula.

The Norristown Area School District is quite a unique School District. We are comprised of three communities: East Norriton Township, West Norriton Township and the municipality of Norristown. Together, the three communities are approximately 15.3 square miles and are comprised of approximately 60,000 residents. We have slightly over 7,000 incredible students, attending twelve schools. Although we are a suburban school district, we face many of the same challenges as urban school districts. Of the 21 school districts in Montgomery County, we are one of the most diverse districts in the county.

In terms of funding, we receive approximately 7% of our annual revenue from the federal government, and 20% of our revenue from the Commonwealth. As a result, 73% of our needed annual revenue must come from our local community. The largest revenue source in our District is school real estate taxes. Due to the significant lack of funding from the state and federal government, there is an over reliance on property tax revenue in our District. Even with the implementation of cost containment strategies, it has been necessary for our District to cut staff and programs, and levy tax increases.

There are several major factors that contribute to our dilemma. The Norristown Area School District is located within the County Seat of Montgomery County. As a result, we are the hub for county, state and federal agencies and government offices. All of these offices are exempt from paying our school real estate taxes. In the Norristown Area School District, we have over 559 tax-exempt properties. The assessed value of tax-exempt properties in the Norristown Area School District is approximately \$586,000,000 or approximately 18% of our total assessment is tax-free. If these properties were taxable, the Norristown Area School District would receive an additional \$19 million each year.

One of the most unique properties in our District that is tax exempt is the Norristown Farm Park. This 690 acre park is one of the last undeveloped areas in Montgomery County. The Norristown Farm Park is a tremendous asset to the community and is frequently used by our students and families. However, this enormous property generates no tax revenue for our School District. In no way am I suggesting the Farm Park be developed. I am simply asking for consideration of a system that provides funding from the Commonwealth to districts with a similar status, who are burdened with tax-exempt properties. You are also reminded that property owned by hospitals, churches, fire companies, utilities, and non-profit social service agencies are also typically non-exempt.

In addition to our inability to generate revenue from approximately 559 tax-exempt properties, valued at 586,000,000, our financial dilemma is further compounded by the District providing daily transportation to more than 1000 students to at least 70 different schools outside of the District, at a cost of \$9 million, not to mention the 23.5 million dollars that is spent annually on special education.

Although there is no easy way to address our burden of tax-exempt property, perhaps, government entities owning properties in our boundaries will consider making a PILOT payment, which is a payment in lieu of taxes, to our District on an annual basis.

Additionally, in accordance with the Pennsylvania School Boards Association's Legislative Platform, and in an attempt to contain and manage our current concerns regarding tax-exempt property; we oppose legislation that would expand charitable exemptions. These efforts could ultimately result in more tax exempt property, and additional lost revenue in our District.

As Margaret Meade so eloquently stated, "Never doubt that a small thoughtful, committed group of citizens can change the world." As members of the Basic Education Funding Commission, we are counting on you, a thoughtful and committed group of legislators, to change the chances for students in the Commonwealth of Pennsylvania.