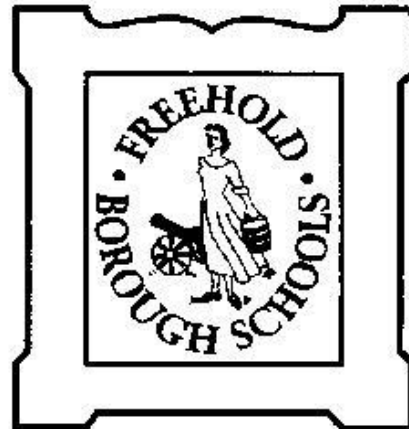


Freehold Borough Board of Education

Initial Budget Discussion

March 6, 2023



Major Expense Categories

Salaries

- Two Collective Bargaining Units
 - FBEA - 238 Employees. Represents teachers, teacher assistants, secretaries, custodians, and maintenance employees. Contract expires 06/30/23 currently in negotiations.
 - FBAA - 8 Employees. Represents principals, directors, and vice principal. Contract expires 06/30/24.
 - Non – unit – 20 Employees. Confidential secretaries, technology staff, security staff, facilities supervisor, business office staff, superintendent.
- Fiscal Year 14: 224 Employees. Fiscal Year 23: 266 Employees

Benefits

- Base level offering NJ School Employee Health Benefit Plan – Direct 15
- Pursuant to law the Employee Health Plan (EHP) is the base level offering for new employees as of 7/1/20

SEHBP Plan Rates		
January 1, 2023 - December 31, 2023		
<u>Coverage Status</u>	<u>Direct 15</u>	<u>EHP</u>
Single	\$13,318	\$12,259
Parent/Child(ren)	\$24,771	\$22,802
Spousal (2 Adults)	\$26,636	\$24,519
Family	\$38,089	\$35,062

Transportation

- Renewal of agreement with Howell Township Board of Education to provide in district special needs transportation approved on last agenda = \$455,000
- Howell provides 9 routes currently with a bus aide.
 - 2 - FIS
 - 2 - PAE
 - 5 - FLC
- Cost would be substantially higher with private contractor. Availability of private bus contractors and bus drivers has been an issue nationwide.

Transportation

FY 23 \$1,112,500

FY 24 \$1,920,047

Special Programs

- Out of District Tuition
 - 22 Students currently out of district. Tuition per pupil for placements range from \$35,767 to \$118,417 – includes ESY and 1:1 aides where needed.
- Agreement with the VNA to provide crisis mental health screening for our students.

Facilities

- PAE Classroom addition off the 5th grade wing.
- PAE & FIS replace 6 boilers.
- FLC HVAC replacement.
- FLC Install walls in large instruction area.

Revenue

Two main sources of revenue in the general fund budget:

- State aid
- Tax Levy

State Aid

- NJ State Constitution - The Legislature shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all the children in the State between the ages of five and eighteen years.
- Current formula to distribute aid to school districts based on the School Funding Reform Act of 2008.
- Weighted formula recognizing increased costs of educating students who are at-risk, have special needs, or have Limited English Proficiency.

History of State Aid

- SFRA funded in 2009, but cut in 2010. Districts largely remained flat funded in aid after this.
- Why was this a problem? The formula is based on student enrollment and as student enrollment went up and the amount of money received remained the same we were receiving less per pupil.
- In contrast other districts had a decrease in enrollment but received the same amount of money, so their aid per pupil went up.

History of State Aid



Formula Part 1 - Adequacy

- A district's adequacy budget is the amount of money the district should be spending in order to give students a constitutional thorough and efficient education. (NJSA 18A:7F-46)
- Based on model school district spending in educational adequacy reports adopted by the legislature.
- Weighted formula taking into account added spending needed for at-risk students, English Language Learners, Limited English Proficient, and special education students.

ADEQUACY BUDGET CALCULATION:
 ***** REGULAR EDUCATION *****

Projected Weighted Base Enrollment	1,579	(A)
Total Base Cost		
- @ \$13,181 per pupil		
times GCA 0.99530 times Item(A)	20,714,979	(B)
Projected Weighted At-Risk Only Enrollment	540	(C)
Total At-Risk Only Cost		
- @ \$13,181 per pupil		
times GCA 0.99530 times Item(C)	7,084,287	(D)
Projected Weighted LEP Only Enrollment	28	(E)
Total LEP Only Cost		
- @ \$13,181 per pupil		
times GCA 0.99530 times Item(E)	367,333	(F)
Projected Weighted combined LEP & Low Income Enrollment	193	(G)
Total Combined LEP & Low Income Cost		
- @ \$13,181 per pupil		
times GCA 0.99530 times Item(G)	2,531,977	(H)
***** SPECIAL EDUCATION *****		
Special Education Enrollment		
- FTE Resident Enrollment @ 15.90%	248	(I)
Total Special Education Cost		
- @ \$20,668 per pupil		
times GCA 0.99530		
times Item (I) times 2/3	3,401,049	(J)
Speech Only Enrollment		
- FTE Resident Enrollment @ 1.610%	25	(K)
Total Speech Only Cost		
- @ \$1,344 per pupil		
times GCA 0.99530		
times Item (K)	33,442	(L)
ADEQUACY BUDGET -		
Items (B) + (D) + (F) + (H) + (J) + (L)	\$34,133,067	(M)

STATE AID DIFFERENTIAL CALCULATION:

Uncapped Aid:

EQA(W) + CAT(B) + CAT(E) + TRN(C) 26,396,510 (B-1)

Prebudget Year Aid:

BUD(A-1) thru (A-4) + BUD(A-7) 22,265,744 (B-2)

State Aid Differential:

Item (B-2) minus Item (B-1) -4,130,766 (B)

FY 24 State Aid Proposed: \$25,405,122 divided by
Uncapped Aid: \$26,396,510 = 96.2%

Funding Status

Up until last year on a per pupil basis the District was still the 8th most underfunded statewide with a gap of \$3,437 per pupil in fiscal year (FY 22). This years state aid increase brings us to 96% of what is due under SFRA

County	District	Actual Aid	State Aid Target	State Aid Deficit or Surplus	Deficit/Surplus in Dollars Per Pupil
1 ATLANTIC	ATLANTIC CITY	\$ 72,974,722	\$ 118,776,400	\$ (45,881,730)	\$ (7,110)
2 CAMDEN	LINDENWOLD	\$ 38,776,563	\$ 52,284,855	\$ (13,576,144)	\$ (4,801)
3 BERGEN	FAIRVIEW BORO BOUND BROOK	\$ 20,989,946	\$ 29,966,498	\$ (8,976,552)	\$ (4,236)
4 SOMERSET	BORO NORTH PLAINFIELD	\$ 20,366,017	\$ 27,033,412	\$ (6,954,339)	\$ (4,053)
5 SOMERSET	BORO DOVER TOWN	\$ 38,920,209	\$ 51,899,580	\$ (12,979,371)	\$ (3,712)
6 MORRIS	(VICTORY GARDENS)	\$ 3,856,985	\$ 4,756,629	\$ (899,644)	\$ (3,487)
7 UNION	PLAINFIELD	\$ 175,672,552	\$ 213,976,692	\$ (38,304,140)	\$ (3,459)
8 MONMOUTH	FREEHOLD BORO	\$ 19,101,974	\$ 24,518,666	\$ (5,416,692)	\$ (3,437)
9 PASSAIC	MANCHESTER REG	\$ 11,076,238	\$ 12,877,986	\$ (2,786,628)	\$ (3,365)
10 GLOUCESTER	WOODBURY CITY	\$ 17,289,849	\$ 22,345,937	\$ (5,204,786)	\$ (3,328)

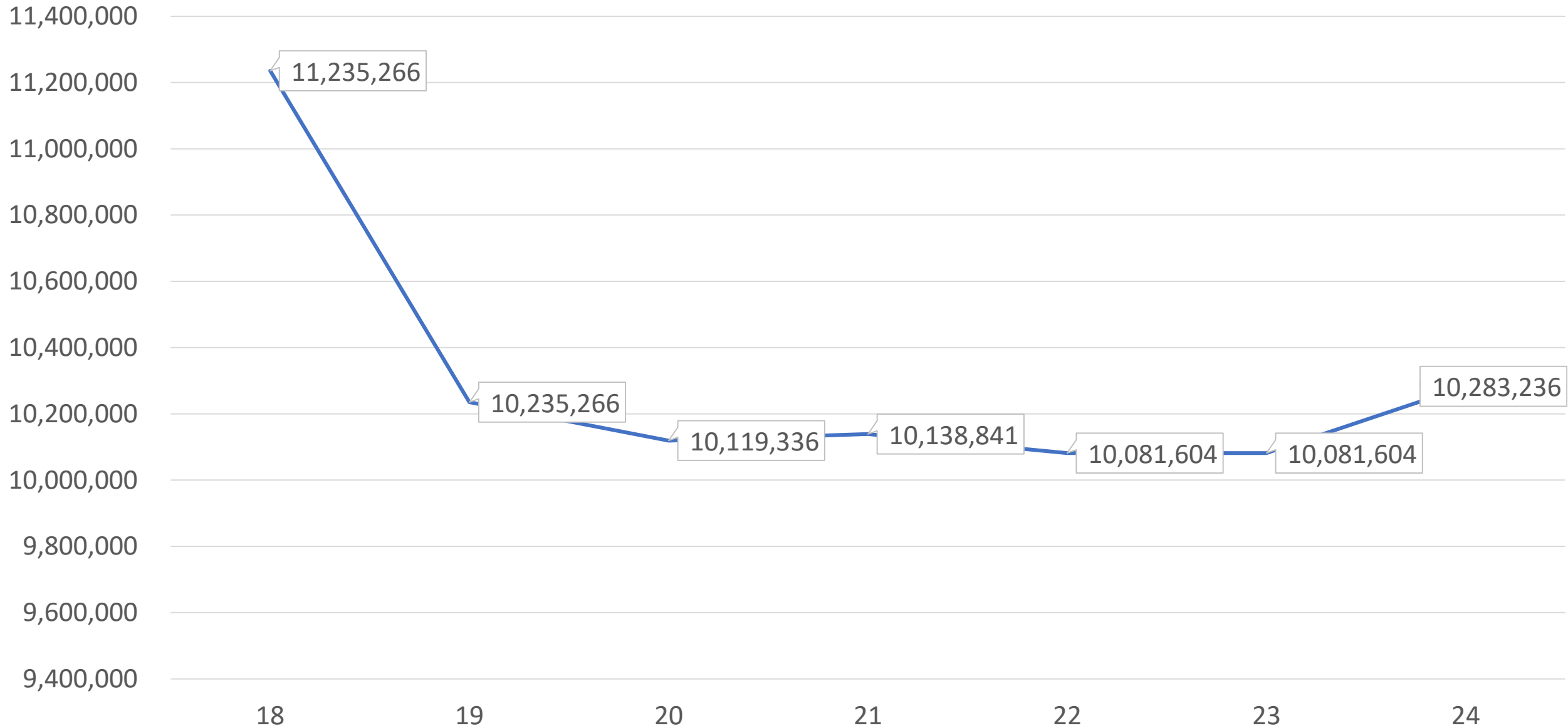
Formula Part 2 – Local Fair Share

- Equalized valuation of all properties. Monmouth County part of assessment demonstration program 1/3 of all ratables reassessed every year.
- District Income - Adjusted Gross Income of all tax returns in the area.
- Equalized Valuation factored by the property value rate which is determined such that equalization aid equals the Statewide available equalization aid for all districts determined according to this act had each school district's local share equaled the product of the property value rate (NJSA 18A:7F-52)
- District Income is factored by the income rate which shall be determined such that equalization aid equals the Statewide available equalization aid for all districts determined according to this act had each school district's local share equaled the product of the income rate and the district's income (NJSA 18A:7F-52)

LOCAL SHARE CALCULATION - REGULAR DISTRICT

Equalized Valuation (10/1/2022)	931,552,167	(N)
District Income (2020)	181,528,837	(O)
Equalized Val. x 0.012805233 / 2	5,964,371	(P-1)
District Income x 0.051068829 / 2	4,635,233	(P-2)
Local Fair Share : Item(P-1) + Item(P-2)	10,599,604	(P)

History of Operating Tax Levy



Tax Levy

- The Board sets the tax levy through the budget. The municipality is responsible for assessing and collecting taxes. The tax levy cannot exceed 2% of the prior year budget with a few exceptions.
- Tax levy has been at local fair share the past 4 years. Prior to that District was as high as 127% of local fair share to make up for gap in state aid.

Special Revenue Fund

- Preschool Education Aid from state - \$1,153,440 Funding for 60 in district seats and 30 Headstart
- Federal Programs
 - Title I – Supplement student instruction. Basic skills teachers, parent involvement events
 - Title II – Professional Development
 - Title III – English Language Learner
 - IDEA – Special Education. Out of District Tuition
 - ESSER II – One time pandemic funding. Expires September 2023
 - ARP – One time pandemic funding. Expires September 2024.

Next Steps

- March 20 – Tentative Budget Adoption – after this budget goes to county superintendent for compliance review and approval. After county supt. approval budget advertised in APP for public hearing.
- May 8 – Public hearing and adoption of budget at the board meeting.
- Within 48 hours of public hearing the user friendly budget is posted to District website
- July 1, 2023 – start of Fiscal Year 24 - state legislature needs to adopt budget by this date to lock in aid numbers.