

# 2017-2018 Preliminary Budget



South Orange-Maplewood  
School District

January 30, 2017

# Overview of Presentation

- ▶ Budget Development Process
- ▶ Zero Based Budgeting
- ▶ Anticipated Revenue Sources
- ▶ Base Line Data
- ▶ Historical Spending
- ▶ Comparative Trends
- ▶ Budget requests and considerations
- ▶ Next steps

# Budget Development Process



# Budget Development Process

- Estimate Revenue
  - Increase tax levy by 2%
  - Calculate spending adjustments
  - Estimate state & federal aid
  - Identify other sources of revenue
- Estimate Appropriations (“Zero Based” budgeting)
- Balance the Budget
  - Determine if there is a surplus or deficit
  - Evaluate use of banked cap & adjustments
  - Use goals and priorities as a guide
  - Balance the budget

# “Zero Based” Budgeting



# “Zero Based” Budgeting

- ▶ Zero Based budgeting start with a clean slate. It is not simply based upon prior year spending.
- ▶ Zero Based budgeting starts with the students. The first consideration is student enrollment and an evaluation of student needs.
- ▶ Each building principal and supervisor provided detailed staffing, program, and supply requests.
- ▶ The result is a budget responsive to projected student needs regardless of prior year spending habits.

# Zero Based Budgeting

## Project student needs

- Current student enrollment and student enrollment projections
- Identify supports and services for each student (paraprofessionals, medical aides, transportation, intervention, additional in class support, ELL, etc.).
- Identify students attending vocational schools, charter schools, and other out of district placements.

**Provided training in scheduling & PowerSchool**

# Zero Based Budgeting

- Determine Program Offerings and Staffing
  - Enrollment / Needs Assessment → Course Offerings
- Enrollment & Course Offerings Drive:
  - Staffing Requirements (Teachers, Administrators, etc.)
  - Tuition (Vo-Tech, Charter, etc.)
  - Transportation
  - Supplies

# Zero Based Budgeting

- Project other operating requirements
  - Energy / Utilities
  - Legal
  - Employee Benefits
  - Maintenance

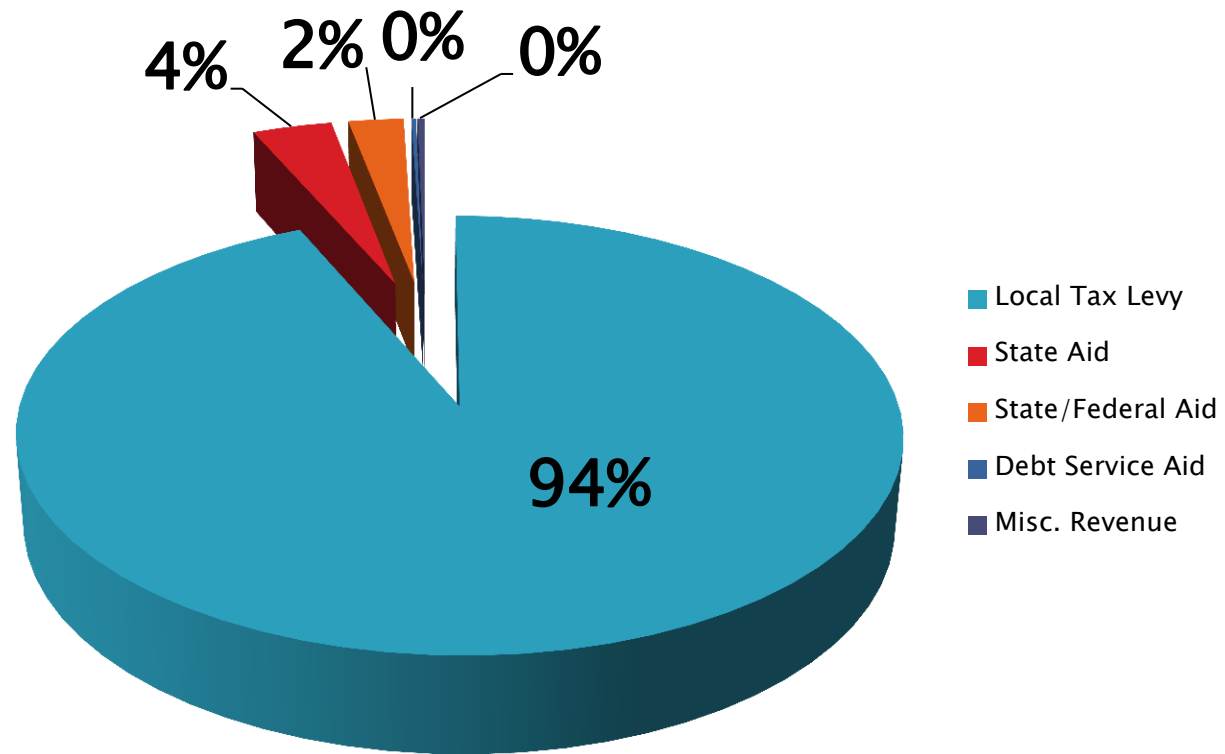
# Anticipated Revenue Sources



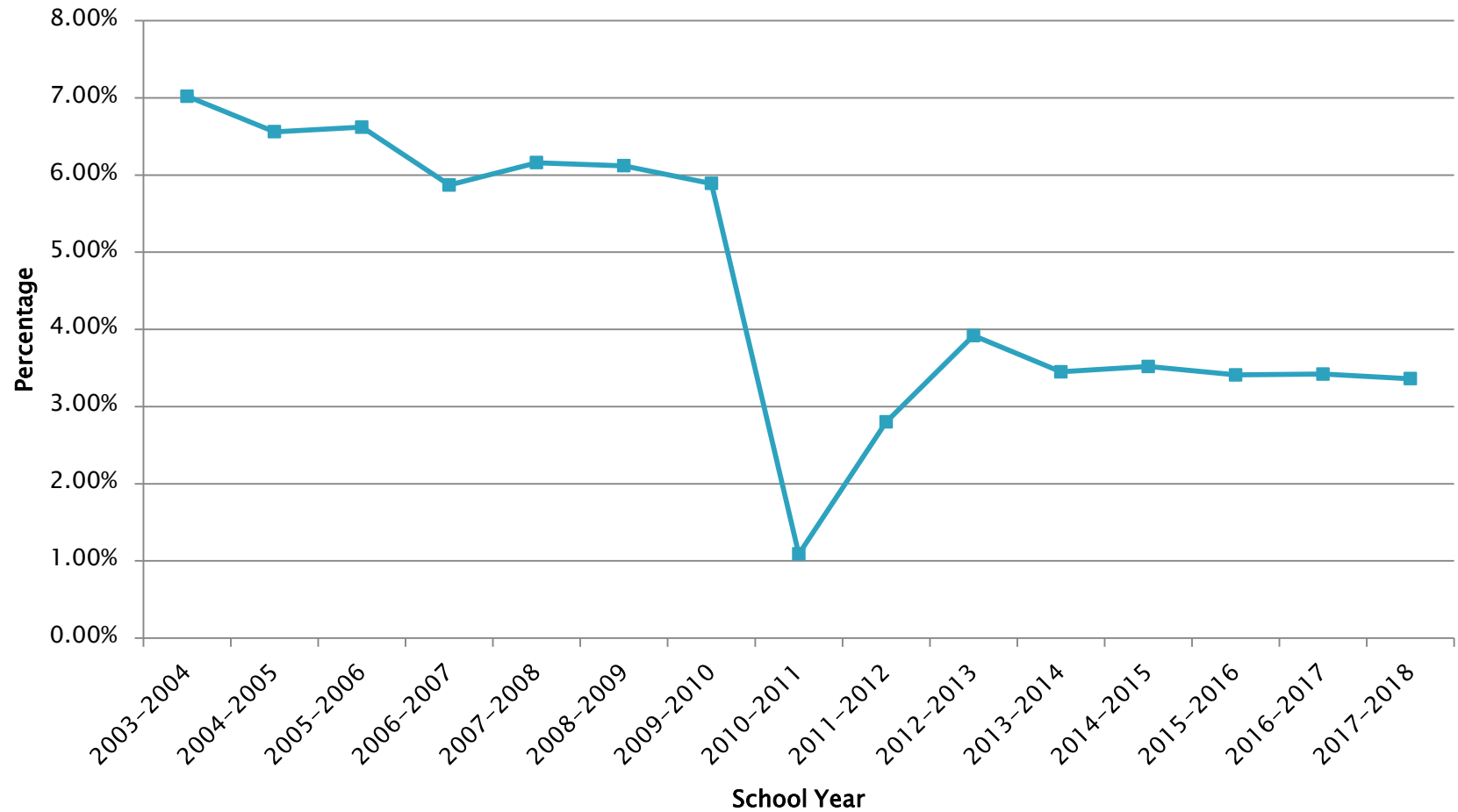
# Revenue 2017-18

| Revenue Source                     | Budgeted<br>2016-17 | Projected<br>2017-18                   | % Change |
|------------------------------------|---------------------|----------------------------------------|----------|
| Operating Budget<br>Local Tax Levy | 111,726,677         | 113,961,211<br>(at 2% tax<br>increase) | 2.0%     |
| State Aid                          | 4,307,567           | 4,307,567                              | 0.0%     |
| Capital Reserve                    | 0                   | 0                                      |          |
| Fund Balance                       | 2,275,894           | 2,389,338                              | 5.0%     |
| Miscellaneous (incl.<br>tuition)   | 275,000             | 375,000                                | 36.4%    |
| Debt Service                       | 4,152,635           | 4,169,235                              | 0.4%     |
| State/Federal                      | 3,002,631           | 2,996,631                              | -0.2%    |
| Total Revenue                      | 125,740,404         | 128,198,982                            | 2.0%     |

# 2017-2018 Revenue Sources



## State Aid as a Percent of Revenue



# Tax Levy Cap Adjustments & Banked Cap

| Year      | Allowable Adjustments<br>(Health / Enrollment) | Adjustments /<br>Banked Cap Used | Banked Cap<br>Available |
|-----------|------------------------------------------------|----------------------------------|-------------------------|
| 2013-2014 | 884,103                                        | 475,000                          | 409,103                 |
| 2014-2015 | 970,247                                        | 0                                | *970,247                |
| 2015-2016 | 588,254                                        | 440,500                          | 147,754                 |
| 2016-2017 | 0                                              | 409,103                          | 0                       |

**\*\$970,247 of banked cap expires if not used for 2017-2018**

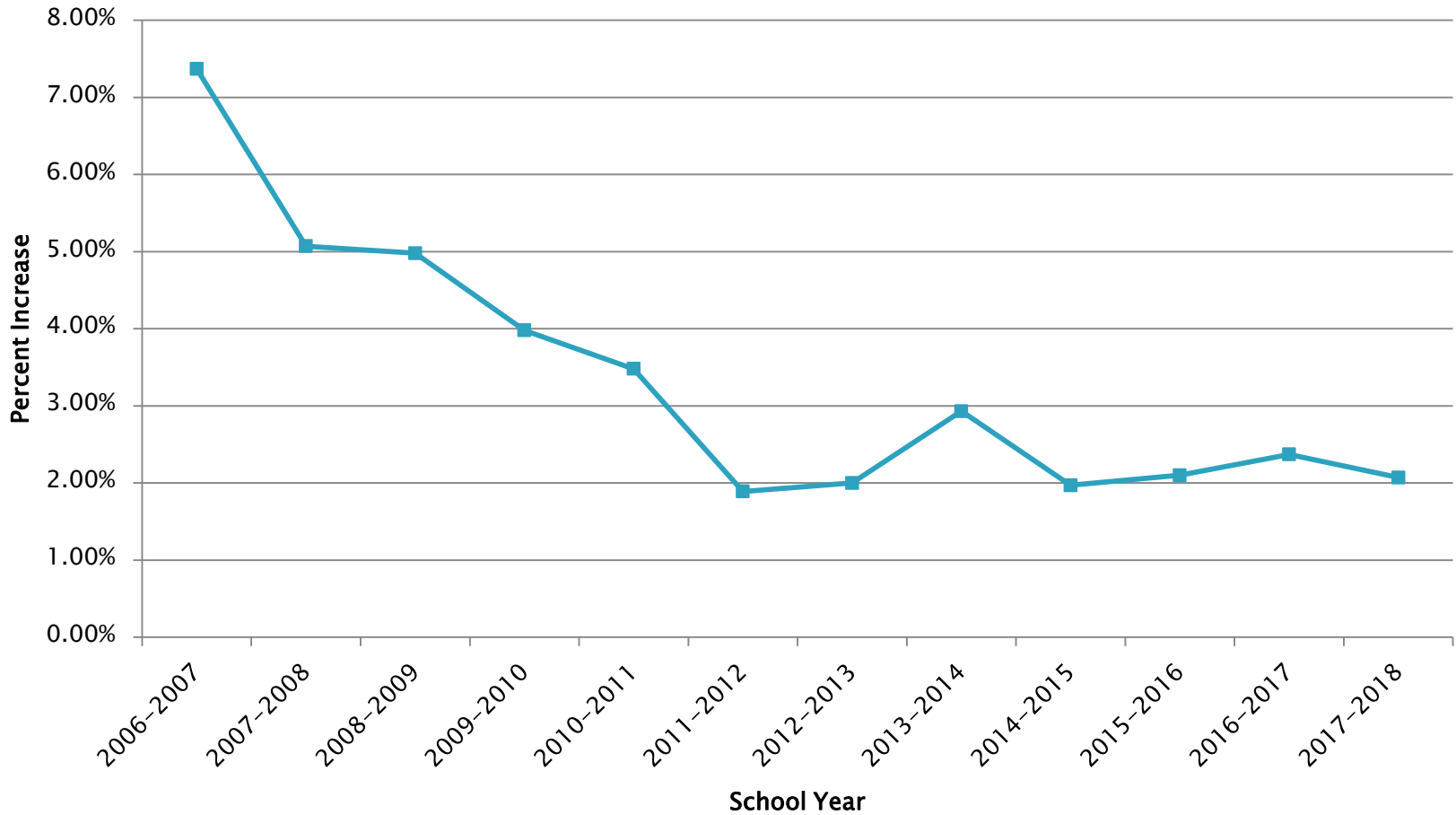
| 2017-2018 Allowable Adjustments & Available Banked Cap |           |
|--------------------------------------------------------|-----------|
| Allowable Adjustments (Health<br>/ Enrollment)         | Available |
| TBD                                                    | 1,118,001 |

# Estimated Tax Impact

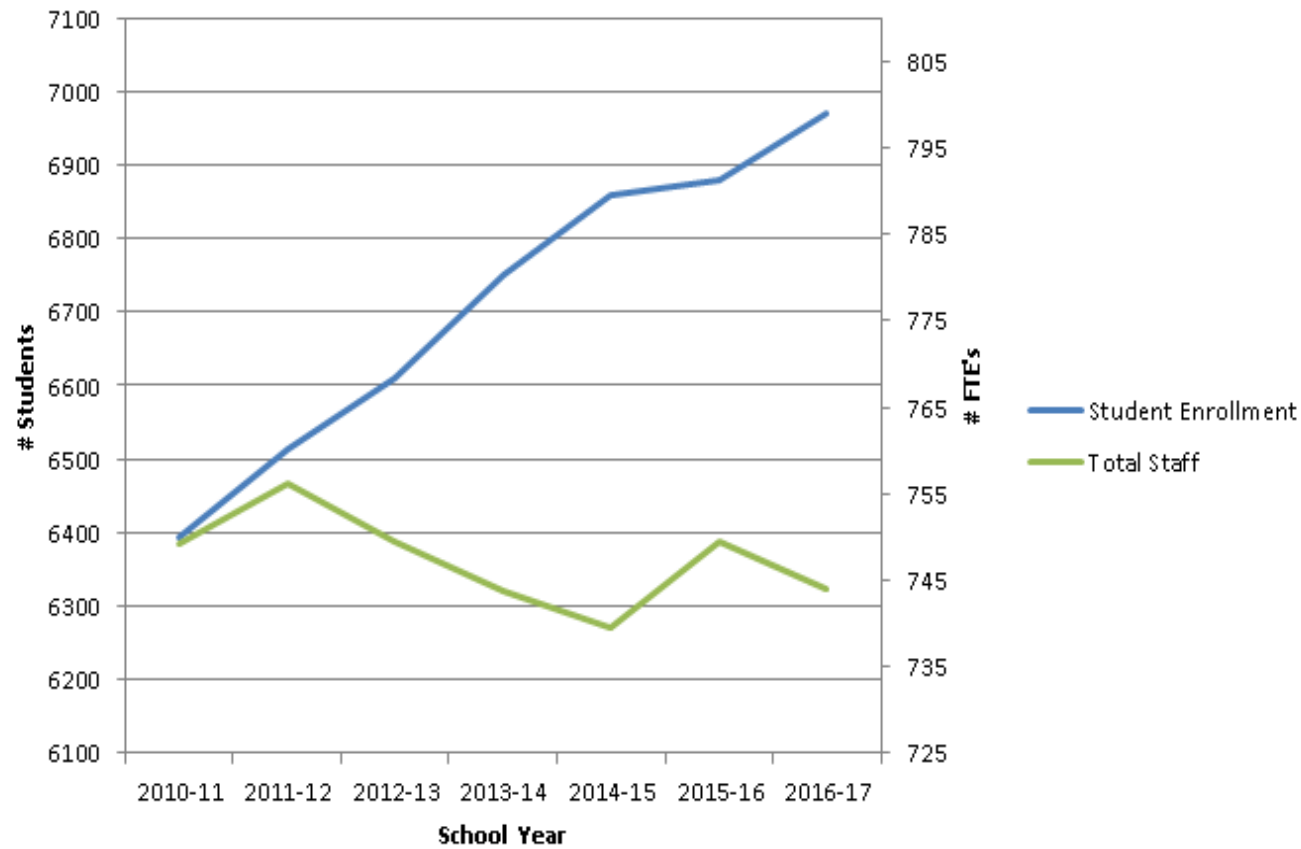
|                                    |               |
|------------------------------------|---------------|
| Tax Levy CAP                       | \$113,961,211 |
| Operating Budget Tax Impact (est.) | 2.00%         |
| Debt Service                       | *\$3,907,149  |
| Local Tax                          | \$117,868,359 |
| Operating & Debt Tax Impact (est.) | 2.07%         |
| Banked Cap                         | \$1,118,001   |
| Local Tax                          | \$118,986,360 |
| Tax Impact (est.)                  | 3.07%         |

\*Debt Service minus Anticipated Debt Service Aid  
(\$262,086)

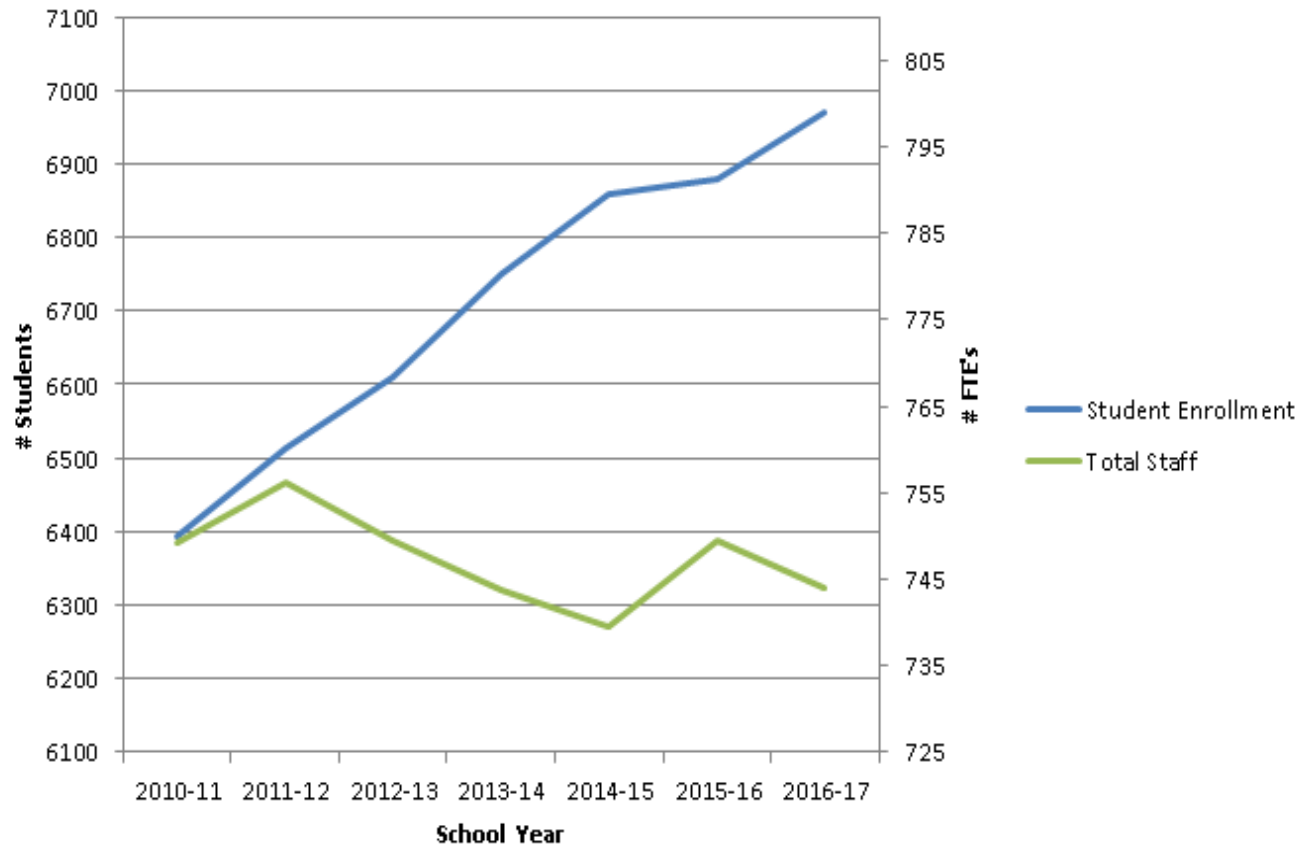
## Year Over Year Tax Impact



## Student Enrollment vs. Staffing

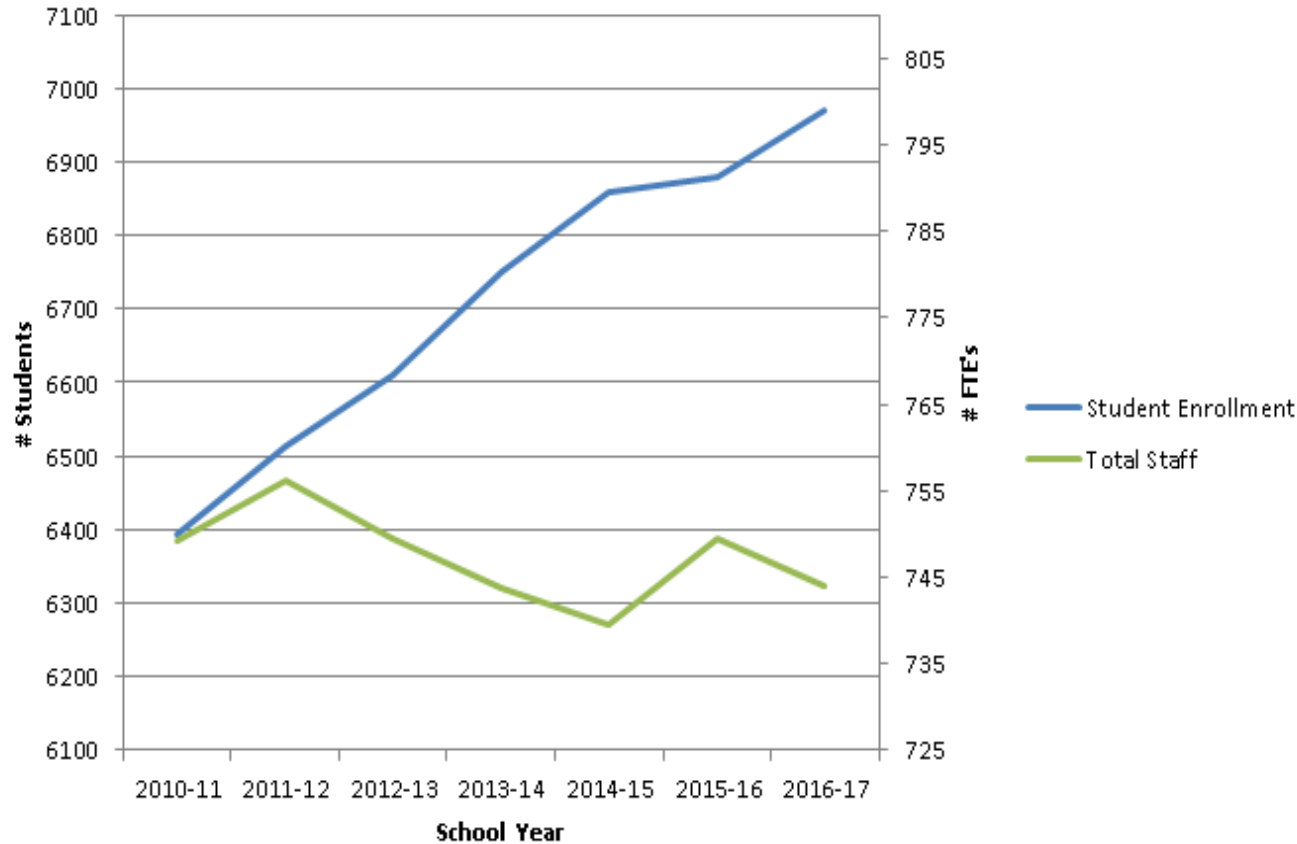


## Student Enrollment vs. Staffing



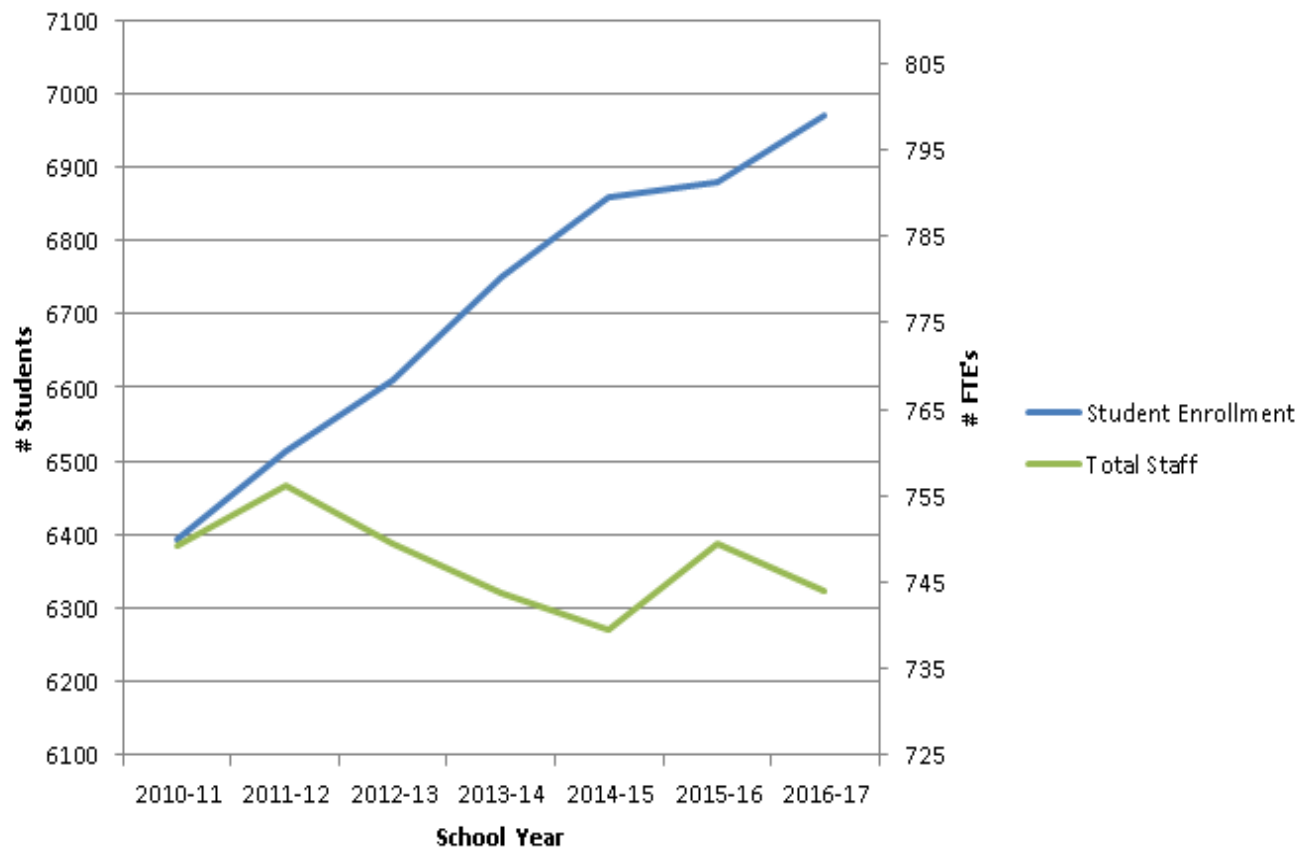
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## Student Enrollment vs. Staffing



Since 2010 student enrollment increased by 566 students (8.8%), the equivalent of a full grade level, while staffing was reduced by 5 (1%).  
+1 Teacher  
-5 Support Staff

## Student Enrollment vs. Staffing



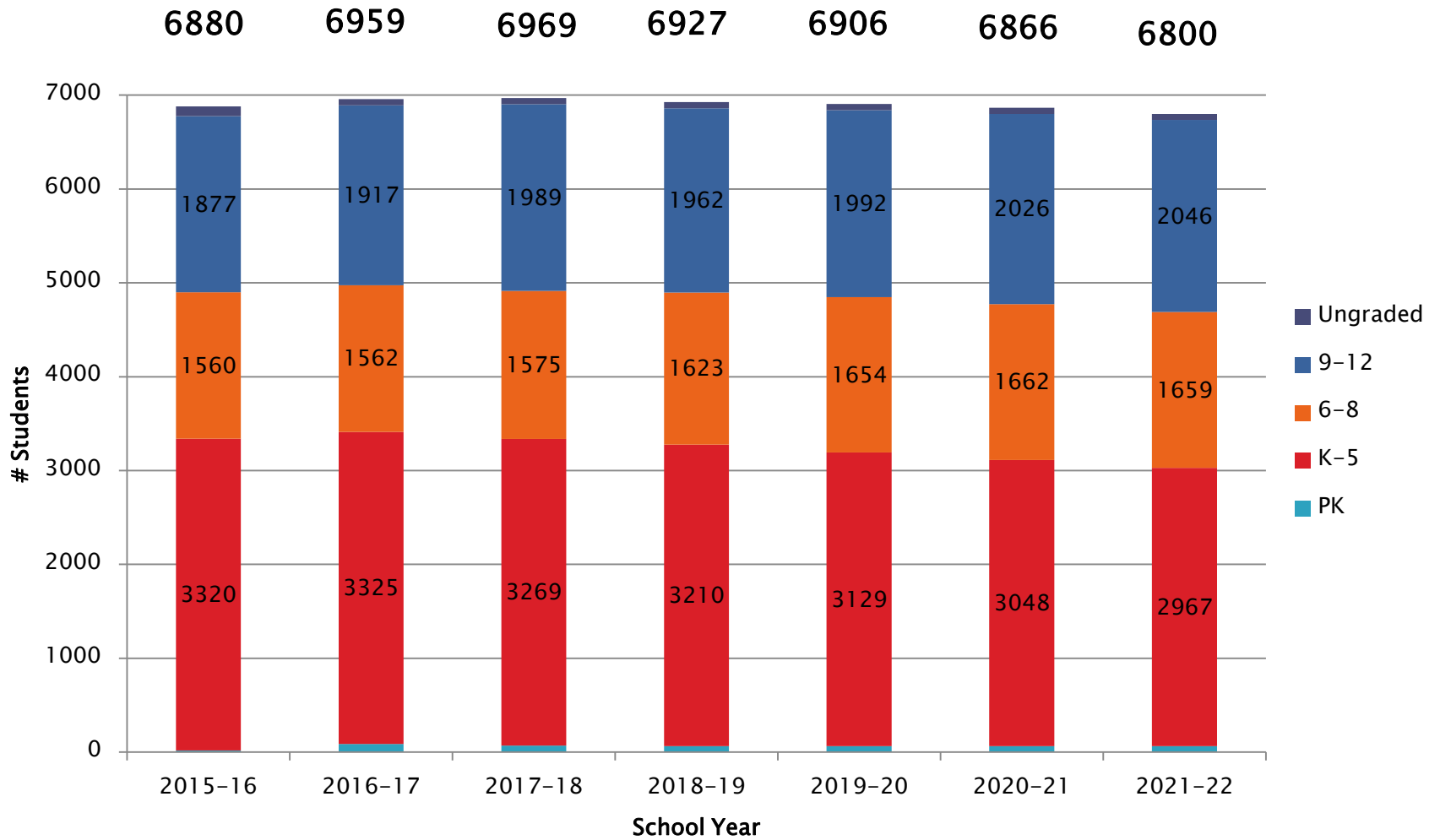
Since 2010 student enrollment increased by 566 students (8.8%), the equivalent of a full grade level, while staffing was reduced by 5 (1%).  
 +1 Teacher  
 -5 Support Staff

During this time additional state mandates were added (Focus Schools, PARCC, HIB, Achieve NJ, New Graduation Requirements, etc.)

# BASELINE DATA

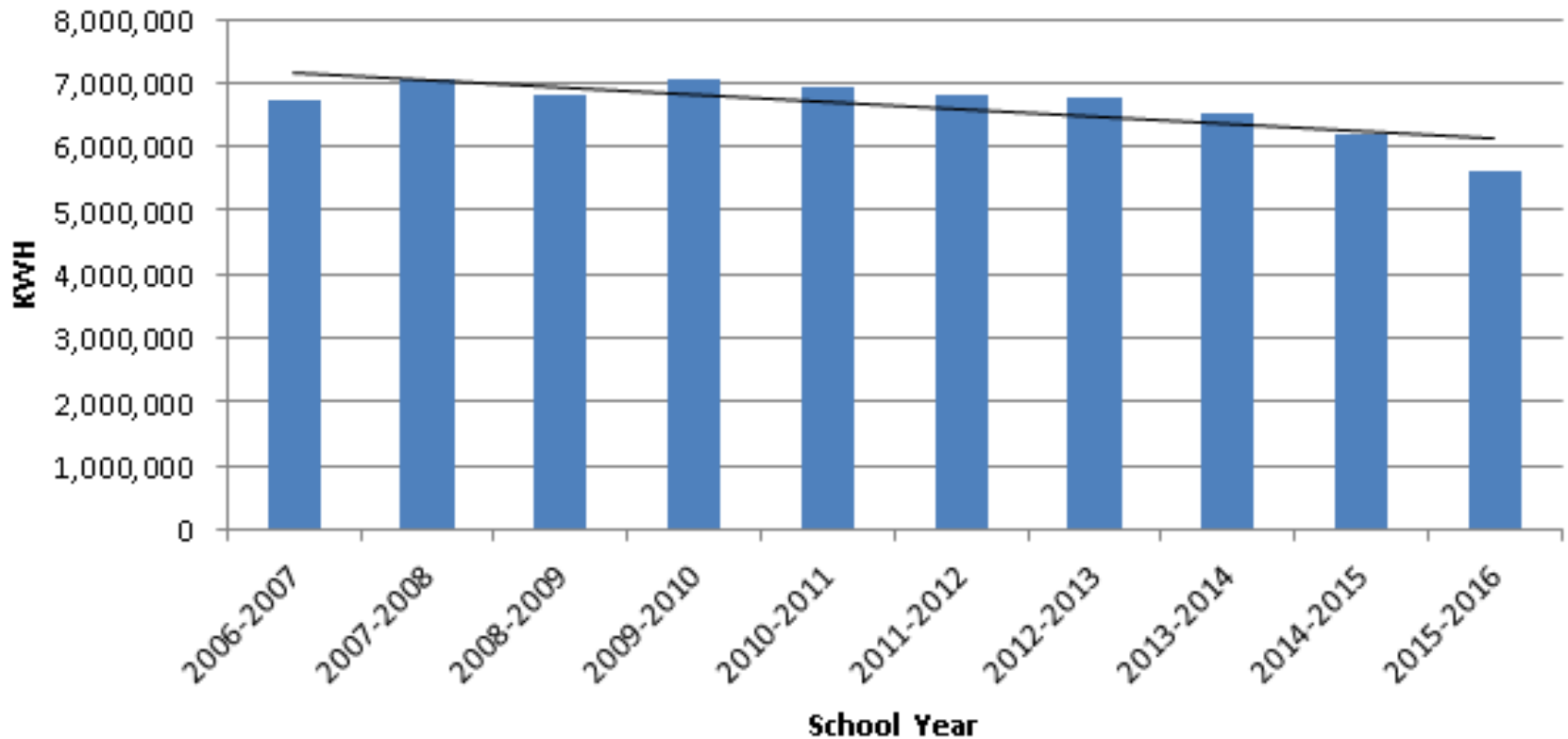
»» South Orange & Maplewood

# District Enrollment & Projections



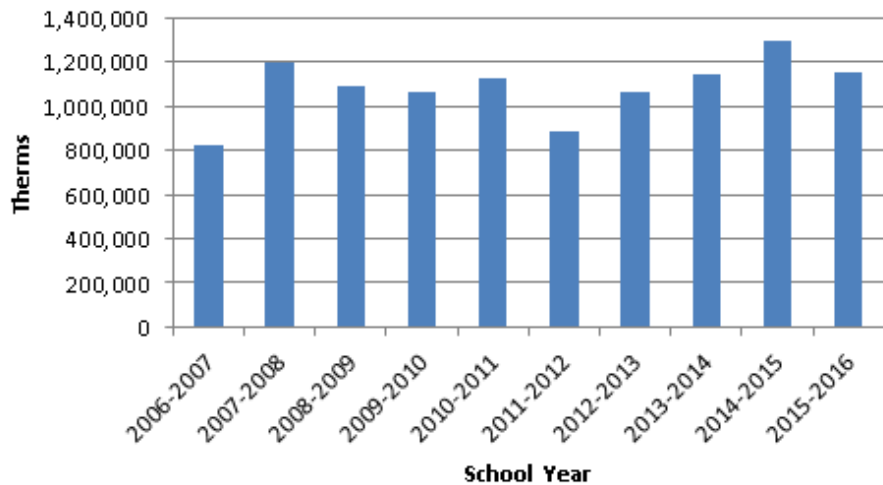
| School                                             | Montrose                                                                                                                               | Elementary | Middle | High  | OOD   | Total |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|------------|--------|-------|-------|-------|
| Projected Enrollment                               | 95                                                                                                                                     | 3312       | 1580   | 2003  | ----- | 6990  |
| Projected # Students Requiring Para's              | 10                                                                                                                                     | 139        | 15     | 8     | ----- | 172   |
| Projected # students Requiring Transportation      | 40                                                                                                                                     | 850        | 15     | 50    | 1013  | 1968  |
| Projected # Students Requiring Intervention        | 40                                                                                                                                     | 663        | 146    | 325   | ----- | 1174  |
| Projected # Students with 504's                    | 0                                                                                                                                      | 147        | 98     | 141   | ----- | 386   |
| Projected # Students with IEP's                    | 40                                                                                                                                     | 308        | 238    | 243   | ----- | 829   |
| Projected # Students Requiring ELL Services        | -----                                                                                                                                  | 39         | 20     | 10    | ----- | 69    |
| Projected # of Economically Disadvantaged Students | 16                                                                                                                                     | 557        | 314    | 453   | ----- | 1340  |
| Projected # Tuition Students                       | -----                                                                                                                                  | -----      | -----  | ----- | 250   | 250   |
| Gifted & Talents                                   | -----                                                                                                                                  | -----      | -----  | ----- | ----- | *13   |
| Intervention                                       | Students not meeting grade level expectations on standardized assessments, over aged for their grade level, and are chronically absent |            |        |       |       |       |
| Transportation                                     | Includes non-public school students                                                                                                    |            |        |       |       |       |
| Enrollment                                         | Includes tuition paying students at Montrose                                                                                           |            |        |       |       |       |
| *Gifted & Talented                                 | This is the current number of students. The number is expected to increase as administration is prioritizing this work.                |            |        |       |       |       |

## Electric Consumption KWH

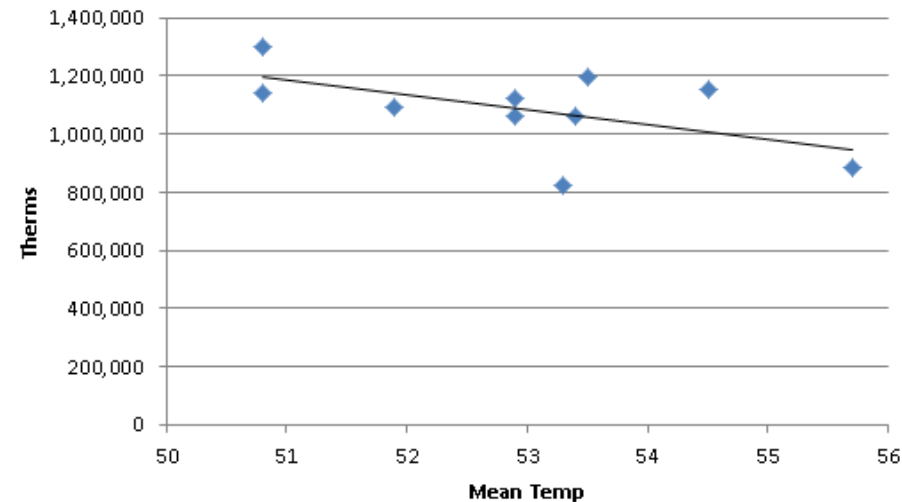


Annual consumption of electricity has been declining. This is attributed to installation of proximity sensors, energy efficient lighting and conversion of auditoriums to LED lighting.

### Gas Consumption Therms



### Mean Temp vs. Gas Consumption

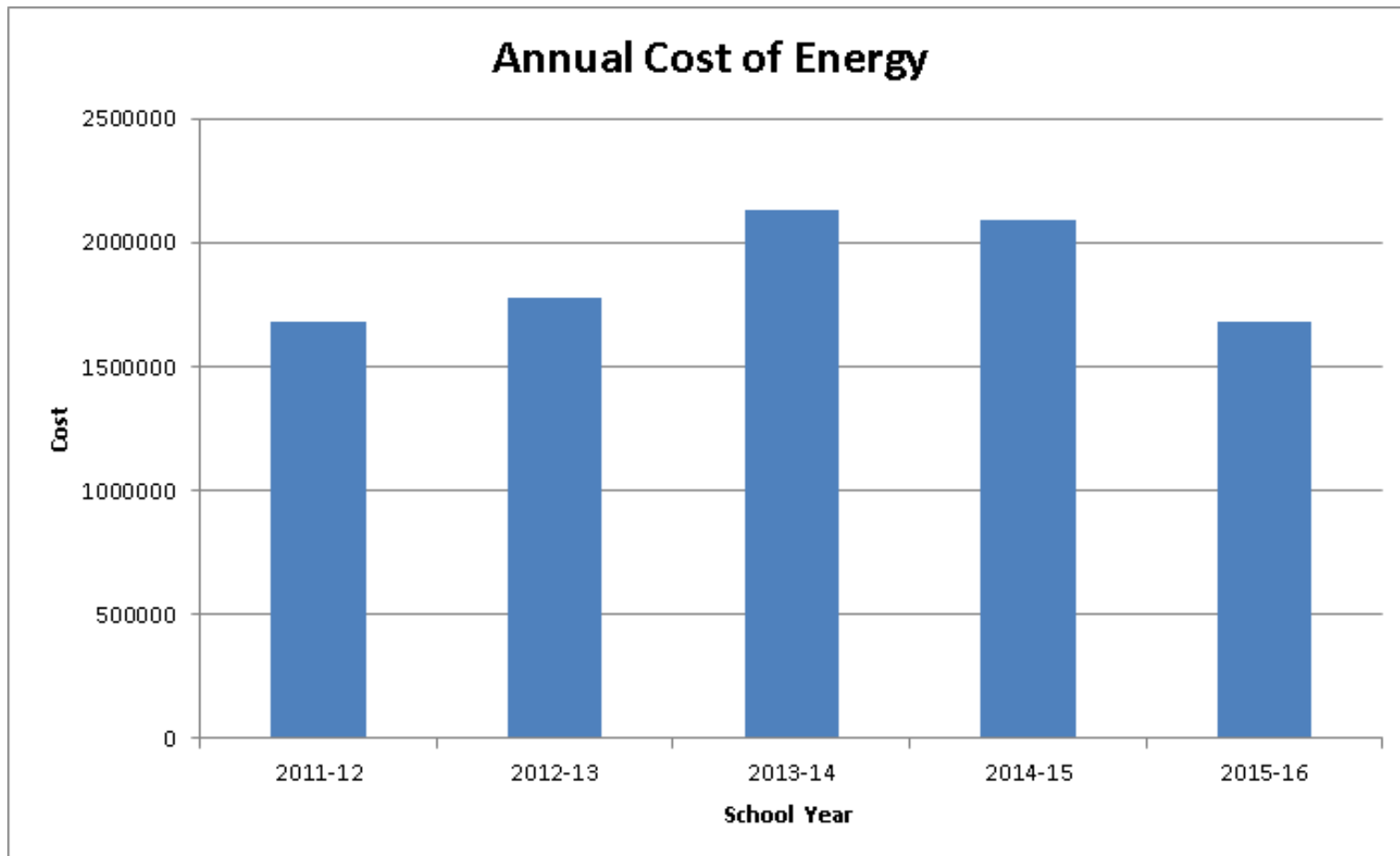


Data shows that the annual consumption of natural gas has remained consistent with the annual mean temperature.

The district is in the process of updating part of the boiler system in CHS. We anticipate a reduction in gas consumption as the new systems come on line.

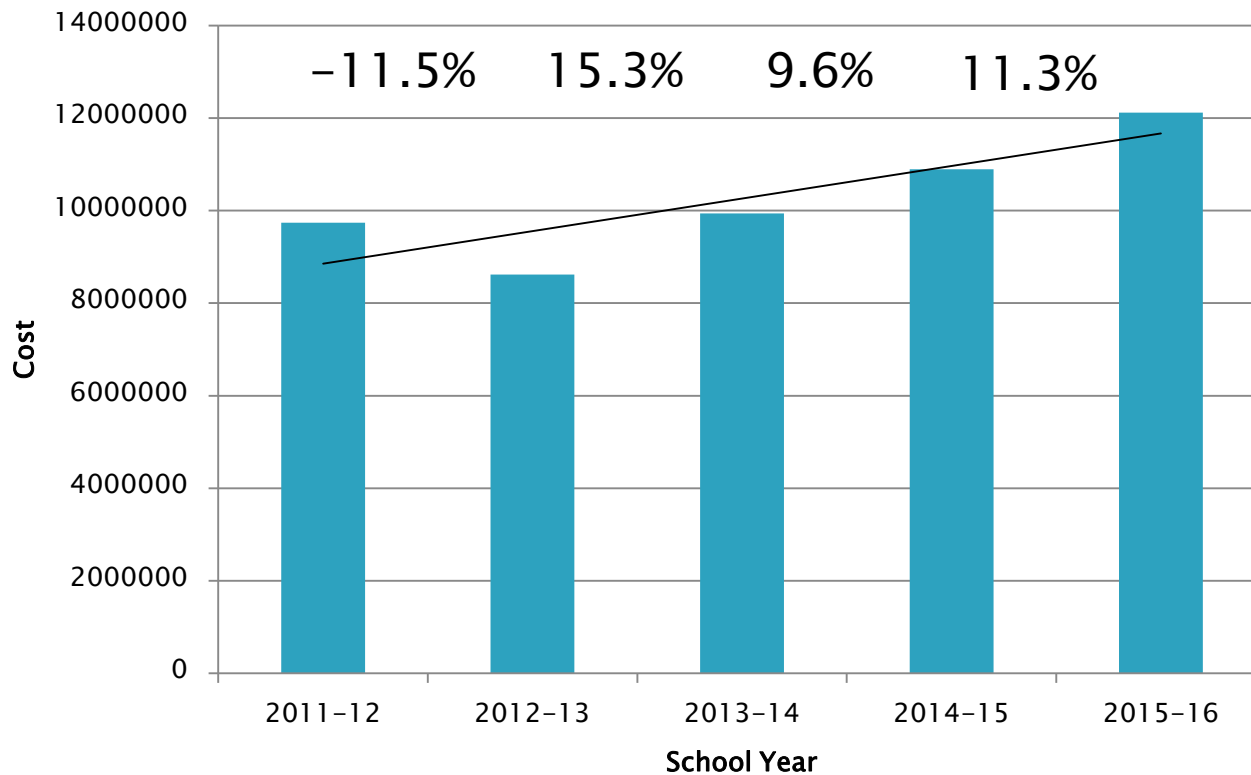
# Historical Spending





- Energy costs have declined due to low electricity consumption and cheaper cost of natural gas.
- Annual expenditures fluctuate due to change in mean temperature.

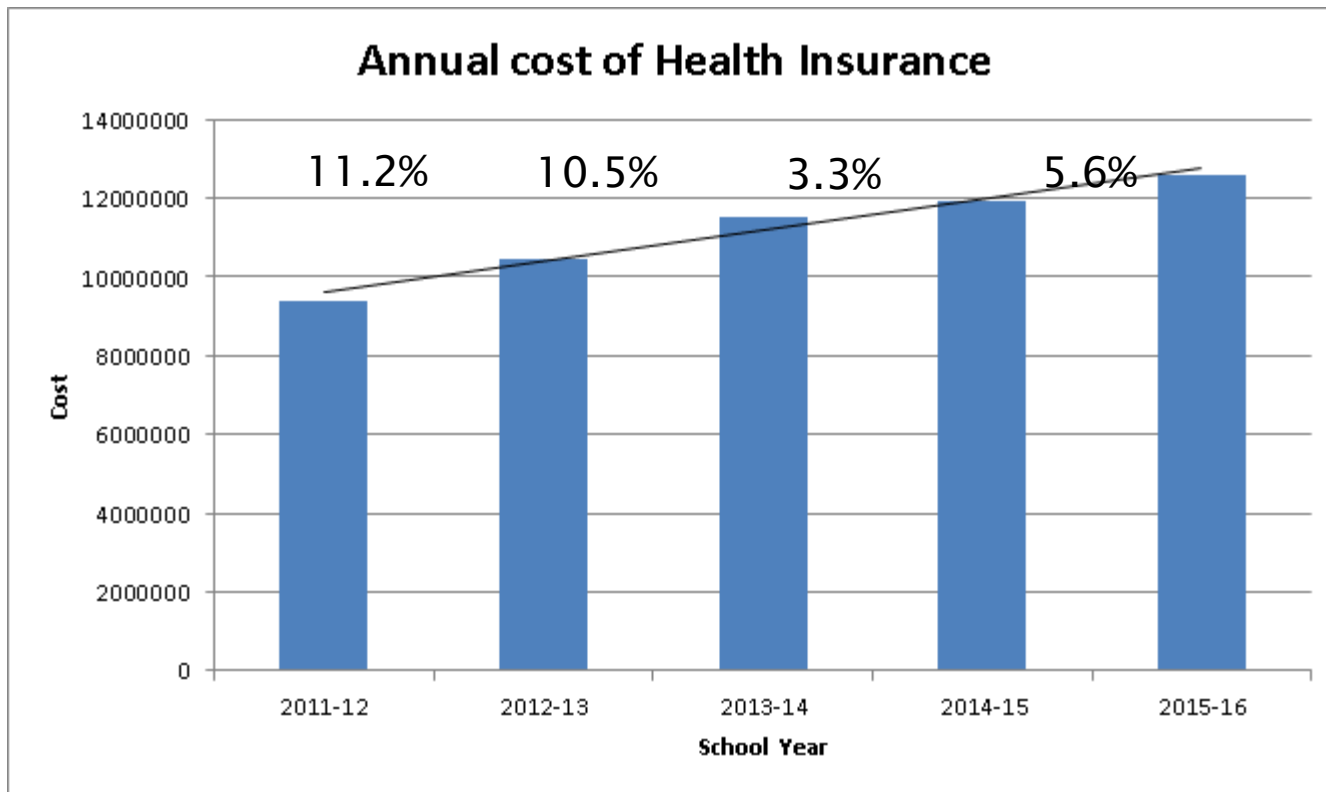
## Annual Cost of Tuition



Tuition costs include:

- Vocational
- Charter
- State Facilities
- Special Services

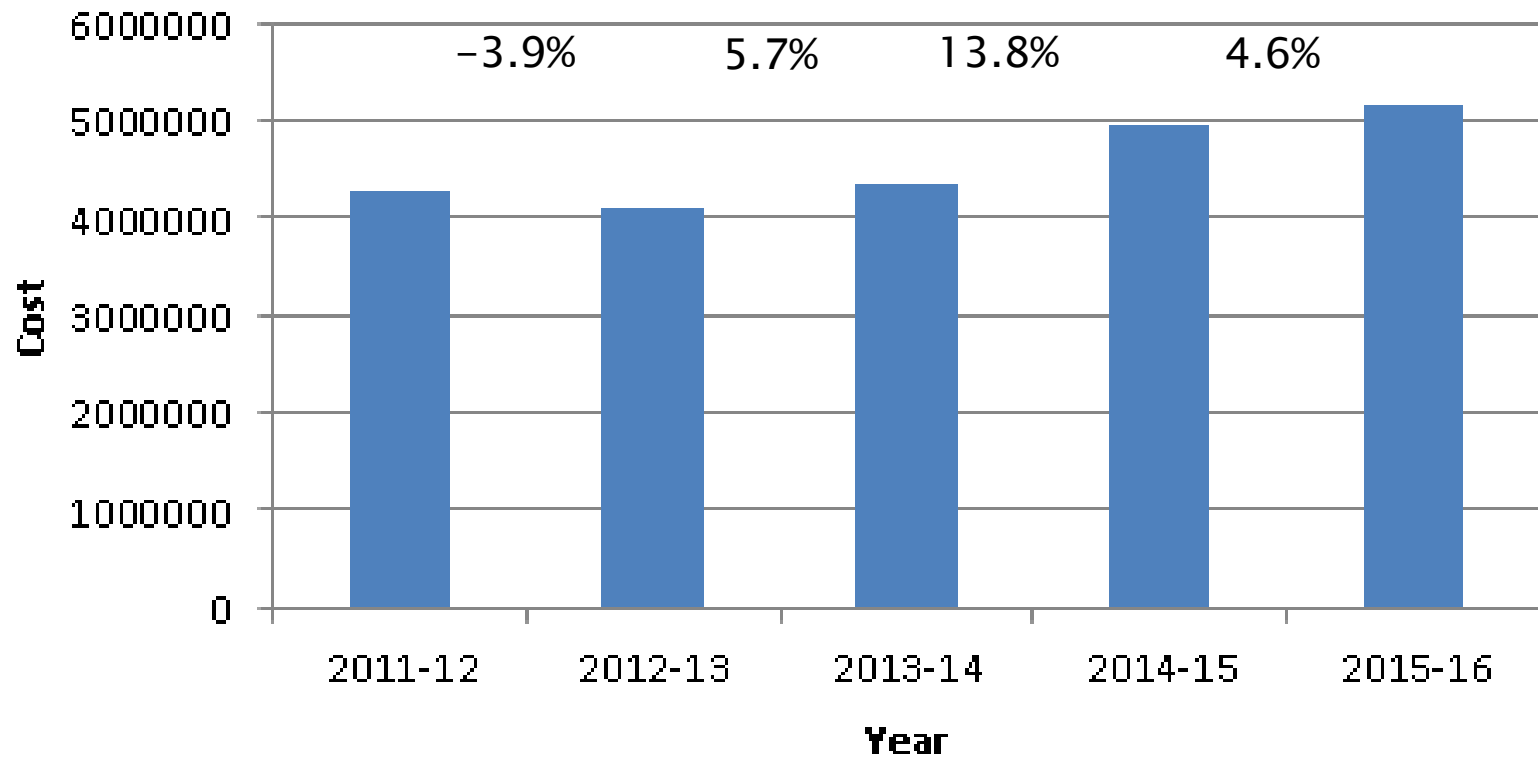
- Out of district tuition rates increase about 5% per year and the number of students attending out of district school has been increasing along with student enrollment resulting in a 12% average annual increase in the total cost of tuition.



Health insurance rate increases were low due to increasing employee health care contributions, decreasing staff, and looking for carriers with better pricing.

Employee contributions have now maxed out and the districts experiencing ratings dramatically increased resulting in approximately a 15% increase in insurance rates for the 2017–2018 school year.

# Annual Cost of Transportation

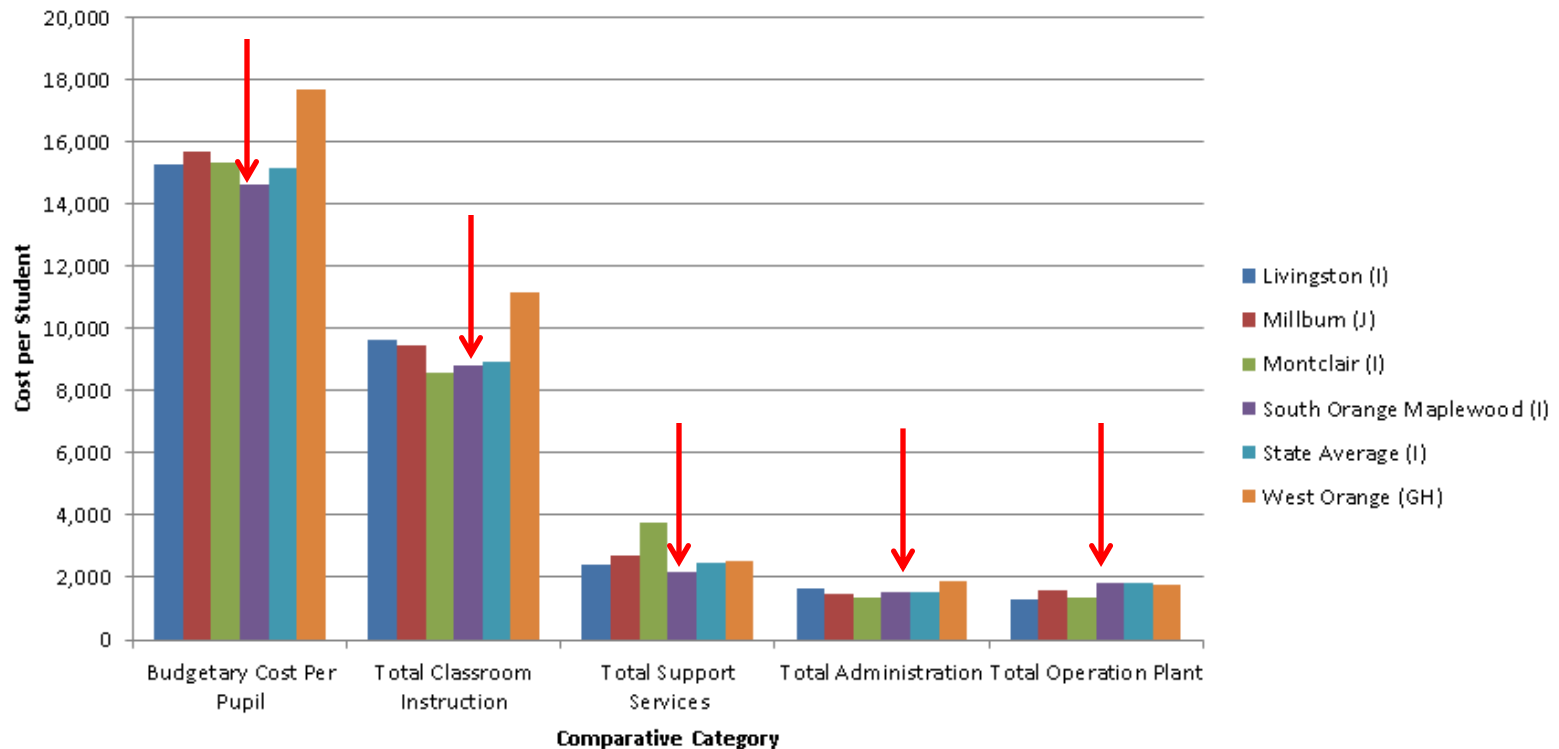


# Comparative Data



# How do we compare with other like districts or state averages?

**Comparative Cost of Spending Against the State Average  
K-12 Configurations, DFG I, 3500+ Enrollment**



Source: Dept. of Education Taxpayer's Guide to Education Spending  
Budget 2015-16

1/30/2017

32

# Budget Considerations



# 2017-18 Budget Requests/Considerations

- The following staffing positions have been discussed.
  - Media Specialist & Language Arts teachers for CHS
  - Related Arts Teachers for Middle Schools
  - Middle School Guidance Counselors
  - Elementary School Teachers
  - School Safety & Security Director and Custodial Supervisor
  - Assistant Principal for CHS
  - Float Nurse
  - Additional staffing to reduce the number of teachers teaching 6 classes

# 2017-18 Budget Requests/Considerations

- Access and Equity & Placement Policy
  - Staffing requests for Academic Support
  - Supplies/textbooks for AP & accelerated enrollments
  - Additional Professional Development
- Increasing the pool of substitute teachers
- New Engineering Course at CHS
- Grant writer
- Intervention teachers
- Programmatic improvements recommended in strategic planning

# Next Steps



# Tentative Budget Calendar

- ▶ Feb 13-16 (tentative) Community Forum to discuss budget
- ▶ Mon, Feb 27 BOE meeting: Budget Discussion
- ▶ Feb 28 Governor's State Budget Message
- ▶ Mar 2 (est.) State Aid Notices
- ▶ Mar 7 (tentative) *BOE Budget Workshop*
- ▶ Mar 13-16 (tentative) *Community Forum to discuss budget*
- ▶ Mar 18 (tentative) Special Meeting to approve preliminary budget
- ▶ Mar 20 BOE meeting - Last day to submit 2016-17 Budget to County
- ▶ Mon, Apr 24 BOE meeting - *Public Hearing/action to levy 2016-17 school tax*