

Strategic Directions 2016-2017 Preliminary Budget



South Orange-Maplewood
School District

February 22, 2016

Overview of Presentation

- ▶ Budget Resource Assumptions
 - ▶ Estimated tax impact at 2% Operating Budget increase
 - ▶ Budget Development Process
 - ▶ Resource Management
 - ▶ Budget Considerations
 - ▶ Adjusted Budget 2015-16
 - ▶ Spending Reductions 2016-17
 - ▶ Expenses Proposed 2016-17 Budget
 - ▶ Strategic Planning
 - ▶ Tax Cap Adjustments
- 

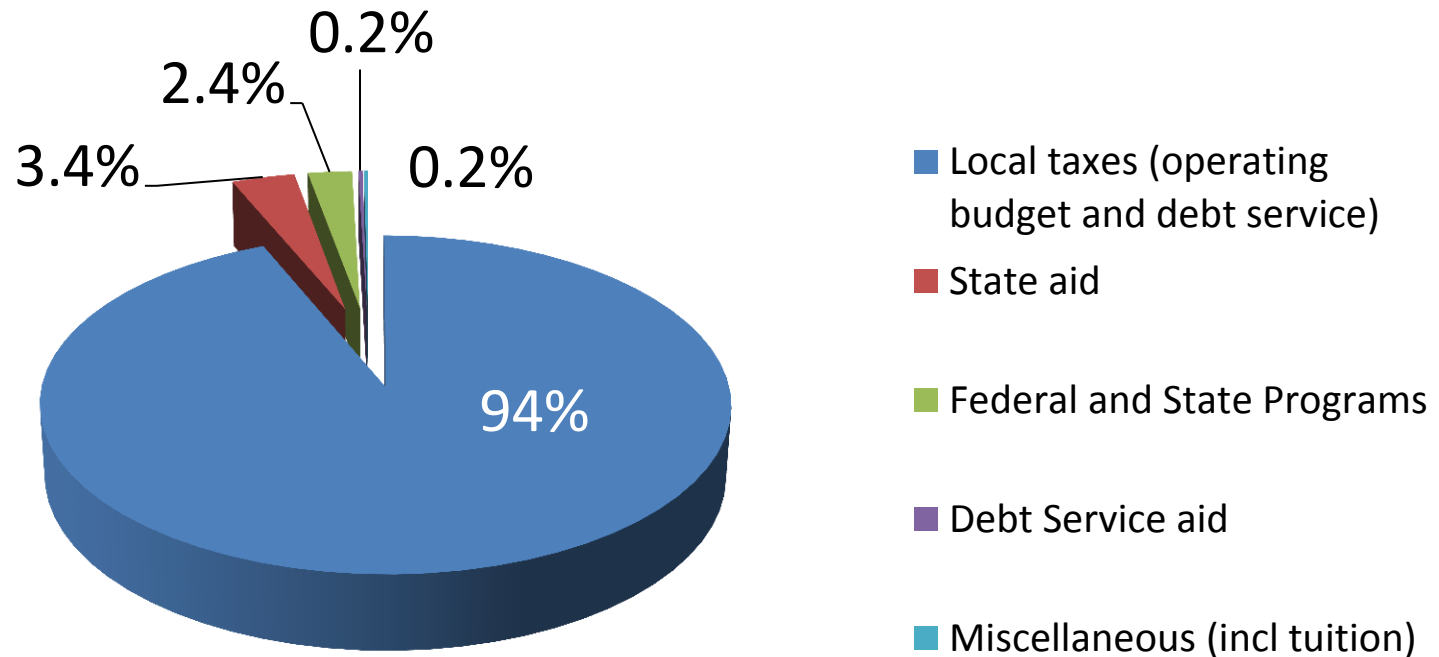
2016-17 Budget Resource Assumptions

- ▶ Revenues dependent on local sources.
- ▶ Local taxes will increase no more than 2% for operating budget
- ▶ **State aid for 16-17 increased by \$91,349 over 15-16 aid levels**
- ▶ Federal grants budgeted slightly less than 15-16
- ▶ Excess surplus from 2014-15 audit: \$2,275,894
- ▶ Banked cap (taxing authority) is available.
 - *(\$409,103 through 2016-17, \$970,247 through 2017-18, \$147,754 through 2018-19 = total \$1,527,104 banked cap available)*

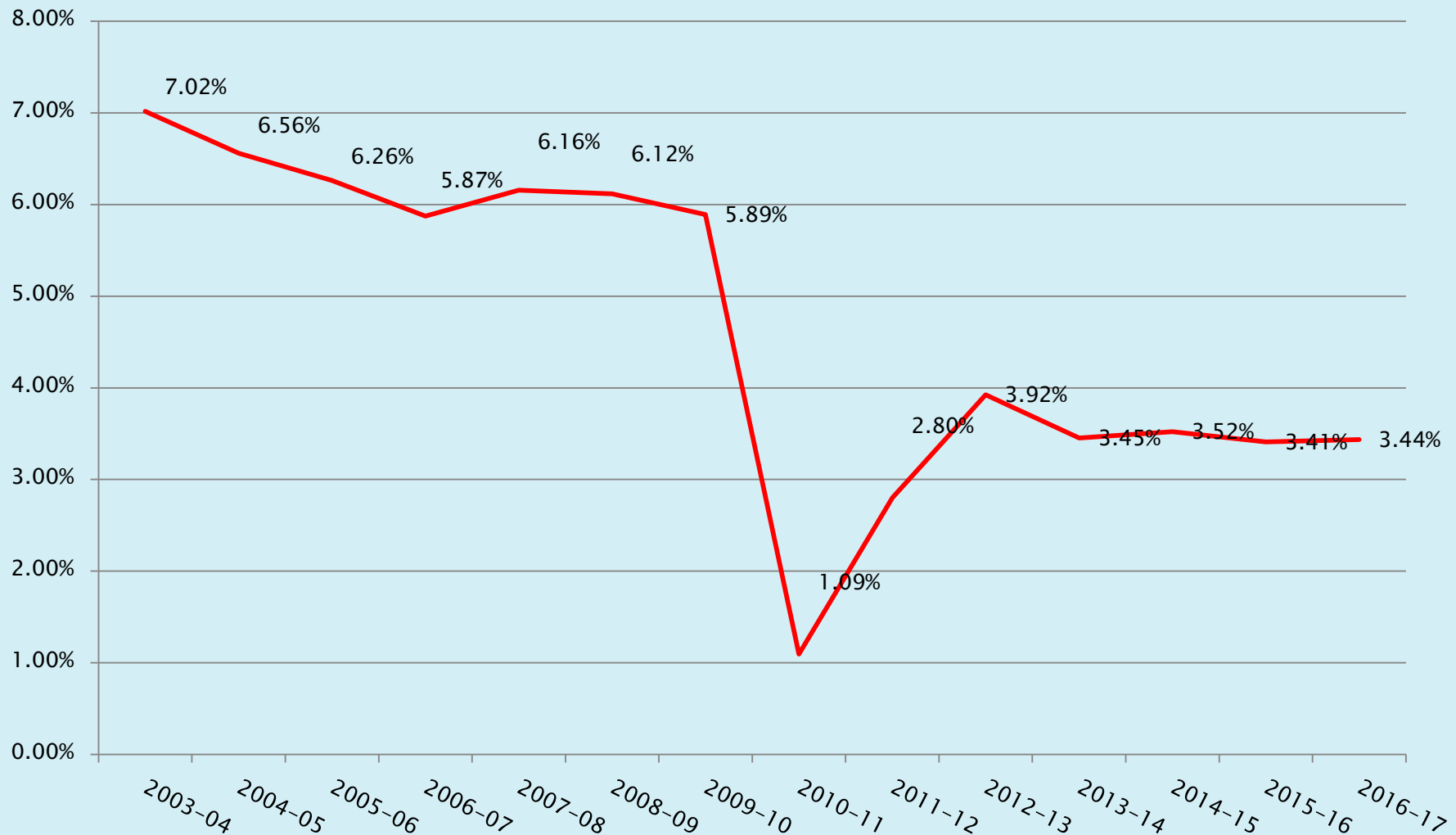
Revenue 2016-17

Revenue Source	Budgeted 2015-16	Proposed 2016-17
Operating Budget Local Tax Levy	109,134,877	111,317,574 (at 2% tax increase)
State Aid	4,216,218	4,307,567
Capital Reserve	338,530	0
Fund Balance	2,471,003	2,275,894
Miscellaneous (incl. tuition)	275,000	275,000
Debt Service	4,119,440	4,152,635
State/Federal	3,039,712	3,002,631
Total Revenue	123,594,780	125,331,301

Where does school budget revenue come from?



State Aid as a Percent of Revenue

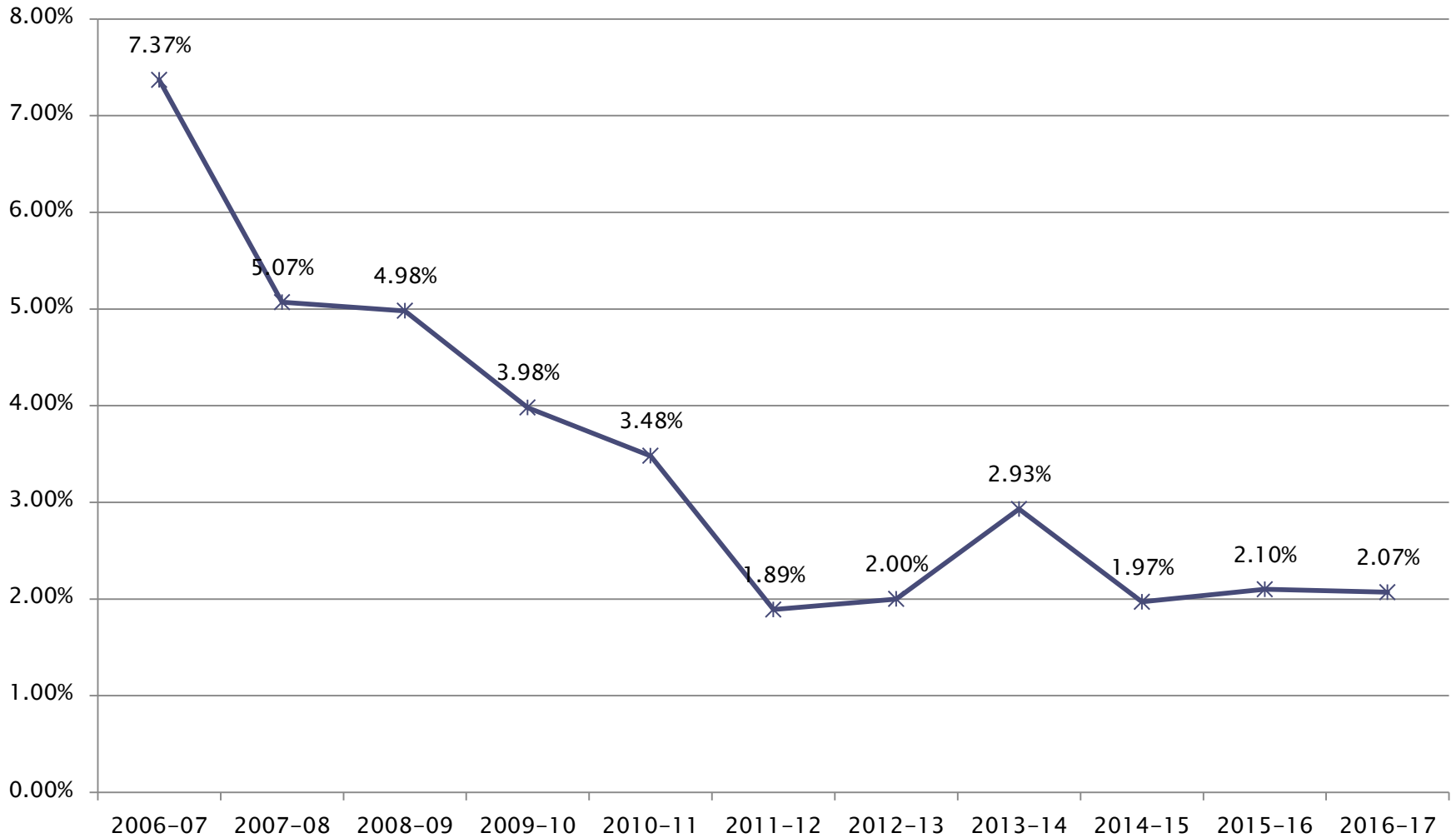


What is the estimated tax impact at 2% operating budget?

Tax Levy CAP	\$111,317,574
Operating Budget Tax Impact (est.)	2.00%
Debt Service	\$ 3,844,298
Local Tax	\$115,161,872
Operating and Debt Service Tax Impact (est.)	2.07%

Estimated Tax Impact average assessed household value (based on 2015 figures):
Maplewood: \$165 or \$186 with appeals
South Orange: \$216 or \$182 with appeals

Year over Year Tax Impact



Budget Development

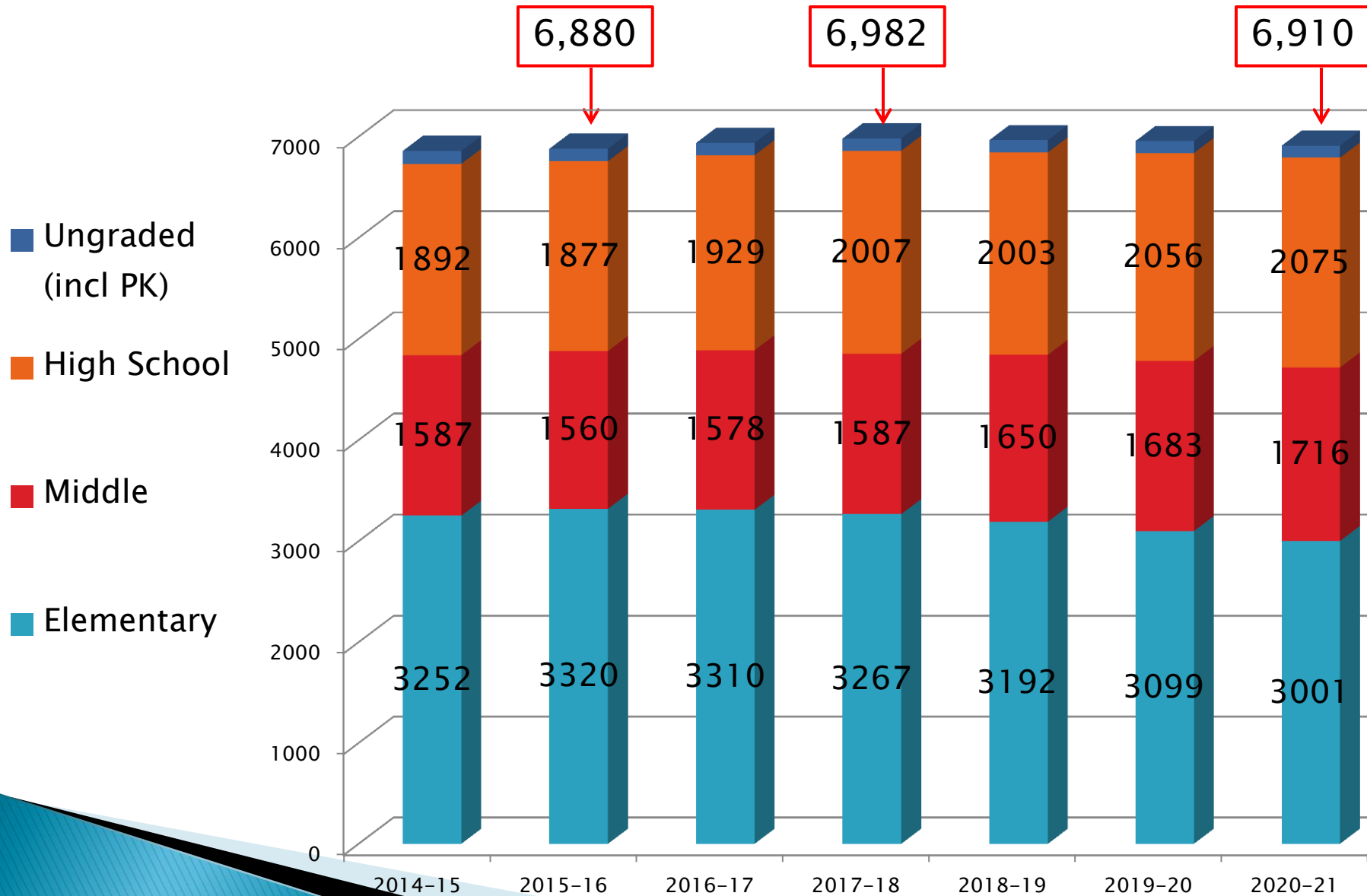
November: Baseline Data for Budget Development

- Enrollment Projections
- Free and Reduced Lunch Eligibility
- Transported Student Data
- Salaries and Benefits
- School Facilities

Annual Comprehensive Maintenance Plan

- Comprehensive Annual Financial Report
- General Fund Free Balance Status
- Debt Service Status
- Budget Process, Calendar, and Priorities

Projected District Enrollment



Budget Development

December: Budget Development – Budget Analyses

Board requested:

Special Education – Internal Review

Prior Year Updates and other Considerations:

Technology Investment

Enrollment Changes and Building Capacity

Summer Programming

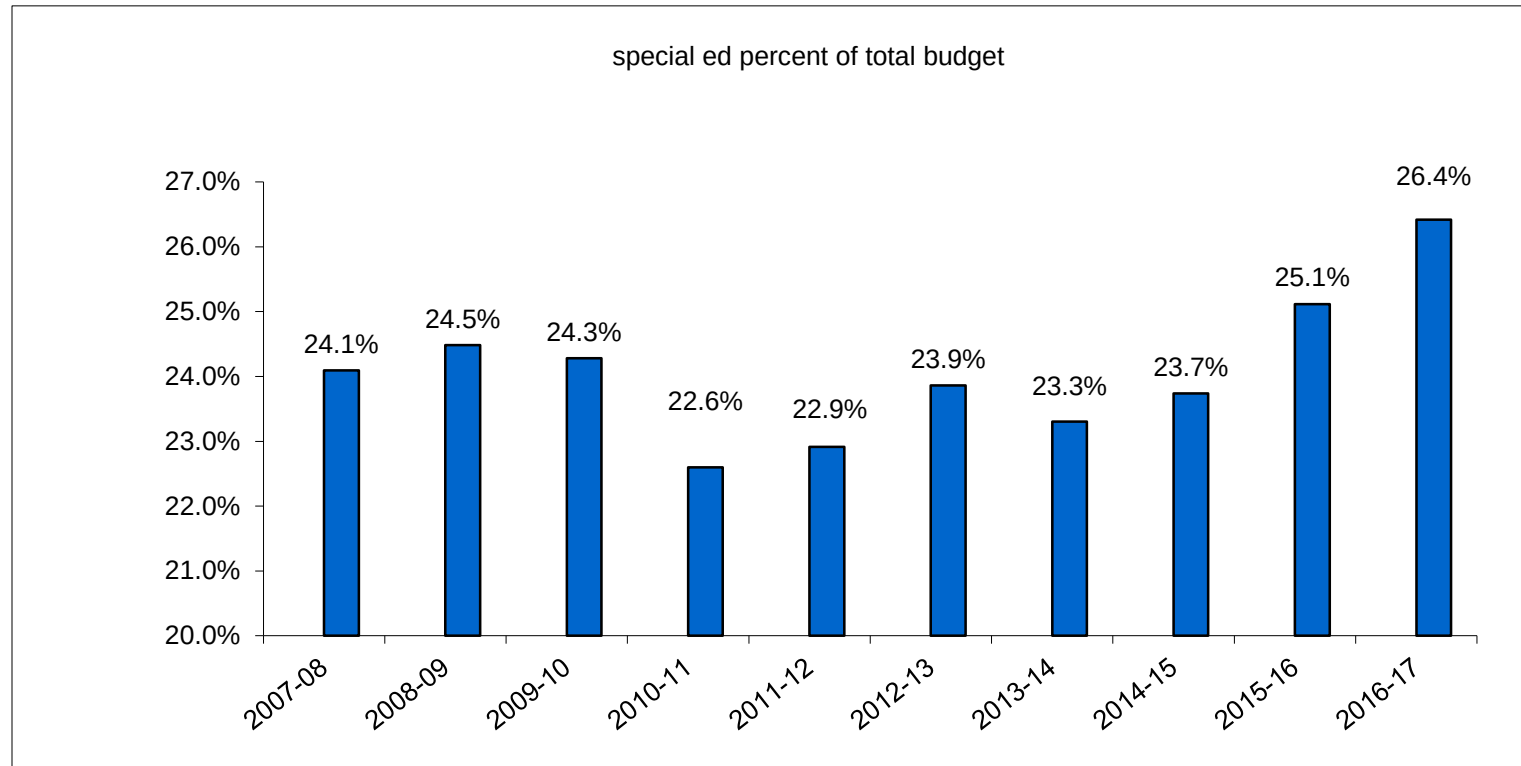
Access and Equity Policy

Legal Expenses

Transportation Update

Special education

- Increasing referrals
- Increasing out of district placements



Budget Development

January: Budget Development Continued

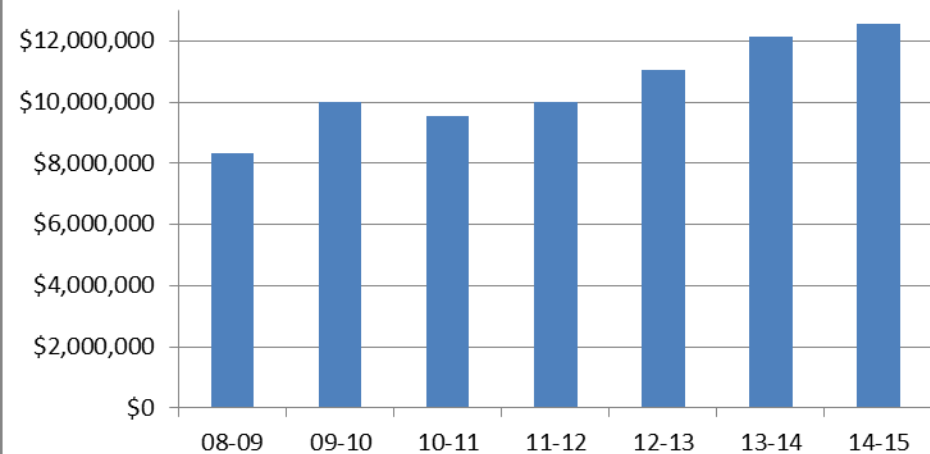
- Budget development process
 - Revenue assumptions
 - Estimated tax impact
 - Enrollment Projections
 - Historical Trends
 - Comparative spending
 - District goal 4 and resource management
 - Budget requests and considerations
 - Multi-year budget projections
- 

District Goal Four: Resource Management which calls for the achievement of other goals while **slowing the rate of increase in operating expenses**

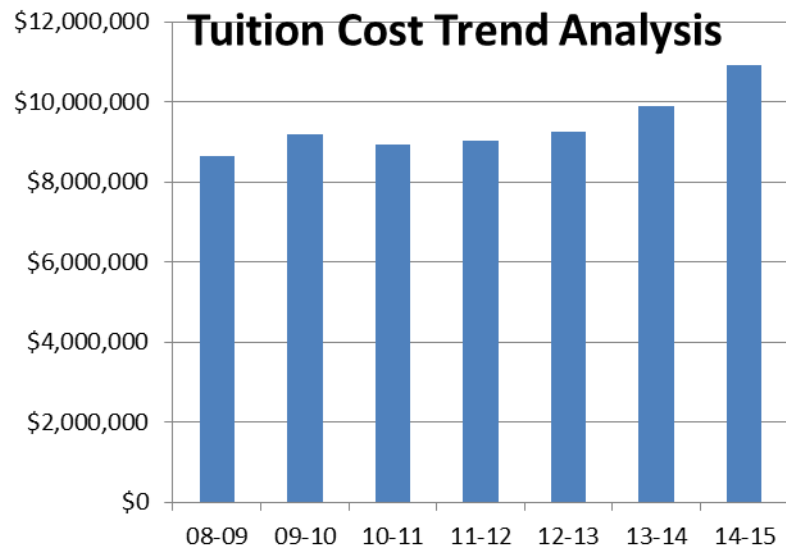
Analyses, past and present, represent areas identified for resource management, such as:

- Health insurance and employee benefits
 - Maintenance Expenses
 - Energy Expenses
 - Transportation
 - Out of District Tuition
 - Legal Expenses
- 

Health Cost Trend Analysis

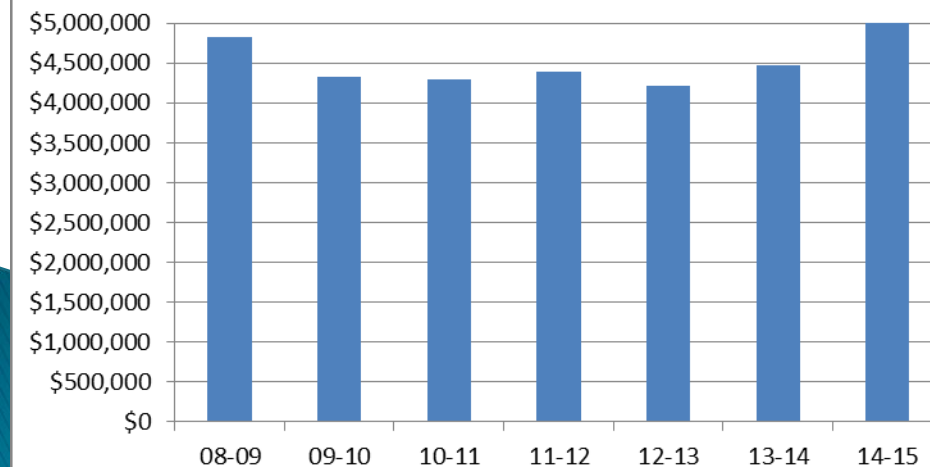


Tuition Cost Trend Analysis

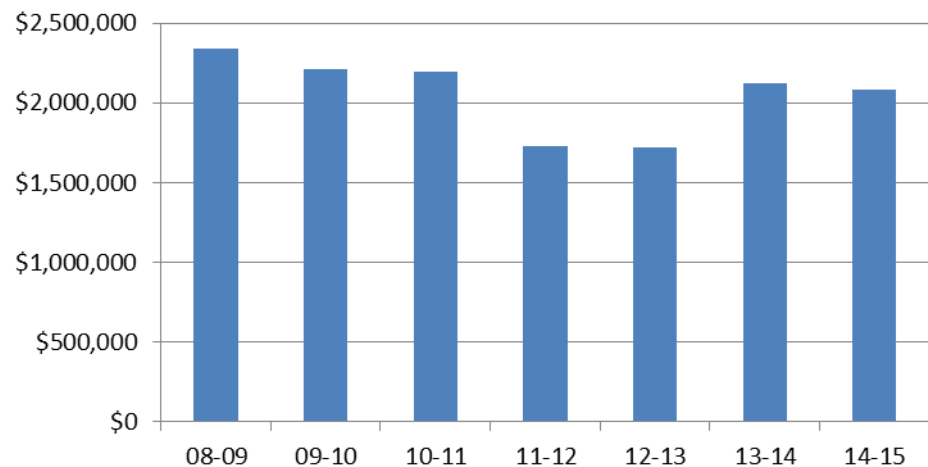


Resource Management

Transportation Cost Trend



Energy Cost Trend Analysis



Health Care Benefits

	Nov-Dec 2015 (2 months)	Jan-Dec 2016 (12 months)	Total 14 month cost
SEHBP	\$2,157,729.34	\$14,028,405.12	\$16,186,134.46
Horizon	\$2,212,728.92	\$13,276,373.52	\$15,489,102.44
Premium Savings			\$697,032.02

Net savings approximately \$600,000 after additional opt-outs are realized split between current school year and next school year.

Estimated savings 2016-17 budget = \$335,000

Other Considerations:

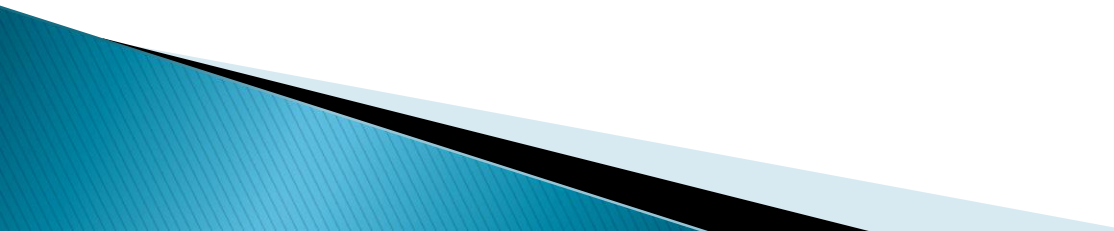
- Employee contributions increase to tier 4
- Affordable Care Act – offer insurance to all full time employees
- Potential fines associated with Affordable Care Act
- “Cadillac Tax” – 40% tax of the cost of plans that exceed predetermined threshold

District Goal Four: Resource Management which calls for the **achievement of other goals** while slowing the rate of increase in operating expenses

- Access and Equity Policy
- Strategic Plan:

The goal of the Strategic Plan is to create a new system which prepares students for a future the we have yet to imagine.

This plan will be a collaborative effort so that the plan ultimately represents the values of our community and the needs of our students.



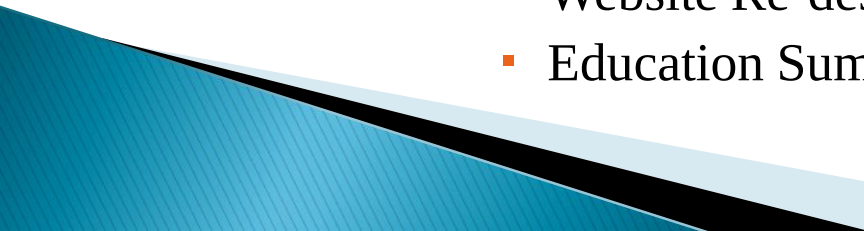
GOAL ONE: Student Learning: Promote the intellectual growth of all students

- Access and Equity Policy
 - Summer School Programming
 - Academic Intervention
 - Enrollment and Class Size Considerations
-

GOAL TWO: Professional Staff: Consistently and collaboratively lead students of diverse backgrounds and learning styles to learn at or above the appropriate grade-level standards

- Learning Walks
 - Cultural Competency
 - Restorative Justice
 - Differentiated Instruction
 - Technology Infusion
-

GOAL THREE: Engagement and Outreach: Communicate effectively with parents, students and the South Orange Maplewood community.

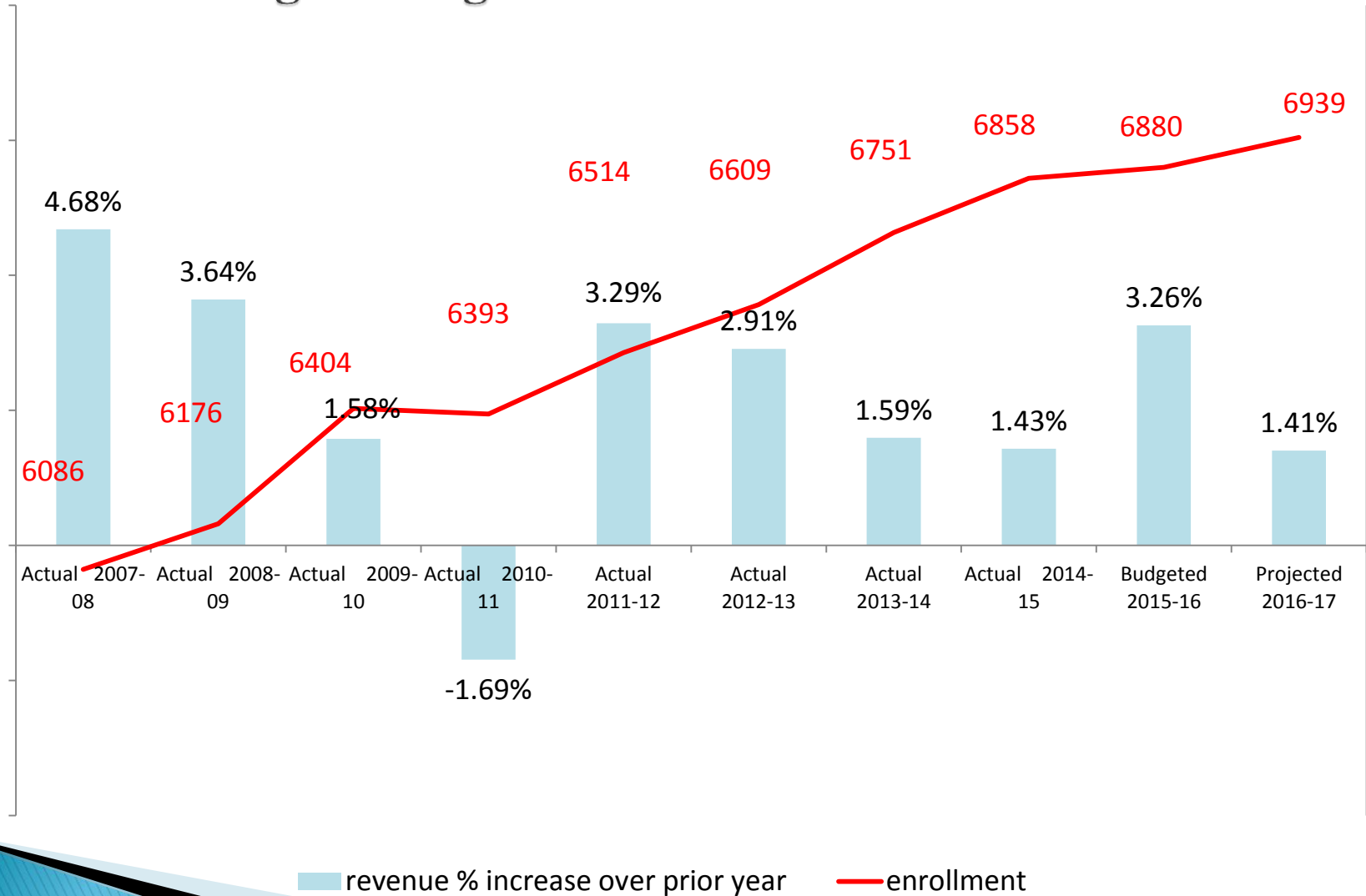
- Let's Talk
 - Website Re-design
 - Education Summit/Strategic Plan Development
- 

2016-17 Budget Requests/Considerations

- Staffing and supply requests for Enrollment Increases
- Enrollment Plan: Redistricting Considerations
- Access and Equity
 - Staffing requests for Academic Support
 - Supplies/textbooks for AP/accelerated enrollments
 - Additional Professional Development
- STEAM initiatives
- Second Year Expansion - Montrose Early Learning Center
- Seth Boyden enrollments (free/reduced lunch population)
- Increased technology – maintenance, replacement, support
- Increasing Tuition expenses and 504 Accommodations
- Increased Paraprofessional Staffing needs
- Security Enhancements

Multi-Year Impact

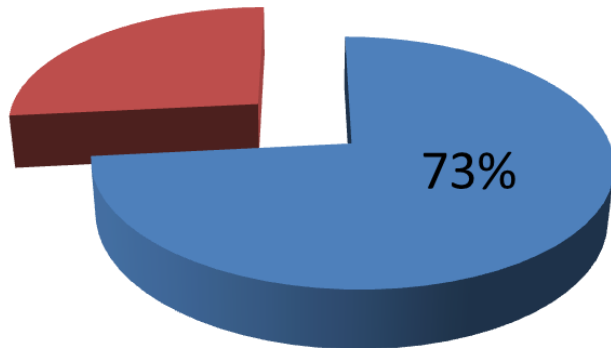
Percentage Change of Revenues from Prior Year



Revenue Source	Budgeted 2015-16	Proposed 2016-17
Total Revenue	123,594,780	125,331,301

Incremental revenues = \$1,736,521

**Staffing as a
percent of budget**



Salaries \$61.5 million x
2.50% = \$1,537,500

Benefits about 20% of
salaries = \$12,300,000 x
8% = \$984,000

Projections on salaries and
benefits = \$2,521,500

2015-2016 Adjusted Budget

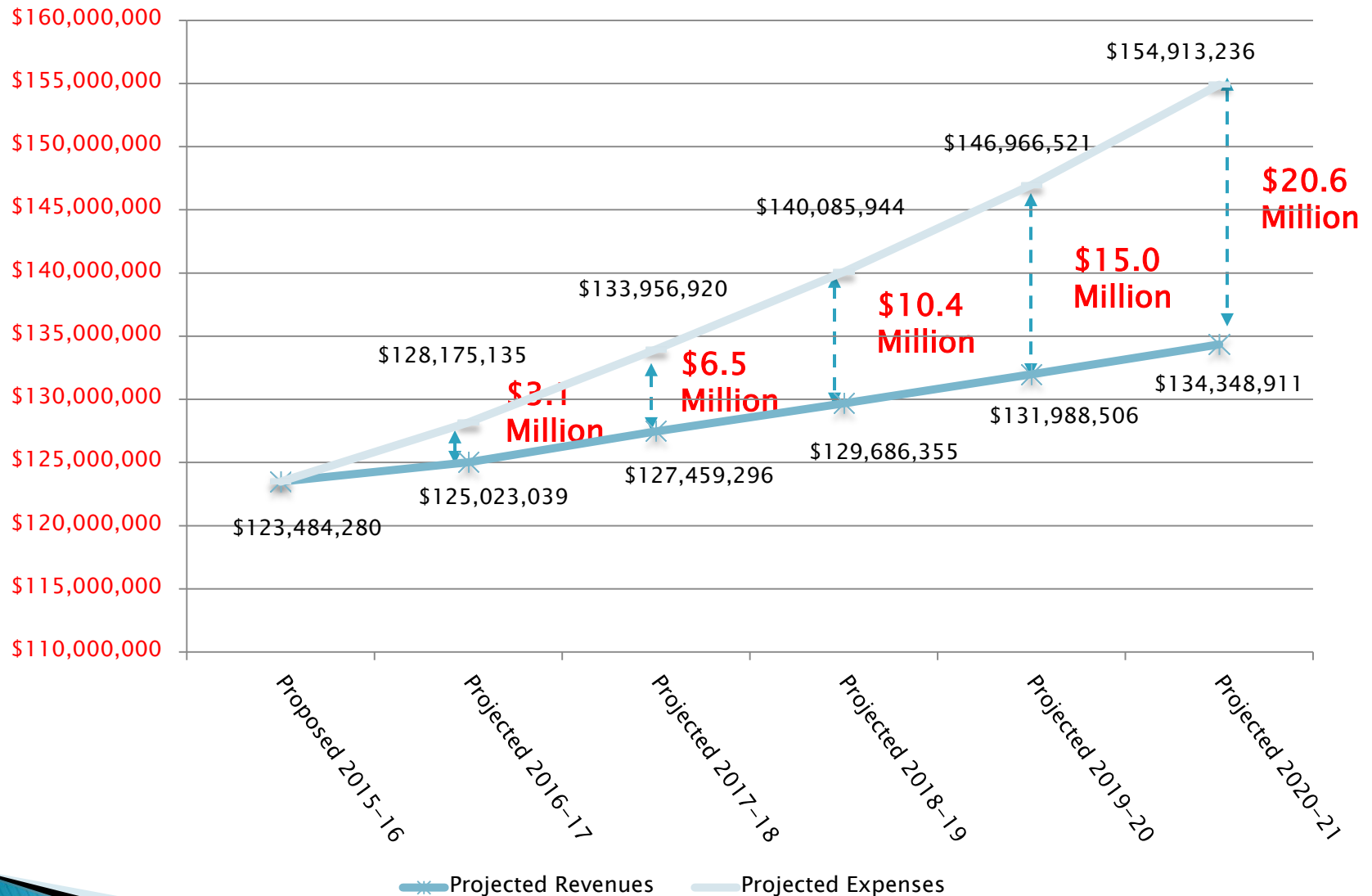
Example of areas trending over budget:

- Paraprofessionals
- Out of district tuition
- Legal settlements

Current Personnel Adjustments (unrealized reductions) 2015-2016 Budget	
CHS Attendance Secretary (10 months)	1.0 FTE's
Elementary Clerical Aide	0.8 FTE's
Enrollment increases/program adjustments – certificated staff	7.0 FTE's
Tech trainers (conversion from purchased services)	3.0 FTE's
Total Personnel Adjustments to 2015-16 Budget	11.8FTE's

5-Year Budget Projection

(2% Operating Tax Levy Cap Projected Years)



Spending reductions for 16-17

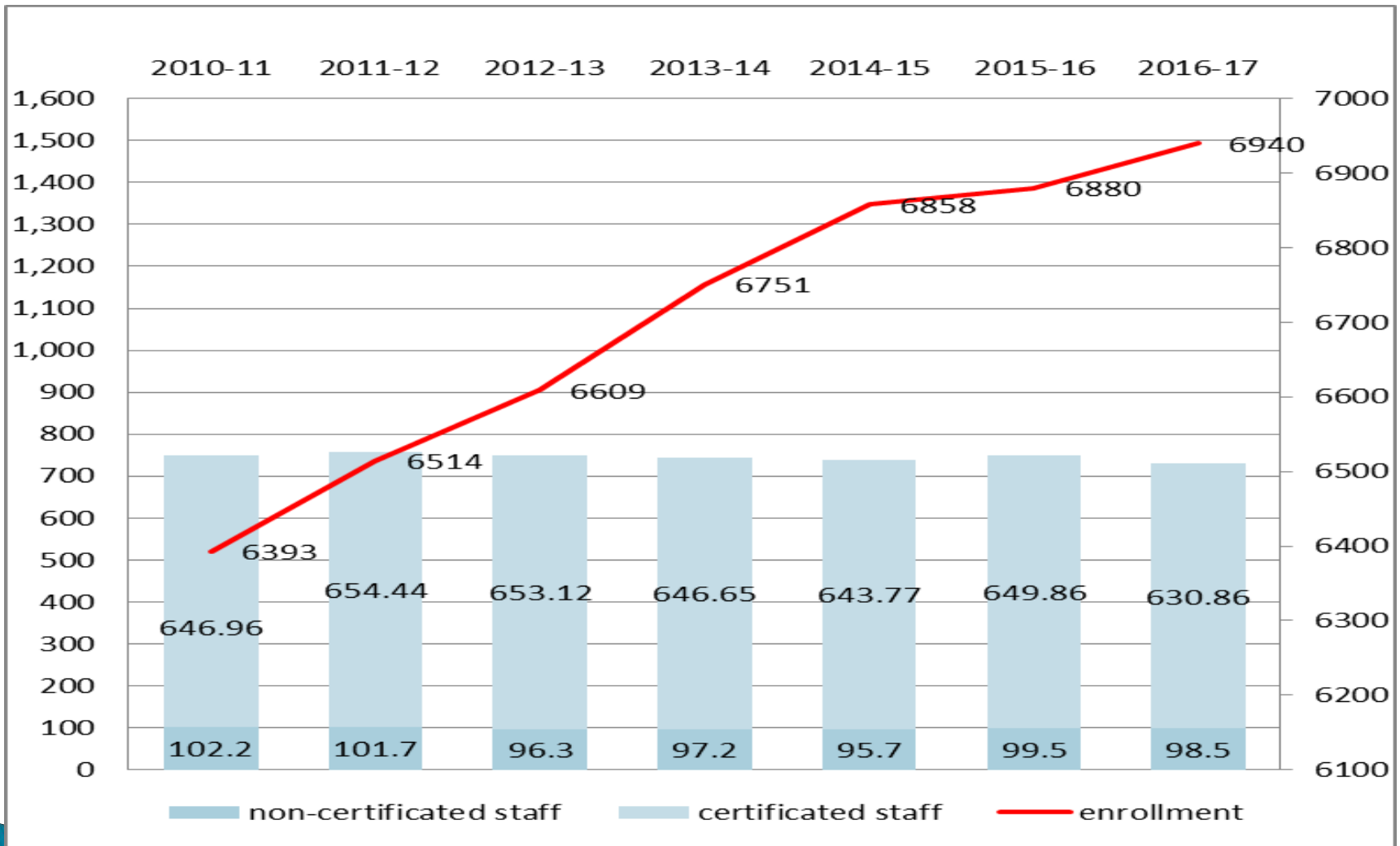
- ▶ Supplies
 - ▶ Technology – replacements/repairs only
 - ▶ Professional Development
 - ▶ Memberships
 - ▶ Periodicals
 - ▶ Elementary Library Supplies
 - ▶ Reference Materials Media Centers
 - ▶ Textbooks
 - ▶ Paraprofessional oversight
 - ▶ Limited increases to athletics/extracurricular
- 

Personnel reductions for 16-17

- ▶ Change to supervisor structure
- ▶ Change to high school administrative/support structure
- ▶ Adjustments to academic support structures
- ▶ Restructure media specialist/technology programming
- ▶ Reduction of approximately 10 classroom teachers

Anticipate Net Reduction: 20 fte's

Staffing compared to enrollments

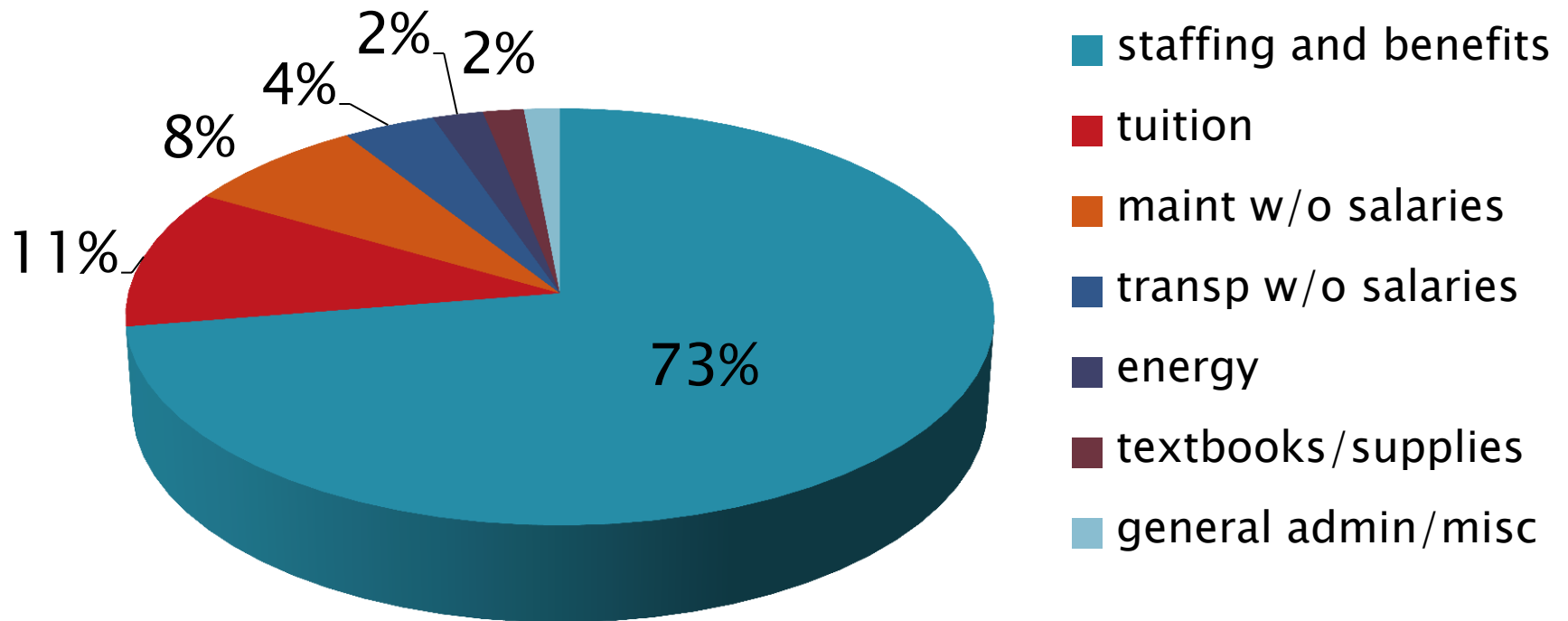


Expenses Proposed Budget 2016-17

Expense Category	Budgeted 2015-16	% Total Operating	Proposed 2016-17	% Total Operating
Salaries	61,265,112	51.3%	61,530,429	50.8%
Health Benefits	13,722,232	11.5%	13,883,299	11.5%
Tuition Expense	12,203,235	10.2%	13,185,318	10.9%
Energy Expense	2,480,000	2.1%	2,552,500	2.1%
Transportation Expense*	4,622,018	3.9%	4,648,665	3.8%
Textbooks/Supplies	2,167,278	1.8%	2,061,708	1.7%
Maintenance/Security*	9,030,969	7.6%	9,192,272	7.6%

* Excludes salaries

Budgeted Expenditures



Strategic Planning in light of Economic Constraints

- We will re-imagine and redesign all aspects of student scheduling, use of facilities and administrative structures to guarantee alignment with mission.
 - We will maximize community expertise and external resources to provide multiple pathways for student and professional growth and learning.
 - Learning takes place within and beyond the classroom. Opportunities to learn and develop skills through online resources, collaborative partnerships, collective projects, field experiences, internships, mentoring opportunities and service projects.
- 

Title I Funding

- "Title I" is the federal program that provides funding to local school districts to improve the academic achievement of disadvantaged students.
 - The district must submit to the state education agency a plan for how it will use the funds to improve academic achievement among disadvantaged students.
 - We have been providing services through a “targeted” program which means the funds must be used to specifically serve students who are failing to meet academic standards or at risk of failing because they are disadvantaged.
 - If more than 40% of the students in a school qualify as disadvantaged, the school is allowed to run "school-wide" programs that serve all students, not just the disadvantaged.
 - We have applied for school-wide funding for Seth Boyden for the 2016-17 school year. **It will not give us any additional money**, just the ability to spend it differently.
- 

District Title 1 Funding for 2015-16:

\$443,560 (\$421,377 plus \$22,183 carryover funds from 2014-15)

- Funding is distributed to schools based on formulas that take into account multiple factors including the percentage disadvantaged.
- Certain percentages of the funding must specifically be allocated to the Focus schools on top of their base allocation.

2015-16 Spending Plans:

Seth Boyden:

- Title I - academic intervention staff
- Summer programming for K-4 identified struggling students
- Before & after school reading intervention, small group intervention.

Clinton:

- Title I - academic intervention staff
- Summer programming for K-4 identified struggling students
- Homework helpers support afterschool for grades 3-5 teacher salaries

MMS

- Title I – academic support (struggling students in English Language Arts)
 - Afterschool programming for math and literacy support
 - Program supplies including on - line programming – Achieve 3000.
- 

Tax Levy Cap Adjustments & Banked Cap

Tax Levy at 2% of 2015-16	Enrollment Adjustment	Health Care Adjustment	Total Allowable Tax Levy
\$111,317,574	\$0	\$0	\$111,317,574

Budget Year Adjustment	Enrollment Adjustment	Health Care Adjustment	Total Adjust/Cap Available	Banked Cap Expires with SY Budget	Banked Cap 2016-17 Budget
2012-2013	\$506,833	\$0	\$506,833	2015-2016	\$0
2013-2014	\$0	\$884,103	\$409,103*	2016-2017	\$409,103
2014-2015	\$544,210	\$426,037	\$970,247	2017-2018	\$970,247
2015-2016	\$588,254	\$0	\$147,754#	2018-2019	\$147,754
Total			\$2,033,937		\$1,527,104

* \$884,103 minus \$475,000

\$588,254 minus \$440,500

What is the estimated tax impact if use the expiring \$409,103 cap adjustment?

Tax Levy CAP	\$111,726,678
Operating Budget Tax Impact (est.)	2.37%
Debt Service	\$ 3,844,298
Local Tax	\$115,570,976
Operating and Debt Service Tax Impact (est.)	2.44%

Estimated Tax Impact average assessed household value (based on 2015 figures):
Maplewood: \$180 or \$202 with appeals
South Orange: \$234 or \$200 with appeals

What next? Budget Calendar

- ▶ **Wed, Mar. 2** *BOE Budget Workshop (7:30 pm)*
- ▶ ~~Wed, 3/9~~ **Mon, 3/7** *Community Forum to discuss budget (7:00 pm)*
- ▶ **Mon, Mar 21** **BOE meeting: BOE consider/adopt preliminary budget to send to Essex Co Supt for approval to advertise (7:30 pm)**
- ▶ **Tues, Mar 22** *Last day to submit 2016-17 Budget to County*
- ▶ **Mon, Apr 18** **BOE meeting (7:30 pm)**
- ▶ **Mon, May 2** *Public Hearing/action to levy 2016-17 school tax (7:00 pm)*