

2013-2014 Preliminary Budget Update



South Orange-Maplewood
School District

January 28, 2013

Overview of Presentation

- ▶ Guiding budgeting principle: District Goal Four
 - ▶ Budget process
 - ▶ Alignment of budget to district goals and strategy
 - ▶ Comparative spending
 - ▶ Revenue assumptions and historical trends
 - ▶ Spending decisions
 - ▶ Redirect resources to impact student achievement
 - ▶ Estimated tax impact
 - ▶ Next steps
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Guiding Principle:

District Goal Four calls for the development of:

“A transparent, efficient budget that aligns with and supports the attainment of district goals and that reins in spending on the budget categories that are rising at a faster rate than the cost of living.”

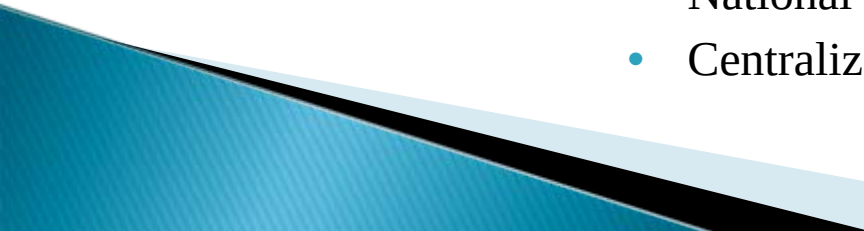


“A transparent, efficient budget...”

THE BUDGET PROCESS:

- ❖ Alignment with District Goals
 - ❖ Collaboration with central office, principals, supervisors
 - ❖ Communication with Board of Education’s Finance, Facilities and Technology Committee and public presentations throughout budget development including Board of School Estimate meeting.
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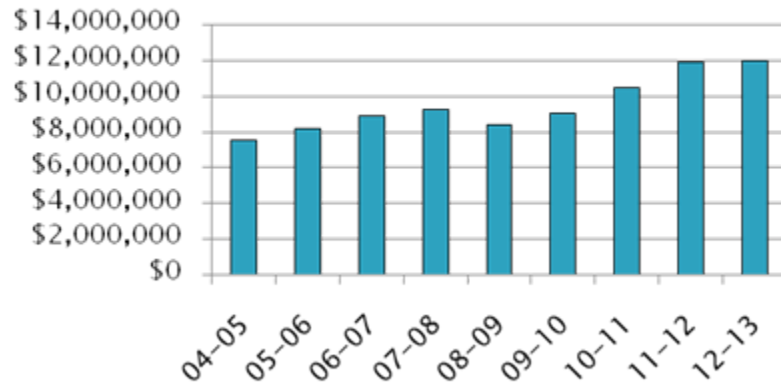
“...aligns with and supports the attainment of district goals...”

- ▶ Goal One: Student Learning - calls for rigorous curriculum and expanded learning opportunities:
 - IB Middle School Years Programme
 - CHS Strategic Plan
 - Alignment with Core Curriculum and PARCC Assessment
 - Special Education Programming
 - ▶ Goal Two: Professional Development – calls for a performance evaluation system and compensation system driven by objective measures tied to student learning and district goals
 - Focused PD on IB and differentiated instruction
 - Teacher Evaluations and Learning Walks
 - National Board Certification
 - Centralized professional development
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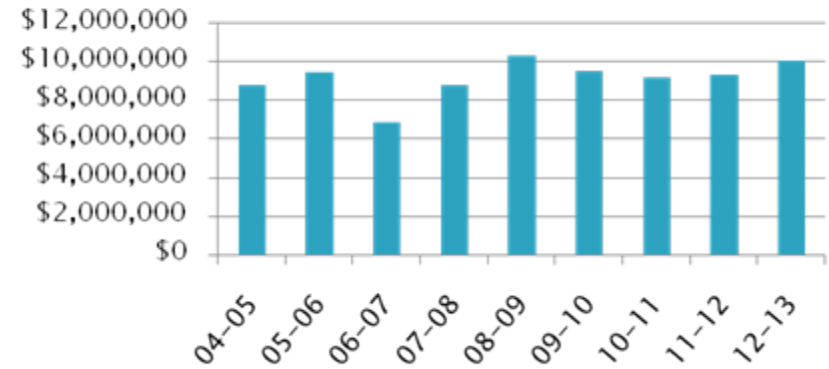
“...reins in spending on the budget categories that are rising at a faster rate than the cost of living.”

- ▶ ***Health benefits***
 - *Employee contributions (NJ Reform)*
 - *Direct 15*
- ▶ ***Special Education Costs***
 - *Opportunities Review*
 - *In-district programming*
- ▶ ***Maintenance expenses***
 - *Year over year reductions*
 - *Facilities condition assessment*
- ▶ ***Success of contracted services***
 - *Custodial services*
 - *Security services*
 - *Paraprofessionals*
 - *Food service and lunch monitoring staff*
- ▶ ***Transportation***
 - *Increased efficiency (in-district and non-public schools)*

Health Cost Trend Analysis

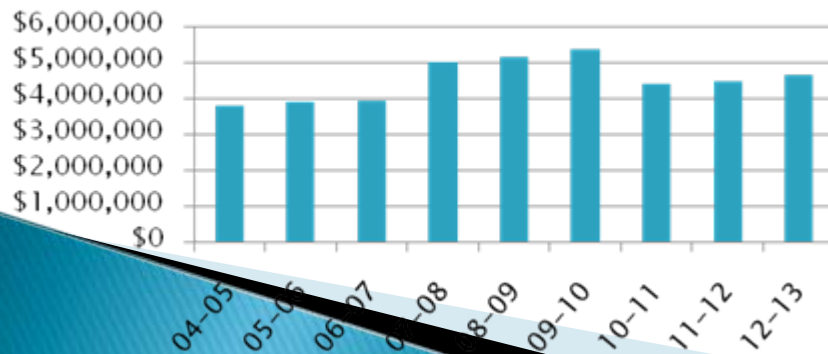


Tuition Cost Trend Analysis

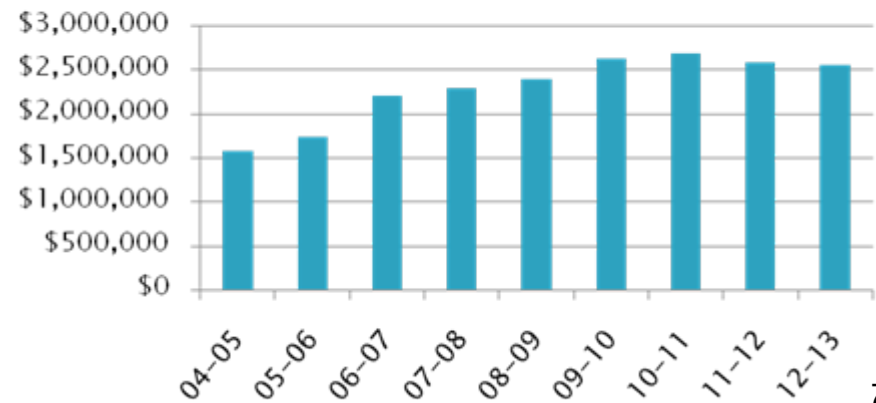


Major cost drivers

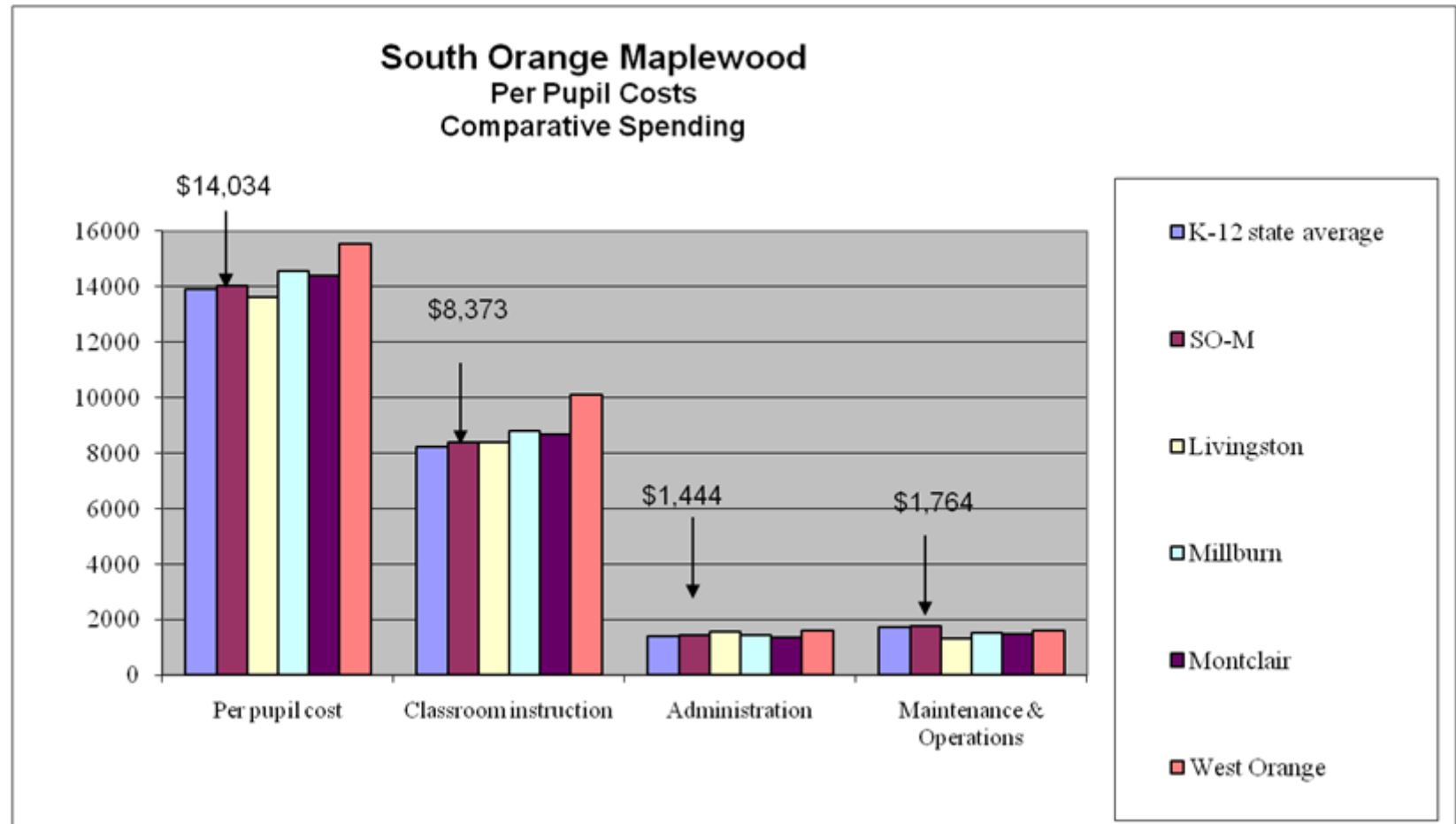
Transportation Cost Trend



Energy Cost Trend Analysis



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



Source: Dept. of Education Taxpayer's Guide to Education Spending
Budget 2011-12, released July 2012

2013-14 Budget Resource Assumptions

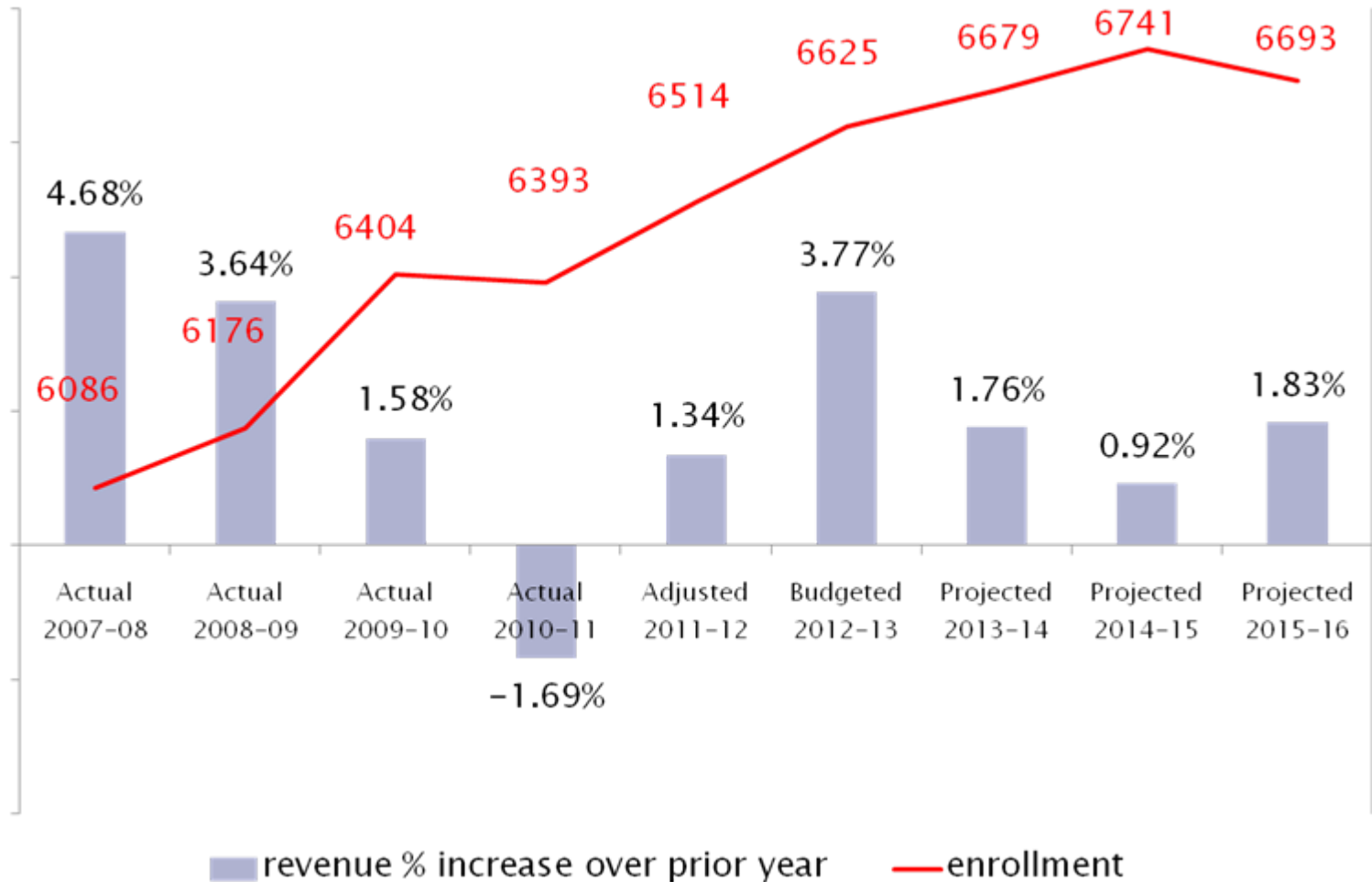
- ▶ State aid for 13-14 remains at same level as 12-13
- ▶ The amount of state aid will not be known until after the Governor's budget address in February.
- ▶ Federal grants reduced to 75% of 12-13 levels
- ▶ Excess surplus from 2011-12 audit: \$2,152,272
- ▶ Revenues dependent on local sources.
- ▶ Banked cap is available.
 - (\$975,328 through 2013-14 budget and 506,833 through 2014-15)
- ▶ Local taxes will increase no more than 2% for operating budget
- ▶ These assumptions are subject to change given the uncertain economic climate.

State Aid as a Percent of Revenue

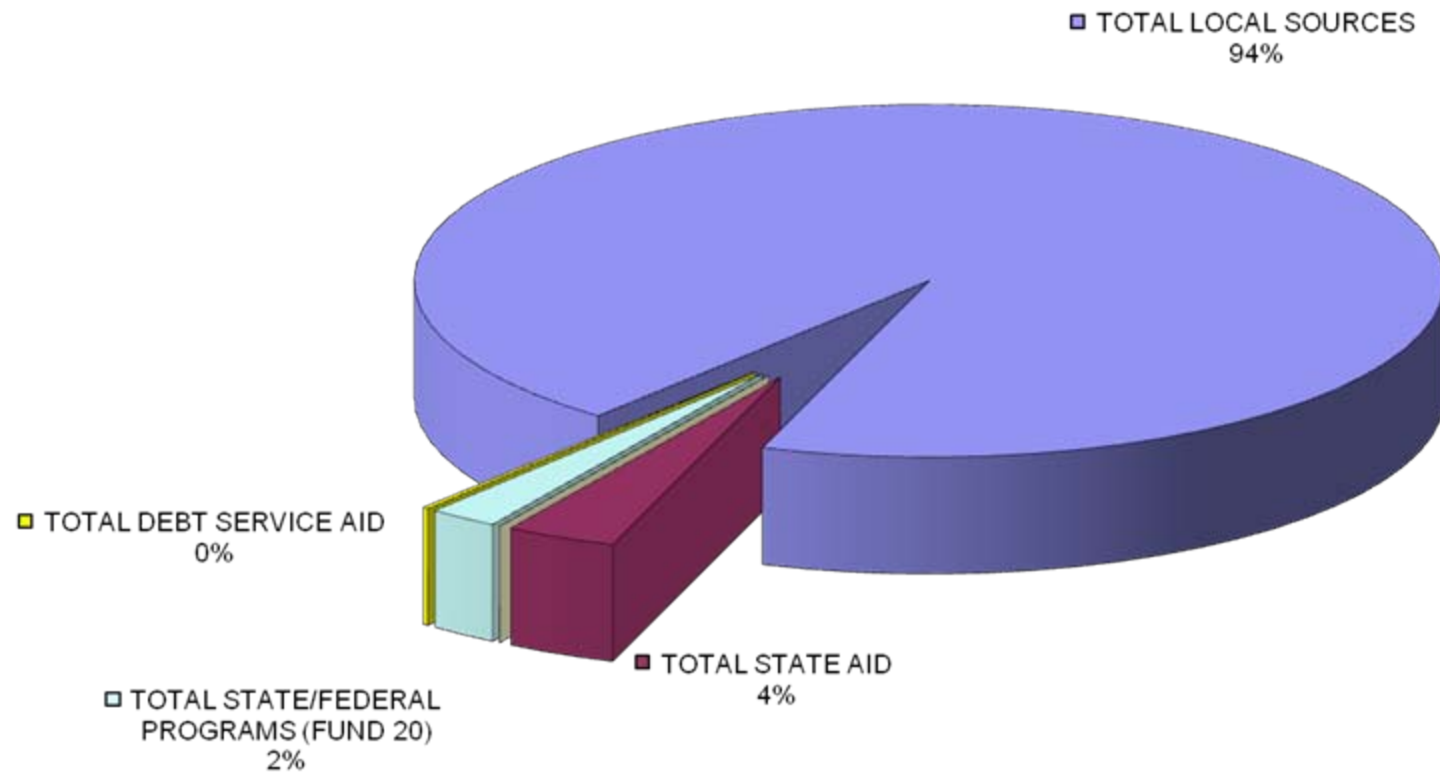


Multi-Year Impact

Percentage Change of Revenues from Prior Year



Where does school budget revenue come from?



Revenue 2013-14

Revenue Source	Budgeted 2012-13	Proposed 2013-14
Operating Budget Local Tax Levy	101,959,453	103,998,642
State Aid	4,509,487 (includes \$433,589 additional aid 2011)	4,075,898
Fund Balance	1,517,905	2,152,272
Miscellaneous	40,000	40,000
Debt Service	3,776,445	4,123,451
State/Federal	3,112,600	2,548,523
Total Revenue	114,915,890	116,938,786

Where does the money go?



Salaries



Benefits



Out of District
Tuition



Professional
Services



Utilities



Repairs &
Maintenance



Transportation
& Equipment



Supplies

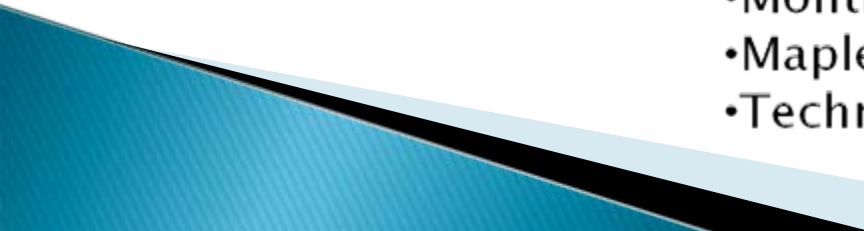
How do we build the budget?

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
- Budget Calendar and Priorities

December: School Budget Development – Budget Analyses

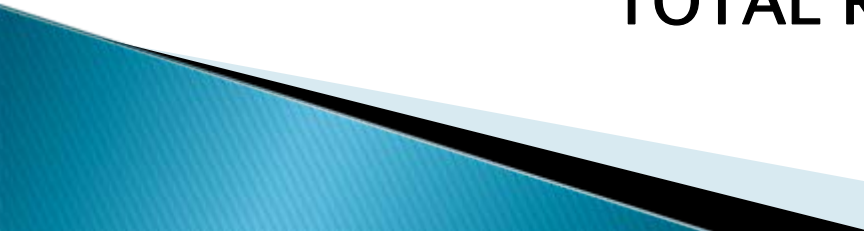
- Health Care
 - District Management Council
 - Montrose School
 - Maplewood Middle School Addition
 - Technology/PARCC Assessments
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Budget Development continued

Review Required Spending

- + Contracted Salaries (Negotiated)
- + Contracted Health Benefits (Negotiated, benefits fixed, however the costs are not)
- + Mandated Special Education Spending
- + Mandated Professional Services: Lawyer, Auditor, Architect
- + Essential Maintenance: Custodial supplies & repairs & utilities
- + Transportation: Required maintenance, fuel, state mandates
- + Mandated Insurances
- + Fixed Equipment Costs (buses, copy machines, etc.)
- + State Mandated Testing Services, Mandated Election Costs

TOTAL REQUIRED SPENDING



Budget Development continued

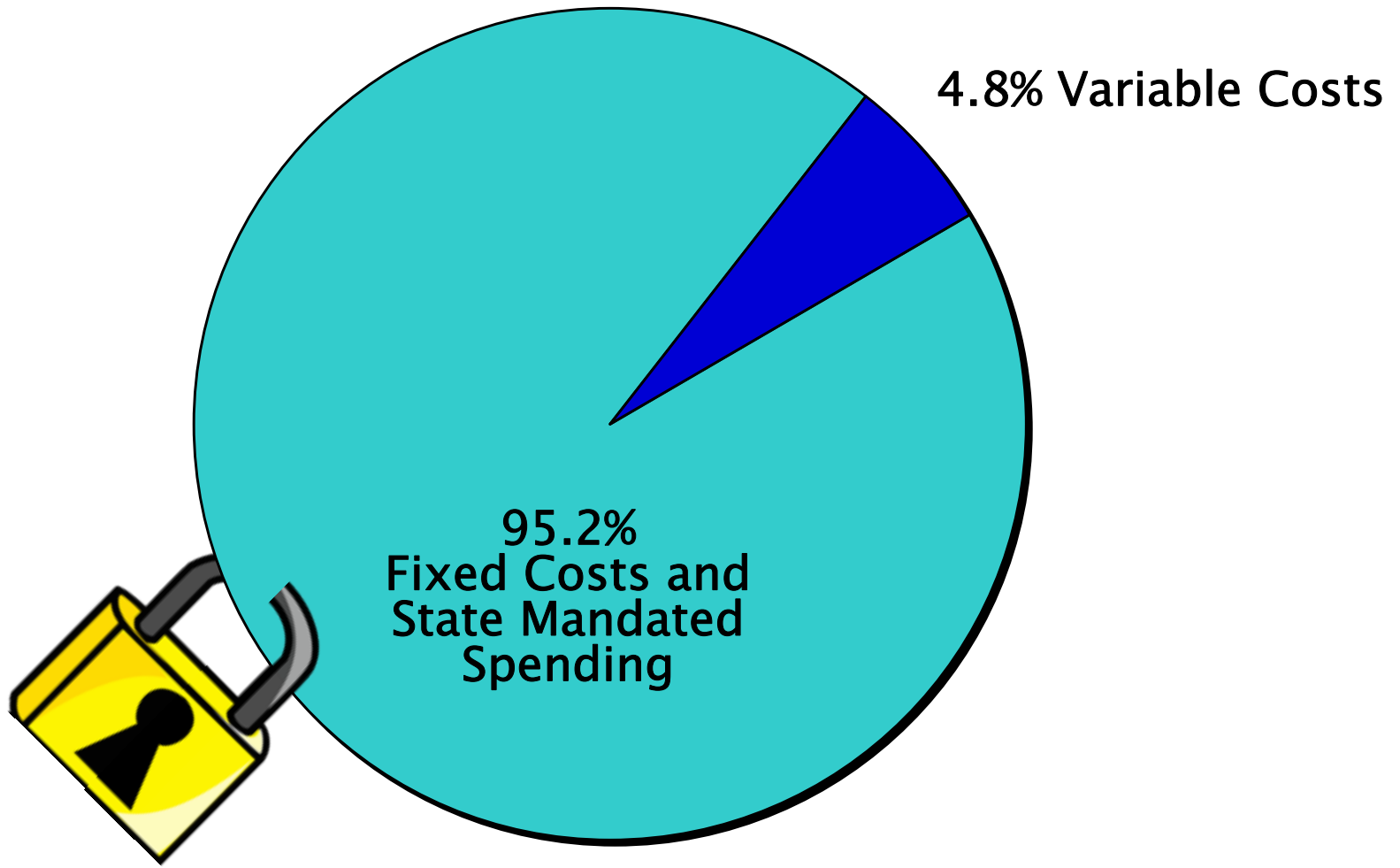
Identify Variable Costs

- + Trends analysis to estimate any increases in current costs (performed by Business Administrator)
- + Superintendent, Principals & District Administration review:
 - + Curriculum needs
 - + State mandates
 - + Textbook review cycle
 - + Professional development
 - + Building equipment
 - + Classroom supplies
 - + Technology needs

TOTAL VARIABLE COSTS

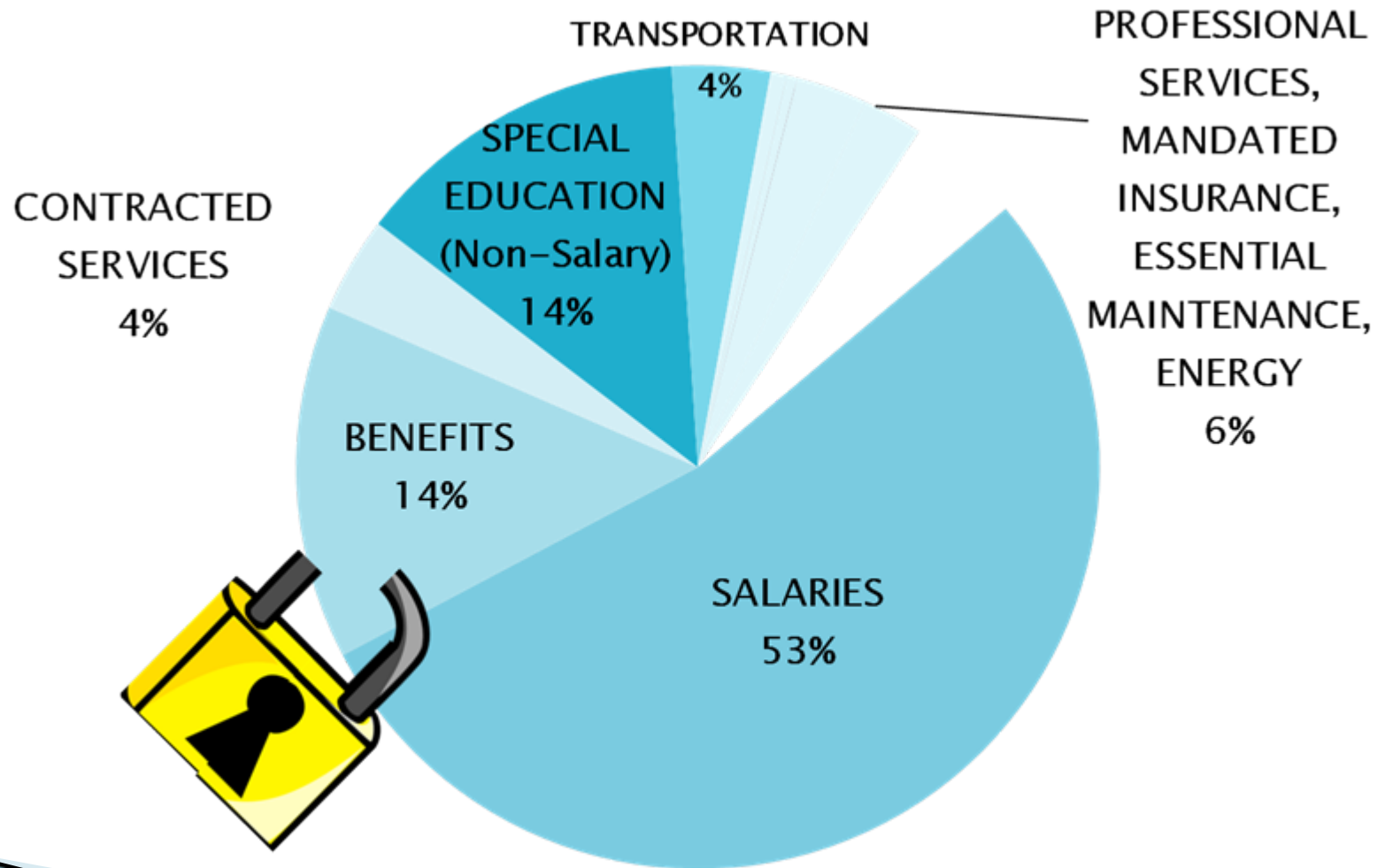


Required Spending made up 95.2% of total budget for 2012-13



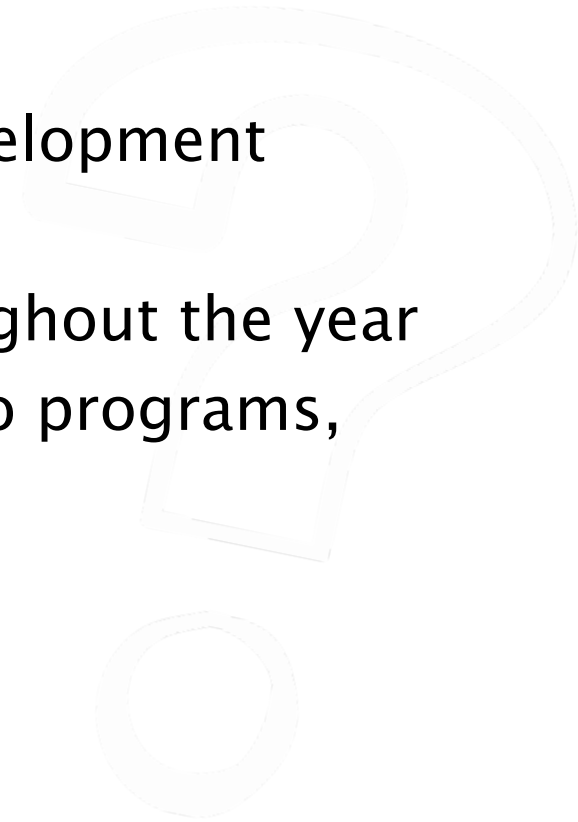
Based on 2012-13 Operating Budget

Required Spending 95.2% of Operating Budget



Based on 2012-13 Operating Budget

Leaving 4.8% variable costs for things like...

- Student Materials
 - Teacher training/Professional Development
 - General supplies for departments
 - Unexpected State mandates throughout the year
 - Or other possible improvements to programs, instruction or facilities.....
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Estimate Aid and Income (revenue, other than Local Taxes)

- + State Aid:

Given by Department of Ed, figures expected end of February

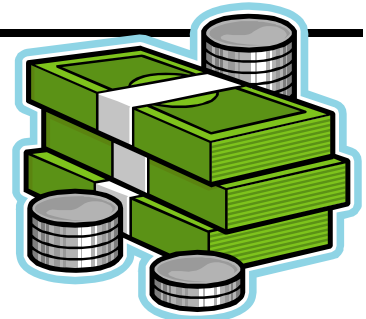
- + Federal/Other Aid:

Figures expected in May

- + Bank Interest/Misc.:

Calculated by trend analysis and projections

TOTAL REVENUE NOT FROM TAXES



Calculate Tax Levy/ Make Reductions as Necessary

$$\begin{array}{r} \text{TOTAL REQUIRED SPENDING} \\ + \text{ TOTAL VARIABLE COSTS} \\ - \text{ (TOTAL REVENUE NOT FROM TAXES)} \\ \hline \end{array}$$



**LOCAL TAXES NEEDED TO
SUPPORT BUDGET**

*Reduce expenditures to 2% tax
impact on operating budget per
district goals.*

Reduce Expenditures to 2% Tax Levy Cap for Operating Budget

Estimated Total Required Operating Budget Spending	\$110,000,000
Plus Total Estimated Operating Budget Variable Costs (before adding in additional spending requests)	\$5,000,000– \$6,000,000
Less Estimated Total Operating Budget Revenue not from Taxes (exclusive of Debt Service)	(\$8,816,693)
Local Taxes Need to support the budget	\$106,000,000– \$107,000,000
Total Revenue raised by taxes to support a 2% increase in tax levy (2012–13 levy: \$101,959,453)	\$103,998,642
Reductions to be identified for a 2% tax increase in operating budget	\$2,000,000– \$3,000,000

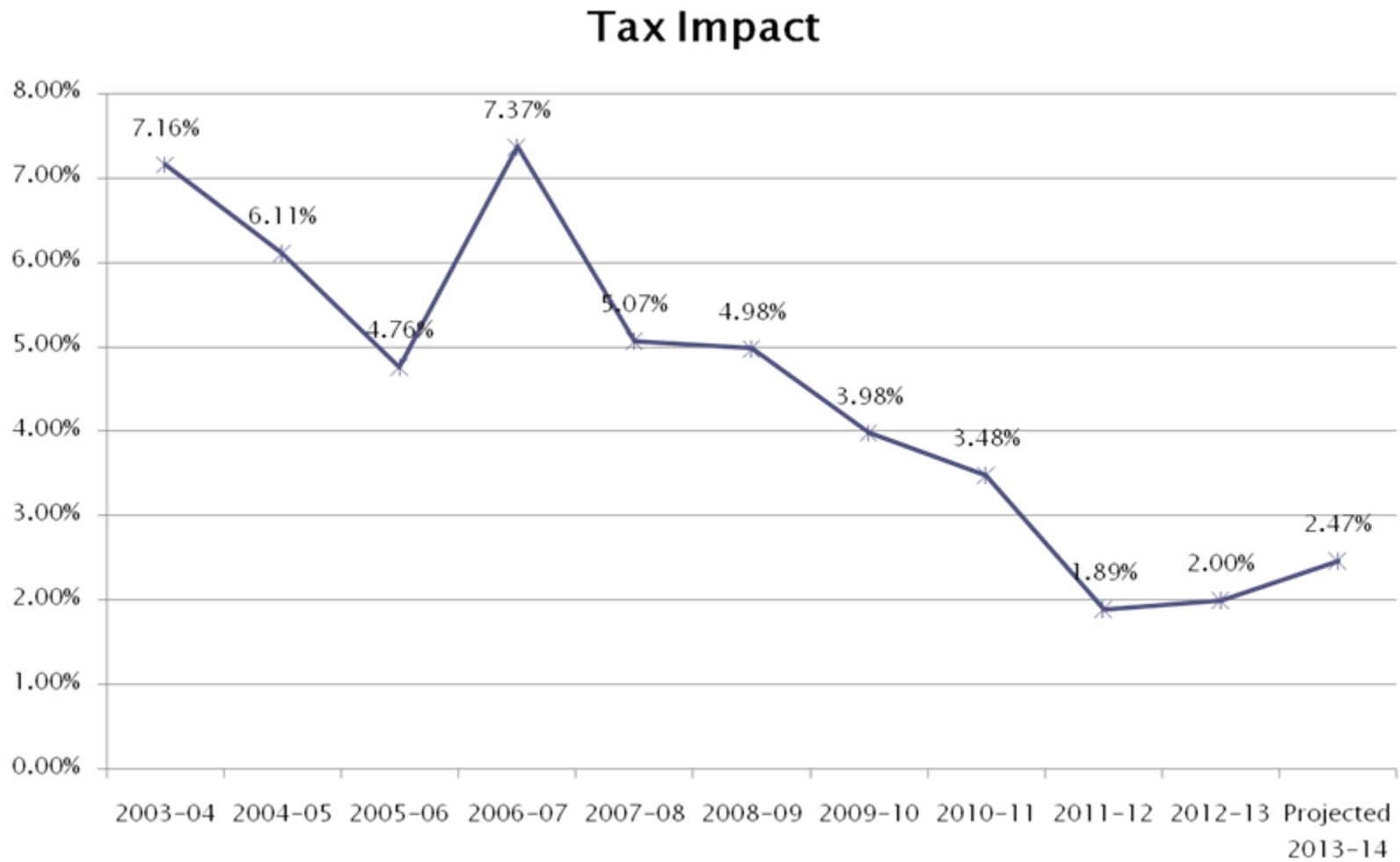
Analyze every line to identify expenditure reduction areas.

- ▶ Special Education Scheduling efficiencies
- ▶ In-district special education services/programs
- ▶ Technology efficiencies
 - Centralized printing
 - Online progress reports, report cards, attendance
- ▶ General education scheduling efficiencies
- ▶ Support staff efficiencies
- ▶ Transportation efficiencies
- ▶ Centralized Professional Development
- ▶ Centralized Summer Programming
- ▶ Continued Initiatives to Conserve Energy

What is the estimated tax impact?

Tax Levy CAP	\$103,998,642
Operating Budget Tax Impact (est.)	2.00%
Debt Service	\$ 3,890,983
Local Tax	\$107,889,625
Operating and Debt Service Tax Impact (est.)	2.47%

Year over Year Tax Impact



What next? Budget Calendar

- ▶ **Mon, Jan 28** BOE meeting: Budget Discussion
 - ▶ **Mon, Feb 25** BOE meeting: Budget Discussion
 - ▶ **Tues, Feb 26** Governor's State Budget Message
 - ▶ **Thurs, Feb 28** State Aid Notices
 - ▶ **Mon, Mar 4** *Additional BOE meeting:* BOE consider/adopt preliminary budget to send to Essex Co Supt for approval to advertise
 - ▶ **Tues, Mar 5** *Address Maplewood Township Committee (tentative)*
 - ▶ **Mon, Mar 11** *Address Village of South Orange Board of Trustees (tentative)*
 - ▶ **Mon, Mar 18** BOE meeting
 - ▶ **Wed, Mar 27** BOE Public Hearing/action to levy 2013-14 school tax
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