

2011-2012 Proposed Budget Update



South Orange-Maplewood
School District

March 7, 2011

Highlights from Preliminary Budget presented January 19 and February 16.

- Aligned to district goals and strategy
- Described fiscal environment and revenue conditions
- Presented revenue and expense assumptions
- Analyzed major cost drivers
- Presented possible areas of expenditure reductions

2011-12 Proposed Budget Assumptions

- Reductions to budget of \$2.1 million identified through efficiencies and reductions to support staff and services
- State aid for 11-12 increases by \$1,060,789 from 10-11
- Tax levy cap adjustments of \$975,328 available
- Local taxes will increase no more than 2%
- Reduction of excess surplus from \$3,000,000 (10-11 budget) to \$1,000,000 (11-12 budget)
- Expenditures will be reduced to meet revenue projections₃

Tax Levy Cap Adjustments

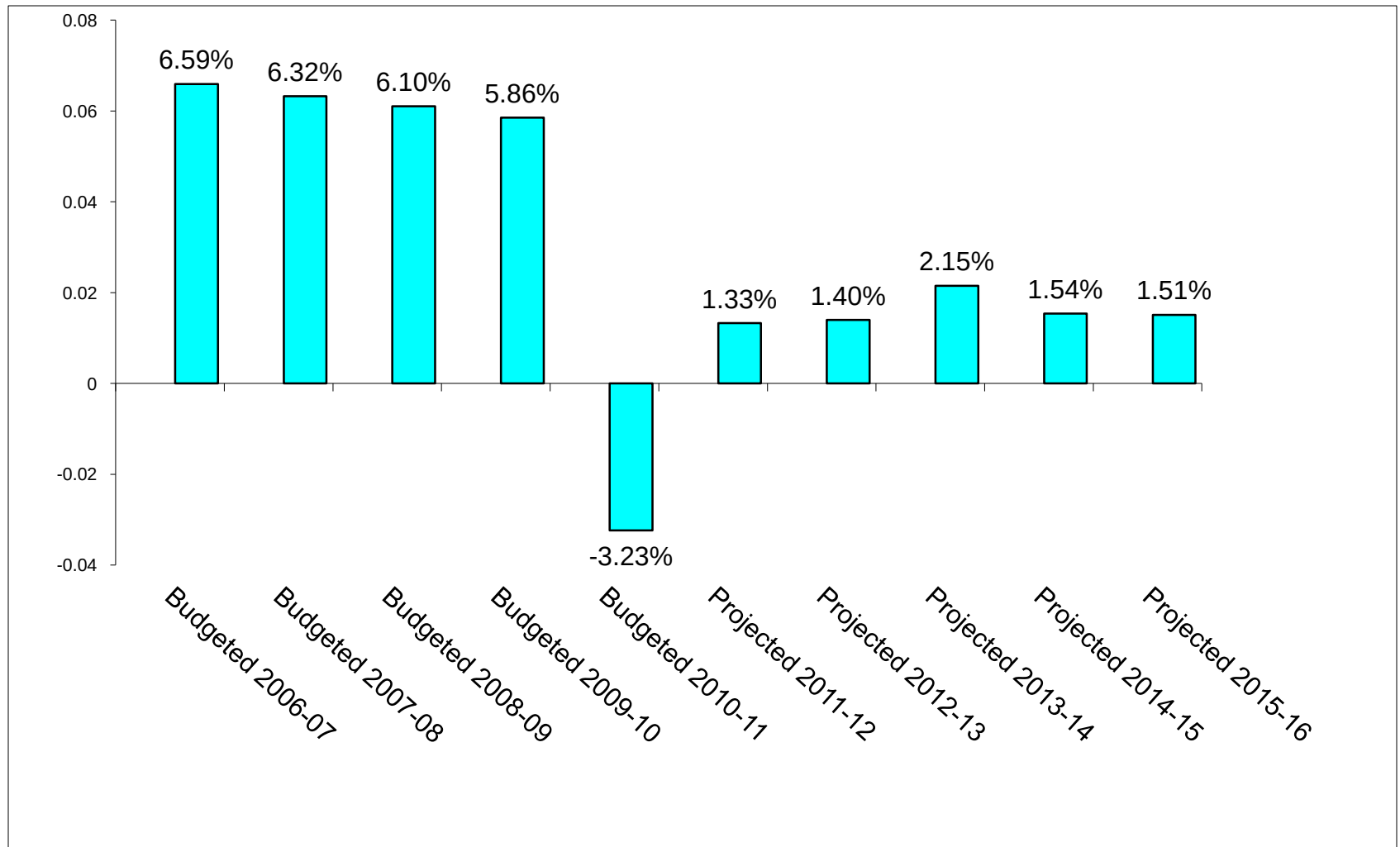
2% over 2010-11 general fund tax levy of \$98,000,243	\$99,960,248
Adjustment 2010-11 general fund tax levy base due to increase in enrollment	332,006
New tax levy base allowable for 2011-12	\$100,292,254
Additional allowable cap adjustment for increase in health care costs	643,322
Total allowable tax levy permitted for 2011-12	\$100,935,576
Allowable tax levy increase over last year: \$100,935,576 / \$98,000,243	3.0%

Revenue 2011-12

Revenue Source	Budgeted 2010-11	Proposed 2011-12	% Change
Local Tax Levy	98,000,243	99,960,248	2.0%
State Aid (11-12 incl. EdJobs)	1,748,780	3,274,553	87.2% (\$214,984 EdJobs)
Fund Balance	3,065,389	1,023,192	(66.6%)
Miscellaneous	101,000	100,000	(0.1%)
Debt Service	3,543,429	3,497,435	(1.3%)
State/Federal	2,201,661	2,246,431	2.0%
Total Revenue	108,660,502	110,101,858	1.3%

Multi-Year Impact

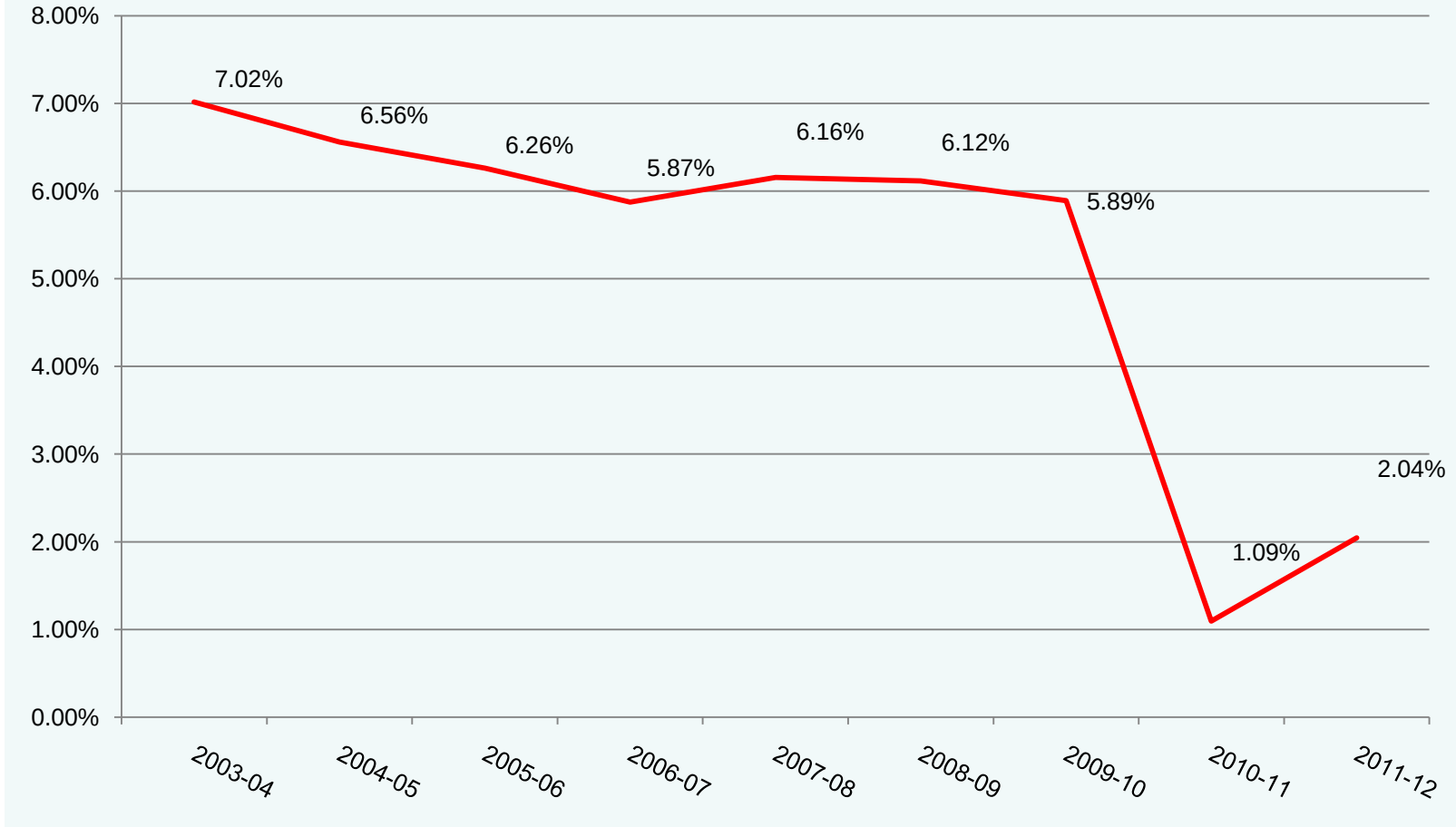
Percentage Change of Revenues from Prior Year



Fund balance

General Fund Balance (June 30, 2010)	\$7,045,271
Reserved for Encumbrances	(1,607,476)
Capital Reserve	(669,936)
Excess Surplus (2009) Reserved for 10-11	(3,065,389)
Excess Surplus (2010) Reserved for 11-12	<u>(1,023,192)</u>
Total Reserved Fund Balance	(6,365,993)
Net Unreserved Fund Balance (June 30, 2010) per audit:	\$ 679,278

State Aid as a percent of total budget



Anticipated Expenses 2011-12

Expense Category	Budgeted 2010-11	Baseline 2011-12	\$ Increase
Salaries	55,397,416	56,504,940	\$1,107,524
Health and Dental Expense	11,085,084	12,537,776	\$1,452,692
Tuition Expense	8,168,737	8,985,610	\$816,873
Energy Expense	2,694,319	2,772,148	\$77,829
Transportation Expense	4,382,995	4,450,068	\$67,073
Other Expense	26,931,951	26,993,895	\$61,944
Total Expense	108,660,502	112,244,437	\$3,583,935

Expenses must equal Revenues

Revenues Bottom line: overall revenues for 2011-2012
increase \$1,441,356 over 2010-2011 revenues

$$\text{\$108,660,502} + \text{\$1,441,356} = \text{\$110,101,858}$$

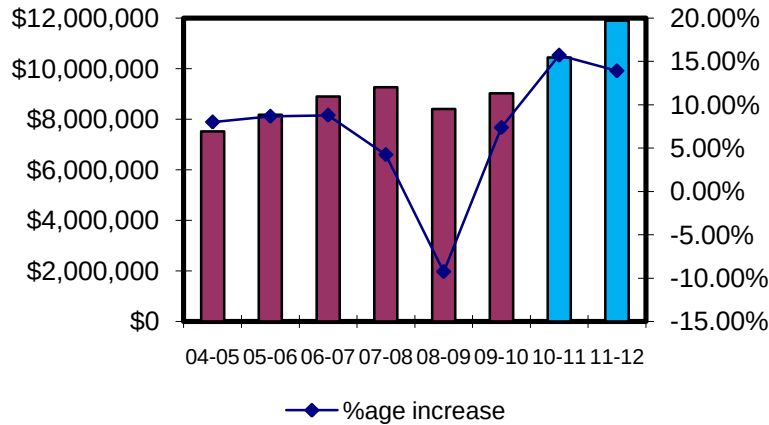
Expenses Bottom line: projected increased costs
increases of \$3,583,935.

$$\text{\$108,660,502} + \text{\$3,583,935} = \text{\$112,244,437}$$

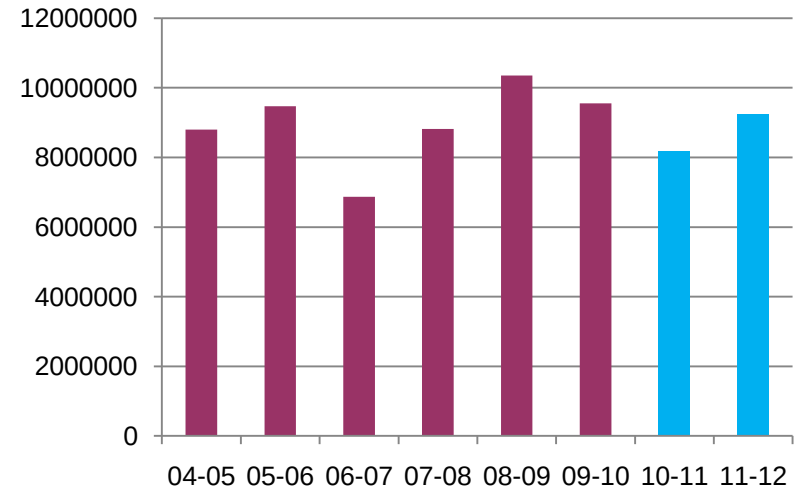
Expenses must be reduced to match revenues available:

$$\text{\$112,244,437} - \text{\$110,101,858} = \text{\$2,142,579}$$

Health Cost Trend Analysis



Tuition Expense



Major cost drivers

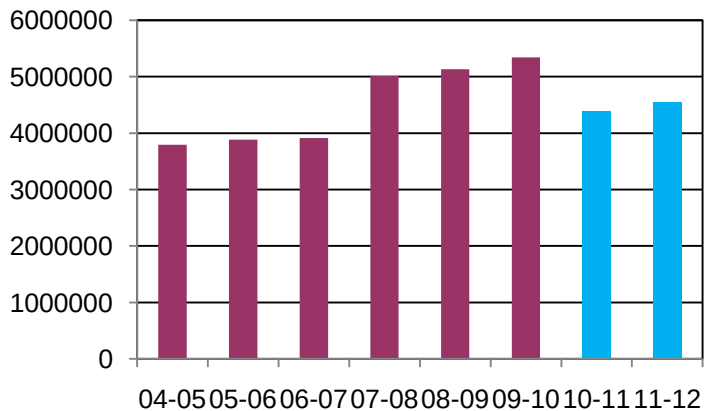


Budgeted \$'s

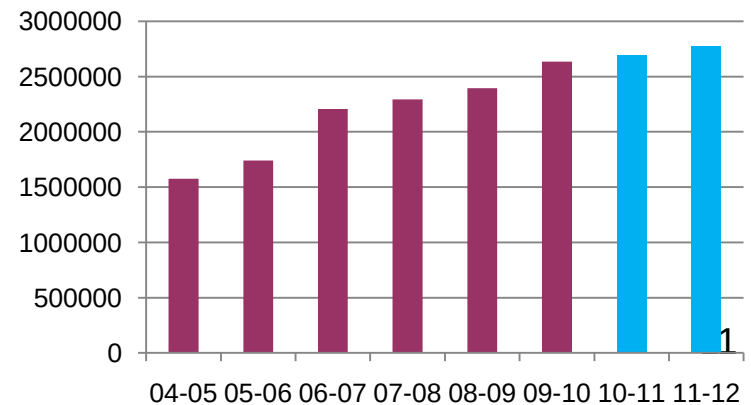


Projected \$'s

Transportation Expense



Energy Expense



Analyze every line to identify expenditure reduction areas.

- Scheduling efficiencies targeted at the high school
- Technology efficiencies/slowing of the LRTP implementation
- Operations and maintenance efficiencies
- Across the board reductions in texts, materials and supplies
- Reduce overtime

Reductions for 11-12 Budget

Non-Personnel reductions:

Energy – continued mechanical upgrades, energy conservation, introduction of solar panels at SOMS	(\$180,000)
Operations and maintenance – reduction in district-wide painting program, carpet replacement, locker replacement, etc., reduction in legal fees, overtime expenses	(\$280,000)
Materials, Supplies, Copies – across the board reductions to every office and department	(\$80,000)
Technology efficiencies, reduction in equipment purchases, emphasis on professional development over procurement	(\$136,000)
Textbooks - slower pace for introduction of math curriculum	(\$50,000)
Transportation – field trip expenses	(\$30,000)
Out of District Tuition paid for through IDEA	(\$750,000)

Reductions for 11-12 Budget

Personnel reductions:

District Positions	
Floating Nurse (1 FTE), creation of Lead Nurse position	(\$78,000)
Content Specialist (1 FTE's)	(\$85,000)
Building Level Positions	
Assistant to Principal eliminated, Assistant Principal created: Clinton Elementary	+ \$12,000
Secretary (1 FTE), CHS – vacancy will not be filled	(\$60,000)
Librarian (1 FTE), transfer of (1) CHS Librarian to vacant position at Clinton School	(\$85,000)
Teachers (2 FTE's) CHS scheduling efficiencies	(\$170,000)
Teachers (2 FTE's) Phys Ed (location to be determined)	(\$170,000)

Changes from Preliminary Budget to Proposed Budget

- Maintain Assistant Principal at Columbia High School
- Maintain Clerical Aides as full-time positions
- Maintain Two (2) Content Specialists
- Maintain Three (3) Tech Trainers
- Reduce CHS FTE's by 2 (preliminary was 4 FTE's)
- Restore one (1) district-wide secretarial position
- \$64,000 restored to technology
- \$215,000 additional budgeted for out of district tuition

Tax Impact

	General Fund Taxes	Debt Service Taxes	Total to be raised by Taxes
2010-2011 School Year Budget	\$ 98,000,243	\$ 3,301,184	\$ 101,301,427
2011-2012 School Year Budget	\$ 99,960,248	\$ 3,258,423	\$ 103,218,671
Incremental Tax Dollar Impact	\$ 1,960,005	\$ (42,761)	\$ 1,917,244
Incremental Tax Percent Impact	2.00%	-1.30%	1.89%

What next? The Budget calendar is revised to meet NJDOE schedule.

- Mon, Mar 7 BOE adopt proposed budget to be submitted to ECS for approval and BSE for funding
- Thurs, Mar 17 Advertise budget and notice Public Hearing
- Wed Mar 23 BSE Public Hearing on 2011-12 Budget
- Wed, Mar 30 BSE Public Hearing/Action to levy 2011-12 school tax
- Mon, Apr 25 BOE adopt 2011-12 budget and action by BSE