

2010-2011 Preliminary Budget Presentation



South Orange-Maplewood
School District
January 20, 2010

Overview of Presentation

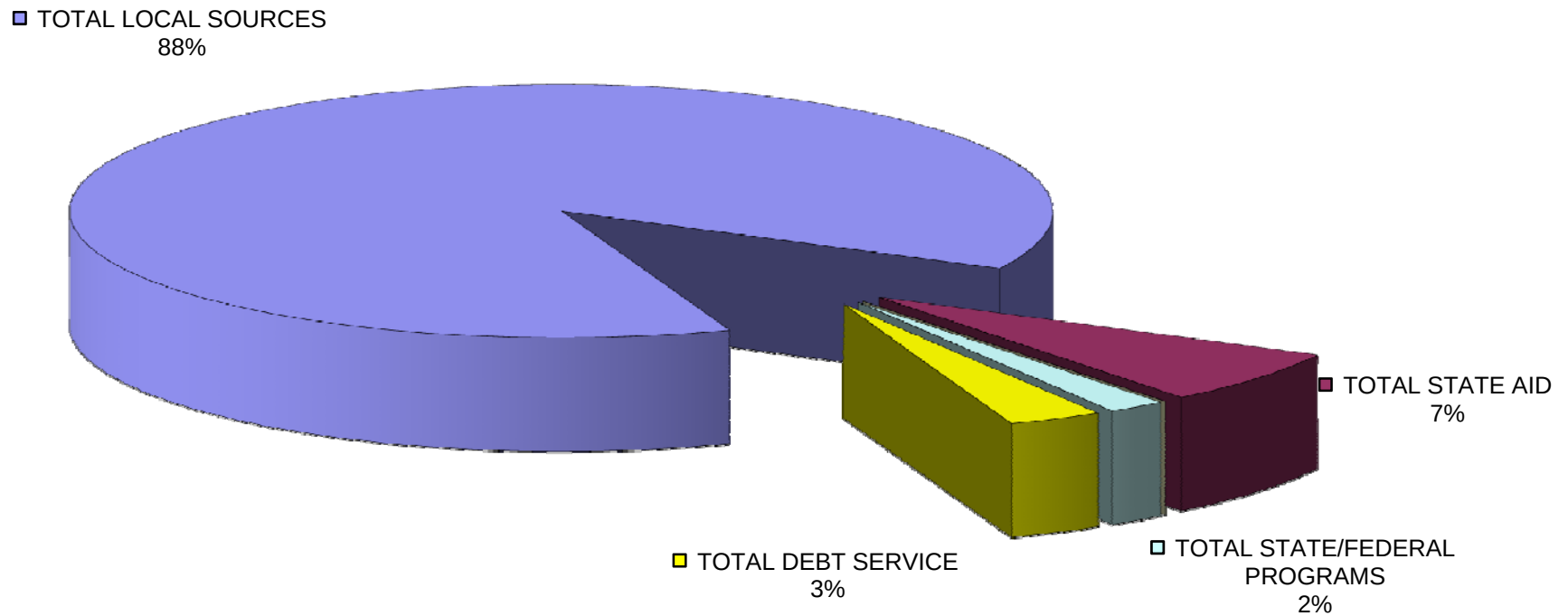
- Guiding principle: District Goal Four
- Alignment to District Goals
- The priorities: Emphasis on Student Achievement and Staff Development
- Analysis of Major Expenditure Categories
- Major Cost Drivers
- The reality: Fiscal Environment and Revenue Conditions
- The impact: Four Revenue Scenarios
- The response: Principles and Areas for Reduction
- Next steps

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.”

Revenue Sources



The priorities: Achieving District Goals

Student Learning:

- sustain full day kindergarten
- continue implementing ELA audit recommendations
- implement math audit recommendations
- continue extended day/summer school/STEP-Up.

Technology Initiatives:

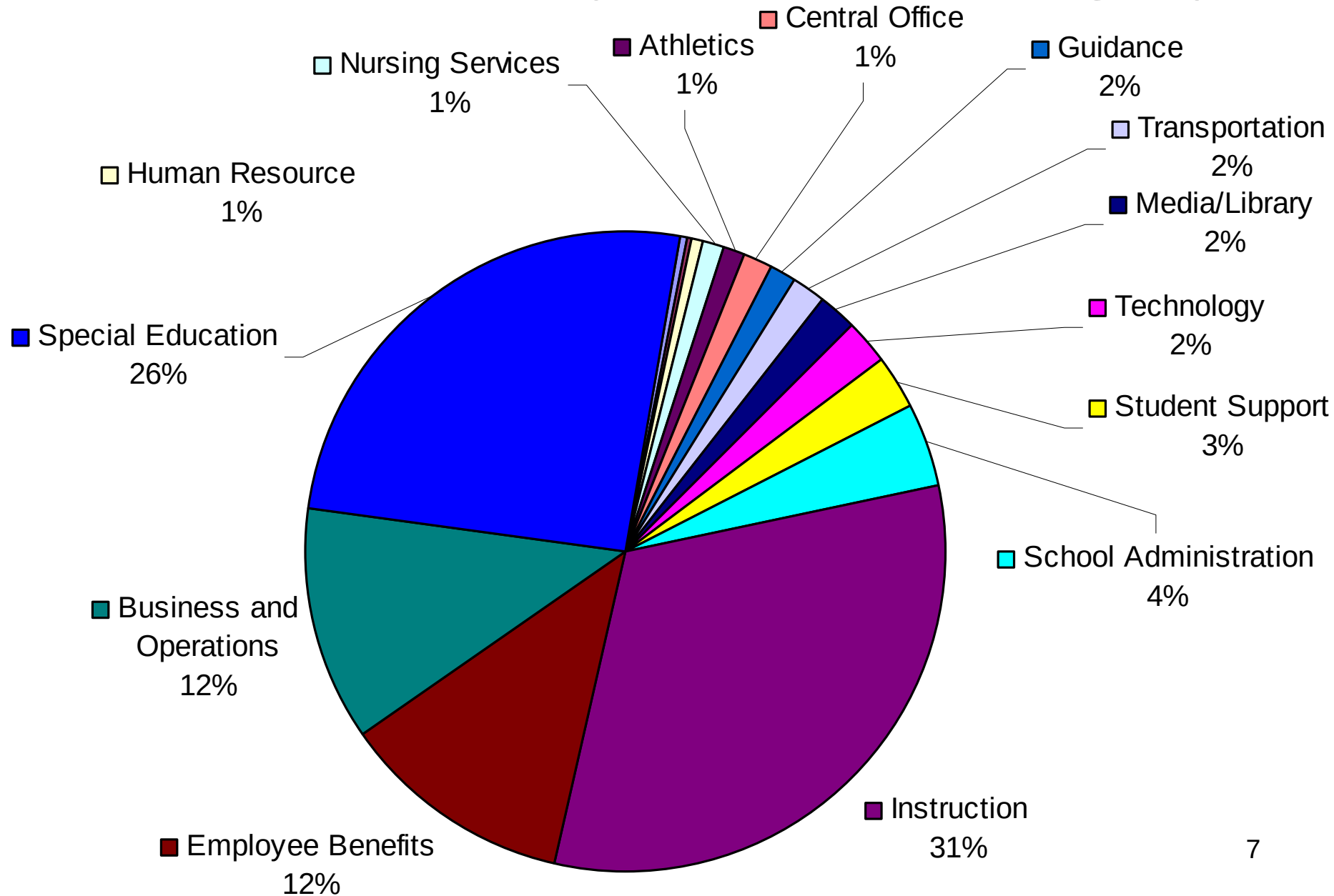
- sustain Read 180
- District Wide Area Network
- multi-media classrooms

Achieving District Goals: the priorities

Professional Staff:

- implement overhauled evaluation system
- continue professional development and support
- support teachers pursuing national board teacher certification

Expenditures by Service Category



Major Efficiencies Realized

- Use of partner organizations for custodial services, food services, security, lunch aides, computer repair
- “Tiered” transportation routes through changes in school schedules
- Remediation of facilities deficiencies and shift of operations funds to instruction
- Health care opt-out for dually covered
- “Stem the flow” strategy to reduce out of district placements
- Energy consumption reduction through HVAC, autosensor lighting
- Increased shared services with municipalities and other districts
- Purchasing cooperatives

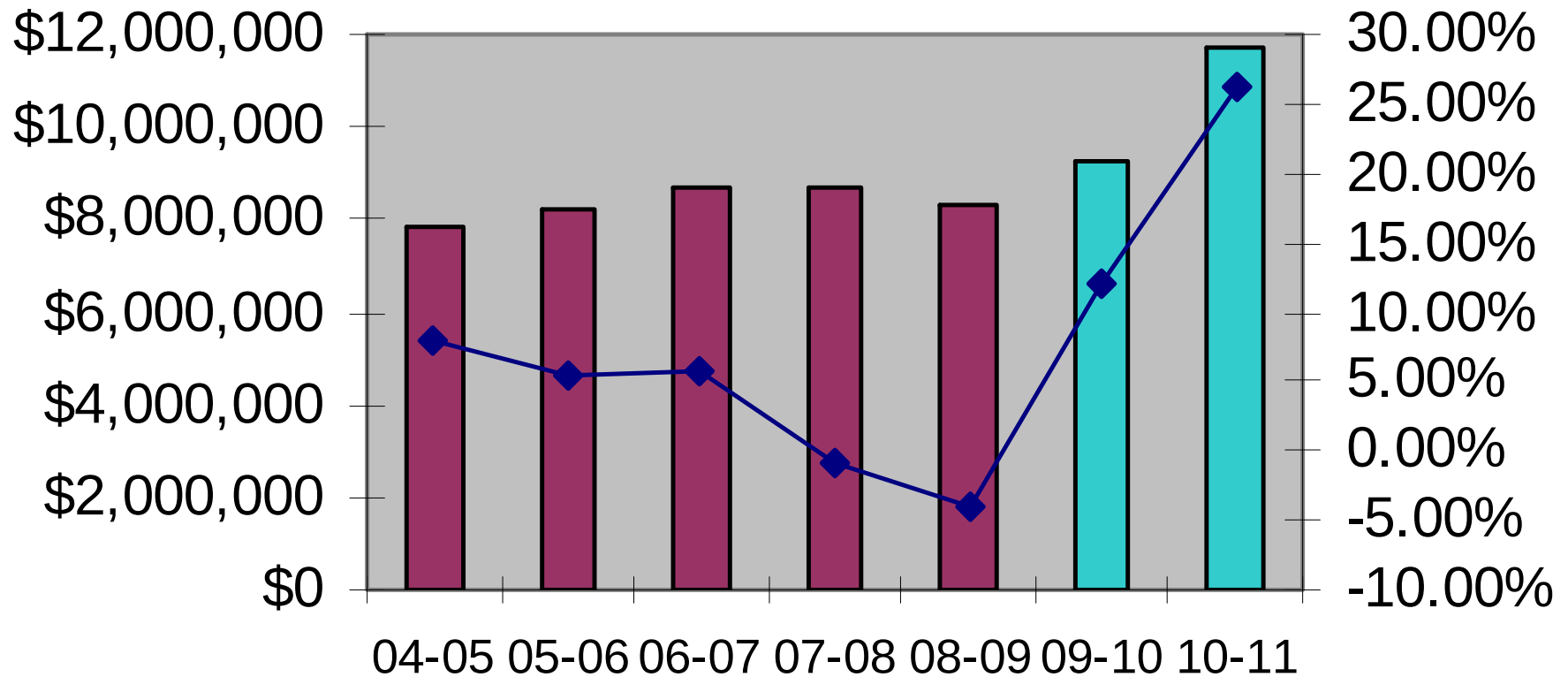
Revenue generation efforts

- \$1.3M grant for physical education
- Grant for security infrastructure improvements
- Increase in donated equipment for technology and TV studio
- Rewrote policy to allow Alumni Association to sell advertising at the Underhill Sports Complex
- Full energy audit
- Ongoing partnerships at the school level

Major Cost Drivers

- Health Benefits – 26% increase
 - Continue Opt- out plan
 - Market coverage to alternative provider not successful
- Student Enrollment
 - Elementary projected to continue to increase
- Special Education Inclusion Program
- Operations and Building Maintenance
 - Continue energy cost control measures

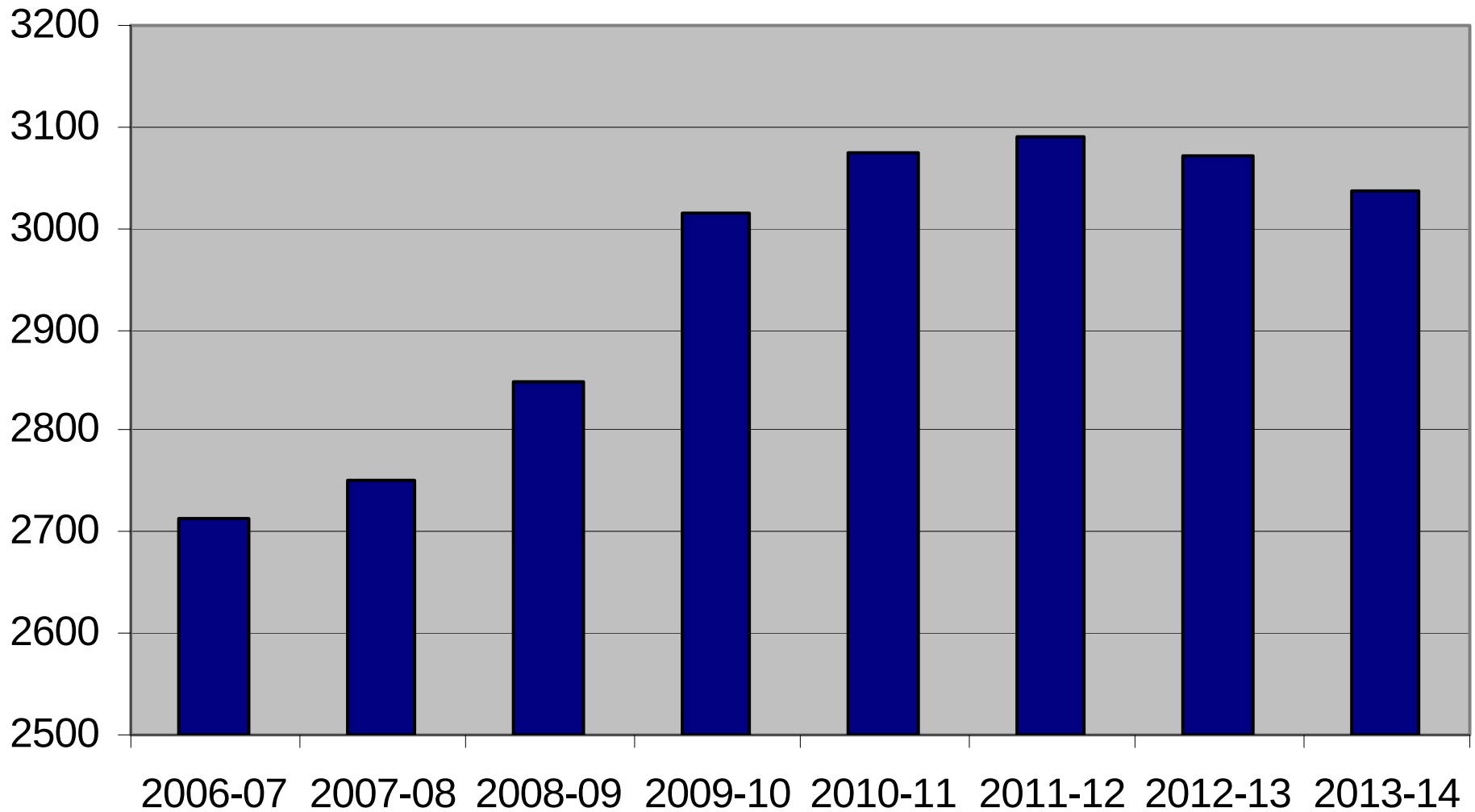
Health Care Cost Trend Analysis



actual cost anticipated cost %age increase

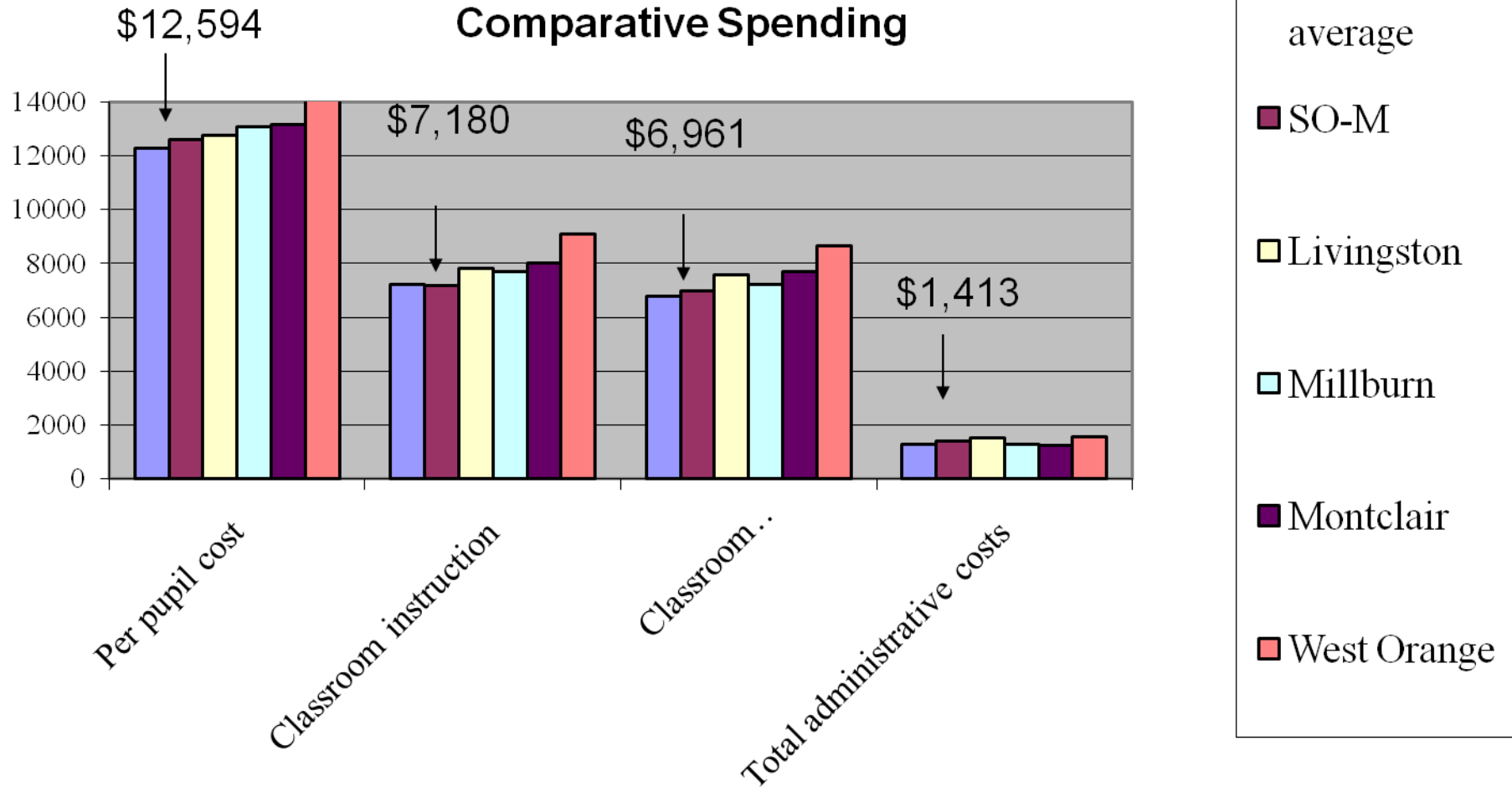
Elementary Enrollment Projections

(06-07 through 09-10 actuals as of October 15)



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

South Orange Maplewood Per Pupil Costs Comparative Spending



Source: Dept. of Education Comparative Spending Guide Actual 2007-08,
released March 2009

The Reality: Fiscal Environment and Revenue Conditions

- Ex-Governor proposed revised spending plan
- Potential state aid reductions
- Reality of local taxpayers ability to pay

Revenue Scenarios Assumptions

Assumption A:	no change to State Aid 4% CAP on local taxes remains
Assumption B:	no change to State Aid 3% CAP on local taxes
Assumption C:	10% reduction in State Aid 3% CAP on local taxes
Assumption D:	10% reduction in State Aid 3% CAP on local taxes 75% surplus to offset state aid no debt service aid

What revenue scenarios could mean for SOMSD

Local Taxes	A	B	C	D
General Fund	98,456,868	97,510,167	97,510,167	97,510,167
Debt Service	<u>3,258,500</u>	<u>3,258,500</u>	<u>3,258,500</u>	<u>3,543,429</u>
Total Tax Levy	101,715,368	100,768,667	100,768,667	101,053,596
Impact (est)	4.0%	3.0%	3.0%	3.0%
w/ debt service	3.9%	2.9%	2.9%	3.3%
Est. State Aid	6,486,960	6,486,960	5,838,264	5,838,264
Est. Revenue Shortfall	\$645,948	\$1,592,648	\$2,241,344	\$4,540,386

The response: Principles for adjusting spending to revenue

- Protect and invest in the classroom
- Retain elementary class size policy levels
- Focus on the core business of preparing all students academically
- Reductions must be sustainable year-over-year – no “tricks” or deferred maintenance
- Transparent and collaborative process

Areas for possible reduction

- Non-mandated pre-kindergarten
- Modify inclusion initiative
- Secondary school scheduling efficiencies
- Administrative restructuring
- Non-mandated programs outside of the core curriculum
- Elongate timeline of curriculum and instruction reforms
- Delay purchases of new textbooks and materials
- Stipends for additional work
- Professional development conference travel
- Technology: freeware for communications and business operations

What next? Budget Calendar

- Wed, Jan 20 Supt introduce/BOE discuss preliminary budget
- Mon, Feb 22 BOE consider preliminary budget
- Mon, Mar 15 BOE consider/adopt preliminary budget to send to Essex Co Supt for approval to advertise
- Wed, Mar 24 BOE/BSE workshop to establish understanding of 2010-11 proposed budget
- Wed, Mar 31 BSE Public Hearing/action to levy 2010-11 school tax
- Mon, Apr 19 BOE adopt 2010-11 budget and action by BSE

All dates are estimates and depend upon NJDOE guidance and requirements. Historically, issuance of state aid figures and CAP calculations follow the Governor's budget address and thus budget submission and approval deadlines may be extended.