

Board of Education Workshop on the 2006-07 School Budget

February 15, 2006

School District of South Orange and Maplewood

Important Dates in this year's budget calendar

11/7/05	BOE meeting: Board receives 2004-05 audit; receives baseline data; discusses analysis topics for upcoming budget season
11/21/05	BOE meeting: Admin. presents 3-year budget projections; Board discusses budget goals and priorities
12/5/05	BOE meeting: Board adopts list of requested budget cost analyses
month of January: Finance Committee presents Budget 101 workshops for PTAs/HSAs	
1/9/06	BOE meeting: Board adopts budget goals and priorities
1/23/06	BOE meeting: Supt. presents preliminary draft budget for 2006-07
month of February: consideration of budget at all Board meetings	
<i>Note: all of the following dates are estimates and depend upon NJDOE guidance and requirements. Historically, issuance of state aid figures and CAP calculations is delayed by one or more weeks in a year when a new Governor takes office.</i>	
2/15/06	BOE Public Budget Workshop
3/6/06	BOE meeting: adoption of preliminary budget to send to County Supt.
3/15/06	Board of School Estimate Public Budget Workshop
3/29/06	Board of School Public Hearing and Action to Set the Tax Levy
4/3/06	BOE meeting: Accept 3/22/06 action of the BOSE



Key Messages of Tonight's Presentation

- This budget preserves what we value most, conforming to Board's budget goals and priorities
- Where possible, we are looking for opportunities to press ahead with our newly-adopted Strategic Plan
- A **maintenance-level budget** for 2006-07 -- preserving all programs and services exactly as we deliver them this year – would cost \$90.66 million -- approximately 10% more than this year's T&E net budget of \$82,490,453
- The **shortfall** – the amount by which our allowable increase in spending **falls short of meeting the needs of our maintenance-level budget** projection (the amount that we're "over" the state-imposed CAP) may run from a "best" case of **\$2.9 million** to a "worst" case of **\$5.7 million**. We're budgeting for a shortfall of **\$3.5 million**



Our budget decision-making process is guided by our desire to:

- Preserve what the community values in our school district as articulated in Vision 2010 – The Five Year Strategic Plan
- Comply with state and Federal mandates to meet the many different needs of all our students
- Comply with revenue raising constraints and expenditure restrictions of S-1701
(see <http://www.somds.k12.nj.us/finance/S1701.pdf>)
- Remain consistent with the Board-adopted Budget Goals and Priorities (adopted January 9, 2006, attached as Appendix A).



How did we get to this point?

- School district expenditures in New Jersey and nationally have risen year after year – our Board’s Finance Committee has documented that in the numerous Budget 101 presentations over the last three years – all of them on the district website at <http://www.somsd.k12.nj.us/finance/budget101home.htm> and <http://www.somsd.k12.nj.us/finance/0607budgethome.htm>
- Our school district’s spending per pupil – by any of the measures available – remains at or below the state average, as well as below most of our neighboring districts.
- Key cost drivers in the budget this year include:
 - health care premiums
 - energy
 - Special Education out-of-district tuitions
 - SOMEA settlement (unknown at this time)



The current situation is no surprise

In the years prior to S-1701, our projected maintenance-level budgets regularly exceeded the spending limitations imposed by N.J.'s CEIFA

- From 2000-01 through 2005-06, we coped with these ***shortfalls in spending authorization*** by achieving cumulative ***reductions from a maintenance-level*** of over ***\$14 million***, even taking into account the Separate Proposals adopted in several of those years by our Board of School Estimate
- Our annual three-year projections, published each November, have repeatedly warned about these trends
See <http://www.somsd.k12.nj.us/finance/3yearprojections.htm>
- Building on the previous two years' budget reports, the Board once again requested information – a set of 14 analysis topics – See Appendix B, attached and <http://www.somsd.k12.nj.us/finance/AllYearsRpts.htm>



Notwithstanding the reductions we're forced to make, this budget *preserves*:

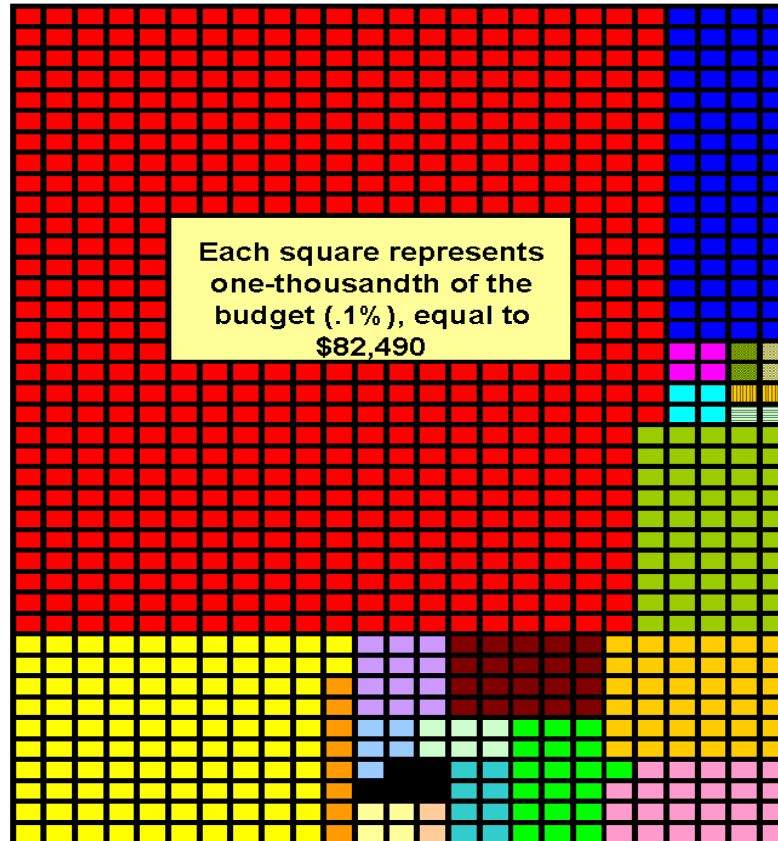
- Class size within policy
- The rich set of offerings at Columbia High School:
 - 1,269 total sections
 - 33 Advanced Placement sections
 - all extra-curricular and athletic activities -- 40 student clubs and 49 sports
- Elementary instrumental music and enrichment programs
- An effective set of intervention efforts to assist students who are below grade level:
 - elementary and middle school Project Ahead
 - Sixth Grade transition cluster
 - Supplemental courses in math and language arts at Columbia
- An effective Special Education department
- A full budget for facilities maintenance

Our projected “best”, “worst” and expected cases:

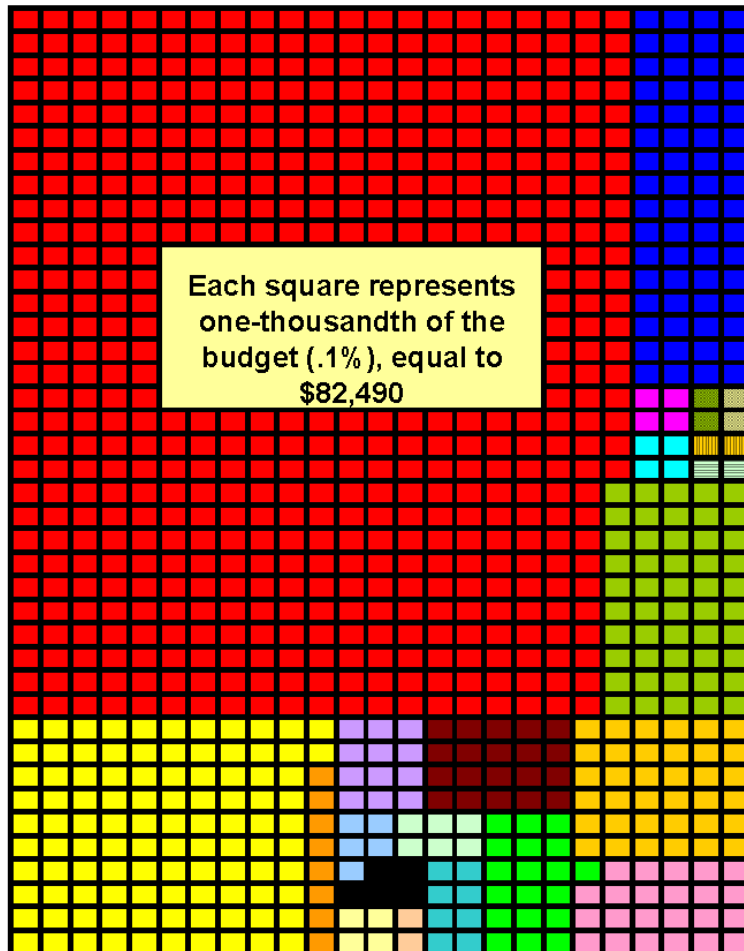
	“Worst” Case	Expected Case	“Best” Case
2005-06 Net T&E Budget	\$82,490,453	\$82,490,453	\$82,490,453
Cap	3%	4%	4%
2006-07 Net T&E Budget	\$84,965,167	\$85,790,071	\$85,790,071
Total SGLAs	\$0	\$1,371,994	\$ 2,000,000
Max. Net T&E Budget Permitted	\$84,965,167	\$87,162,065	\$87,790,071
Projected Maintenance-Level Budget	\$90,144,136	\$90,144,136	\$90,144,136
Required reductions to get under CAP	\$ 5,698,898	\$3,500,000	\$ 2,873,994

2005-06 Maximum Net T&E Budget Permitted:
\$82,490,453

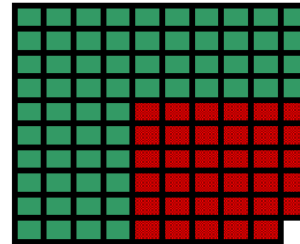
If we think of
this year's
budget as
consisting of
1,000 squares,
then . . .
the 2006-07
maintenance-
level budget
requires *an
additional 99
squares!*



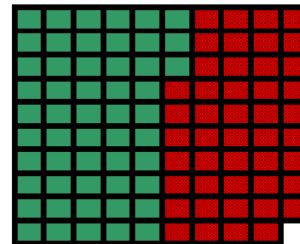
2005-06 Maximum Net T&E Budget Permitted:
\$82,490,453



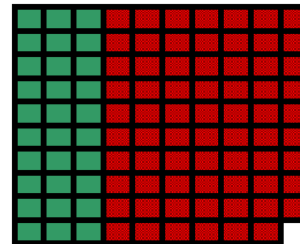
Additional \$8,173,612 required for 2006-07
maintenance-level budget equals
approximately 10% increase, or 99 squares



Best Case: \$2.874 million the
portion over cap (in red) =
34.8 squares



Expected Case: Budget
allowed to grow by \$4.4
million (5.3%). Still \$3.8
million over cap (in red) = 46
squares



Worst Case: \$5.7 million the
portion over cap (in red) =
69 squares



Reductions in programs and services delivered through the General Fund can be done in three ways:

- Achieve efficiencies in support services – measures which do not adversely impact the delivery of education in the classroom
- Eliminate items not mandated or necessary for a Thorough and Efficient (“T&E”) education, as defined by New Jersey law, regulation and core curriculum content standards
- Find alternative delivery methods to meet core curriculum content standards



Our proposed list of savings/reductions:

	Amount
Administrative Consolidation	355,800
Special Education Reorganization (bringing some students back into district)	784,000
Staff reductions due to enrollment and other efficiencies	316,800
Curtail some professional development activities	47,000
Contract for Elementary lunch supervision services	359,750



Additional proposed savings/reductions (continued)

Contract for CHS security services	132,000
Reorganize Technology Support	161,000
Expand contracted custodial services	477,490
Close Montrose facility	611,660
Eliminate Elementary World Language program	254,500
Total, all proposed reductions	3,500,000



In spite of the difficult situation, we are presenting a modest Separate Proposal, to address key Strategic Plan objectives

1. Expand pilot of Full Day Kindergarten to include one class at Seth Boyden, in support of Strategic Plan Objective
 - .5 teacher FTE (average salary + benefits) \$ 42,000
 - Equip one classroom \$ 15,000
 2. Director of Academic Equity and Achievement
 - One administrative FTE (average salary + benefits) \$140,000
 3. Re-Registration of Enrolled Students (to assure that all students are entitled to attend SOMSD schools) \$100,000
 4. Increase number of social workers at the middle school \$84,000
- Total \$381,000



Tax Impact of Proposed Budget

- Without Separate Proposal:
 - 6.12% (est.)
- With Separate Proposal:
 - 6.59% (est.)



Next Steps *

- I ■ Complete and deliver remaining budget reports and analyses
 - Solicit input from all stakeholders: parents, staff, students
 - 2/27: Conduct budget discussion with the Board of Education
 - Receive precise determination of budget CAP and SGLA figures from DOE
 - 3/6: Adopt preliminary budget to send to County Superintendent
 - 3/15: Board of School Estimate budget workshop
 - 3/21: Receive state aid figures from DOE after Governor's budget address
 - Adopt final budget; deliver to Board of School Estimate for adoption on 3/29

* Dates subject to change pending NJDOE direction.



Summary

- **In the face of severe constraints, this budget preserves what we value most and proposes modest progress on some Strategic Plan goals**
- **We have identified possible significant savings for future budgets:**
 - Additional return of out-of-district Special Education students
 - Generation of solar power to offset substantial amount of our electricity consumption
 - Transfer of funding for community use of schools out of the school district's general fund budget to a separate governmental authority
- **We invite community comment and feedback**



Appendix A:

Budget goals and priorities for 2006-07 Budget (Resolution 2050A, adopted 1/9/06)

Goals: Subject to the constraints and requirements in S1701 as outlined in Board Resolution 1913, the Board of Education remains committed to goals outlined below:

- Provide educational programs and services that enable all students to succeed.
- Manage systemic changes that will increase the efficiency and cost effectiveness of operations.
- Continue maintenance and capital improvement efforts according to our long-term plan while managing debt service to minimize tax impact.
- Remain competitive with comparable public and private schools.
- Achieve a common understanding between the community, the board, the administration and staff regarding the budget and the rationale supporting it.



Board-Adopted Budget Goals and Priorities (cont.)

Priorities: Subject to the constraints imposed by S1701, we endorse these priorities in our attempt to preserve and maintain our educational program.

- Increase achievement for all students in language arts literacy and mathematics. Enhance efforts that develop preparedness early in students' academic careers.
- Give preference to resource allocations that result in efficiencies sustainable over multiple years in light of legislative limitations of spending growth.
- Strive for class sizes that best support the developmental and educational needs of students.
- Preserve the range and capacity of elective offerings at Columbia High School to meet the scheduling needs of a growing enrollment and ensure all students have access to challenging courses.
- Continue to provide programs and services that support the goal of maintaining integrated schools.



Board-Adopted Budget Goals and Priorities (cont.)

- Consistent with our Strategic Plan's call to address the racial Achievement Gap, and in keeping with the mandates of the No Child Left Behind act, sustain support for the range of district academic interventions for all students who are below proficiency on standardized tests and ensure that expenditures are concentrated on those programs with demonstrated effectiveness in improving student performance.
- Continue efforts to improve the cost effectiveness of special education programs.
- Defer non-essential facilities maintenance: maintenance of facilities that improves safety, health and cleanliness of school buildings is a key element of Goal 3 of our Strategic Plan and is essential to delivery of the education program and must be adequately funded in the operating budget. In the current financial climate, we should avoid expenditures from the operating budget on maintenance that addresses cosmetic issues.
- Scale back technology services to a level that the district is capable of adequately supporting and sustaining.
- Give priority to sustaining delivery of educational programs and services (including extracurricular activities) over continued operating budget expenditures that subsidize community use of the schools.
- Ensure consistency between the proposed budget and the budgetary and academic goals of the Strategic Plan.



Appendix B:

Board-Adopted List of Budget Analysis Topics for 2006-07 Budget

See <http://www.somsd.k12.nj.us/finance/AllYearsRpts.htm>

1. Report on the adequacy and effectiveness of CHS security and propose alternatives.
2. Report on the effectiveness and cost savings of outsourced custodial services and recommend whether we should expand, reduce or maintain the scope of the effort.
3. Report on the cost and uses of technology, distinguishing between administrative and student computing, reporting on our effective installed base (i.e., precisely how many client computers we have in working order, which are in use and their type, age and remaining years of use, together with the total cost per seat for supporting them, where total cost includes human support, maintenance contracts and the annualized cost of renewing our desktop hardware at some recommended frequency).



Board-Adopted List of Budget Analysis Topics for 2006-07 Budget (continued)

4. Update and expand the report on the cost of athletics and extracurricular activities, including, where possible, expenditures resulting from parent/team fundraising efforts. Explore the feasibility of implementing a student activity fee to defer some of the cost.
5. Explore the feasibility of further reductions in administrative expenses, including, but not limited to, Central Office expenses.
6. Revisit prior year transportation analyses in search of additional transportation efficiencies. Report on possible savings from efficiencies as well as possible savings from selected reduction in non-statutory transportation service.



Board-Adopted List of Budget Analysis Topics for 2006-07 Budget (continued)

7. Report on the effectiveness of this year's effort to bring additional special education services back in-district and explore the feasibility of additional in-district services which might reduce out-of-district tuition costs.
8. Analyze what net savings, if any, might result from changes to delivery of the CHS Alternative Program.
9. Revisit and expand last year's report on the cost of community use of the schools and propose alternatives allowing the district to recoup more of the total real cost of supporting these activities.
10. Revisit possible net savings from alternative delivery of various elementary special programs, including World Language, Project Ahead, Instrumental Music and Enrichment.



Board-Adopted List of Budget Analysis Topics for 2006-07 Budget (continued)

11. Explore possible short-term/long-term approaches to achieve additional reductions in energy costs beyond those realized during the prior 5-year conservation period.
12. Explore the feasibility of continuing the full-day Kindergarten pilot at Clinton School for the 2006-07 school year.
13. Analyze the net savings in legal costs resulting from employing in-house counsel.
14. Report on typical maintenance expenditures over the last few years; explore opportunities for savings in the 2006-07 school budget.