

School District of South Orange and Maplewood, New Jersey
525 Academy Street, Maplewood, NJ 07040

March 7, 2005

**Message from Superintendent Peter Horoschak on the
2005-2006 PRELIMINARY SCHOOL DISTRICT BUDGET
(Revised)**

On Monday, January 24, 2005, the South Orange/Maplewood Board of Education was presented with the preliminary 2005-06 school district budget. The initial budget estimate was revised at the February 23, 2005 Budget Workshop, to comply with the requirements of State Law (S1701), which severely limits the amount of resources that can be raised locally to fund educational programs and support the operations of our school district. In an era of diminishing resources, a stressed local property tax base and increasing state and federal mandates, this budget presents the Board, staff and community with real challenges to maintain a high quality educational program.

To maintain a level of programming and operations in 2005-06 comparable to 2004-05, we project we would require a general fund budget of at least \$85,131,713. This is an amount \$1,620,105 greater than the estimate given at the January 24, 2005 budget presentation. Revised projections to fund pensions, workman's compensation, insurance premiums and various special education requirements, were added to the expenditure side of the budget proposal. On the revenue side of the budget, the maximum net T&E budget permitted (also known as the budget CAP), is restricted for 2005-06 to an increase 3.01% over the 2004-05 general fund budget, plus \$1,212,062 in statutory growth limitation adjustments, resulting in a net T&E budget of \$82,490,453.

In my message of January 24, 2005, it was estimated that the level of spending reductions required to conform with the limitations of S1701 was \$2.2 million to \$2.4 million. The precise amount of reductions required was not known until we completed our own budget analyses and performed an exact budget CAP calculation using the regulations and software provided by the N.J. State Department of Education. That calculation has resulted in a revised total expenditure reduction of approximately \$3.2 million. The central administration was guided in its budget reduction recommendations by in-depth analyses of ten areas of expenditure, which were requested by the Board of Education. These analyses are posted on the district's website at: <http://www.somsd.k12.nj.us/finance/0506budgethome.htm>.

The proposed preliminary budget for 2005-06 is intended to comply with the restrictions and mandates imposed by the State, while continuing to preserve the strength and vitality of our school district. Budgets in recent years have witnessed reductions in staffing and other resources, while the total school enrollment has leveled off and is projected for next year to be approximately the same as this year (6,300 students).

The revisions made to the budget recommendations as presented at the February 23, 2005 Board workshop resulted in a significant change in custodial operations for next year. Previously, the district's plan was to replace custodians employed by the school district with contracted custodial services through attrition only. The current proposal is to reduce the district-employed custodial staff by 50% and to expand contracted custodial services at the three secondary schools, the central office and the Montrose facility. This decision is anticipated to generate a net savings of slightly more than \$1 million. A net savings of this magnitude can only be achieved through major changes in district operations or adjustments to instructional services for students. We have chosen to make changes in district operations by accelerating the transition to contracting for custodial services for the following reasons:

- The impact of reducing direct services to students (such as increasing maximum class size and thus reducing teaching staff) should be considered only as a last resort.
- The commitment to replace the district-employed custodial staff with contracted services only through attrition was made prior to the enactment of S1701, which has severely impacted the district's ability to raise revenue and to plan needed changes in expenditures.
- The district has had a very successful experience in contracting for food services, and it is believed that an equally successful experience will result from contracting for custodial services.
- Cutbacks in spending over the past four budget periods have exhausted the district's ability to make modest decreases among many budget lines to achieve the level of cost reduction demanded by S1701.
- Although the amount of State aid for the school district has not been increased, the State has continuously increased instructional mandates, which fall on the district to fund.

The reductions in operations, services and program expenditures are summarized in the following chart. The dollar amount for full-time equivalent positions (FTEs) is a combination of the average salary for the position plus the cost of benefits. For example, the average cost of one full-time equivalent teacher (FTE) including benefits is \$79,800.

DESCRIPTION	AMOUNT
1. Several scenarios of potential savings from changes in scheduling and class size were analyzed; first, with current class size policies in effect; second, with increasing class size by one to five students; and third, increasing class size to insure at least one reduction in the number of sections at each elementary grade in each school. The preliminary budget proposal assumes compliance with the current class size policy. The other options were rejected for having too severe an impact on the ability of teachers to provide instruction in a diverse school setting; although, increasing maximum class size by one student will be considered if further FTE reductions are required. (FTE=a full time equivalent staff position.) Due to enrollment changes at the elementary and middle schools, the following FTE reductions were proposed in the preliminary budget:	
• 4.5 FTEs elementary classroom teachers due to enrollment changes	(\$359,100)
• 6.5 FTEs special subject area teachers (<i>1.8 FTEs in Art, 1.9 FTEs in Vocal Music and 2.8 FTEs in Physical Education</i>). These occur due to the reduction in regular education classrooms and improved scheduling of the special teachers' day-to-day assignments.	(\$518,700)
• 2.0 FTEs between the two middle schools due to reduction in enrollment	(\$159,600)
• 1.0 FTE in French language instruction between the two middle schools which will defer the selection for French from grade 7 (1/2 year of instruction) to grade 8 (full year of instruction). Spanish will continue to be offered in grades 6, 7 and 8.	(\$ 79,800)
• 1.0 FTE in Physical Education (Dance Instruction) at the middle school level. This program has had limited success due to the lack of suitable space to deliver the instruction.	(\$ 79,800)
<u>Note:</u> Due to a projected enrollment increase in grades 9-12 and a Board policy requiring high school students to take 35 credits/year, no reduction in FTE's is planned for Columbia High School.	

DESCRIPTION	AMOUNT
2. From the perspective of improved efficiency, we examined the potential for additional savings through the expansion of custodial outsourcing. This year, four district facilities (the two middle schools, the Montrose building, and the central administration/Board office building) received custodial services through a private contractor, ARAMARK. Three re-deployment options for custodial services were discussed for next year. Accelerating the schedule to contract out custodial services will result in a 50% reduction of the custodial workforce (24 custodial employees), for a net savings exceeding \$1 million in salaries, benefits and custodial supplies.	(\$1,108,700)
3. An examination of the potential for additional administrative efficiencies and reduction of administrative headcount resulted in the recommendation to defer filling currently open positions. During the past several years, administrative staff has been significantly reduced, requiring the duties and responsibilities of those positions which were eliminated, to be reassigned to other administrators. In 2004-05 alone, the four, K-8 curriculum supervisor positions were cut and the Director of Special Services position went unfilled. In the 2005-06 preliminary budget presentation of January 24, 2005, deferring the selection of a new principal at Clinton Elementary School was proposed, with an Assistant Superintendent and elementary school supervisor managing the leadership and administrative responsibilities at the school. However, the Clinton School community responded by viewing this proposal as diminishing the administrative resources available to the school. Therefore, the proposal was withdrawn and the principal's salary was reinstated in the budget. As a result, an administrative reduction in the area of school operations is recommended, with the duties of that position reassigned to other administrative staff.	(\$ 76,800)
4. The deployment of secretaries in the district continues to be reviewed. Although secretarial staffing in the schools will remain constant, at least two secretarial positions (2.0 FTEs) will be deleted from non-school based departments.	(\$ 114,000)
5. The delivery of all student support services by non-certified aides has been analyzed. Fifty-nine (59) aide positions provide instruction to special education, English as a Second Language, and regular education students. Another seventy-one (71) aides serve as lunch aides and bus aides. Although at least two instructional aide positions (2.0 FTEs) will be reduced in the budget, more aide positions will likely be required for special education classes, with their costs offset by a savings in out-of district tuitions.	(\$ 76,800)

DESCRIPTION	AMOUNT
6. Some of the most substantial savings must be found in the area of special education. A thorough analysis of special education costs has been completed, which includes the cost of tuition to send students to specialized schools outside our district. Any savings resulting from a decrease in tuition expenditures must weigh the cost of providing the service in-district and the district's ability to house the programs, with satisfying all conditions of students' IEPs (Individualized Education Plans). Two additional classes will be established in-district for elementary students classified with autism, with the costs for implementing such programs offset by a reduction in tuition expense. Also, part of the cost of providing counseling services to students whose IEPs require the service will be saved by reassigning the outsourced caseloads to social workers currently on our staff. Other cost saving opportunities in special education services will be derived from a reduction in the cost of transportation for out of district placements.	(\$440,652)
7. Technology improvements scheduled for implementation in 2005-06, such as the music tech lab, will be deferred.	(\$146,252)

The Board requested additional analyses of other areas of school district programming and operations; however, these analyses have yet to yield additional savings. Various costs associated with athletics and co-curricular and extracurricular activities, which are of great importance and benefit to the students and to our community, were analyzed, but no reductions are recommended. It should be noted that the analysis of community use of the schools demonstrates that the school budget carries many costs, which do not directly support the K-12 educational program, but are of significant benefit to the community.

Community members are encouraged to address their suggestions or concerns regarding the preliminary budget to the Board of Education. The Board of Education is scheduled to adopt the preliminary 2005-06 budget at its regular meeting on Monday, March 7. The Board of School Estimate is tentatively scheduled to act on the 2005-06 School District Budget on Wednesday, March 23rd at 7:00 pm. Individuals and groups may also share their opinions, in writing, with me and the Board by mailing letters to me at 525 Academy Street, Maplewood, NJ 07040, or e-mailing letters to ssommer@somsd.k12.nj.us.

PPH/sas