

OUR FUTURE: A COMMUNITY BUDGET FORUM

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March 18, 2025



Overview

- ▶ Understanding the Budget Deficit
- ▶ Exploring the Options:
Choices for Our Community
- ▶ Community Input & Next Steps






Current Landscape of Public Education



2025 is the “Most Disruptive Time in Public Education”

- **Convergence of Factors**

- Long-Term Impacts of COVID
 - Escalating Mental Health Crisis
 - Looming Teacher Shortage
 - Rising Prices of Goods & Services
 - Continued Search for Solutions to School Security
 - Local Budget Crisis (Local Fair Share)
 - Potential Elimination of the National Department Of Education
- 



Understanding the Budget Deficit

Bottom Line Up Front

- ▶ 1 Year Ago- February of 2024
Lost **(\$806,086) (8.9%)** in total state aid
45% **\$362,379** was later restored to minimize staffing cuts
- ▶ 1 Year Later- February of 2025
Lost the 3% maximum amount of **(\$274,706)** and the previously restored amount of **\$362,379**, totaling a one-year loss of **(\$637,085)**
- ▶ Two-Year Reduction of **(\$1,080,792)**
- ▶ An additional \$1 million reduction is “predicted” in future years.

The State Funding Formula Deems our Community's Local Fair Share Insufficient, Utilizing Aggregate Income as the Key Metric





Critical Issue



We are facing a significant budget deficit, between \$2- \$4 million.



The District's state aid has drastically decreased, **returning to 2009 levels**, while operational costs have significantly increased.



Compounding the Issue: 2024-25 Budgetary Reductions

- **Staffing & Programming Reductions**

- No Textbook purchases
- Cut all Permanent Substitute Positions
- Reduction in Supplies

- Eliminated Curriculum Purchases
- No External Instructional Training
- Increased Tuition for Non-Resident Students & Preschool





Others Factors Driving the Deficit



Decrease in Fund Balance

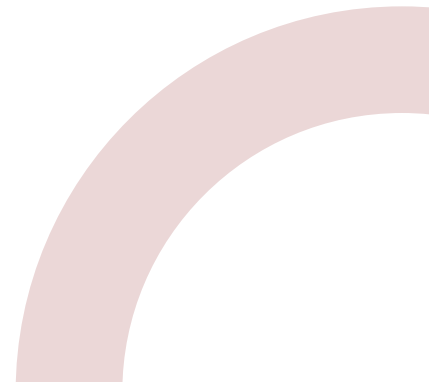
- \$700,001

(Decreased; fund balance was utilized to balance the budget)



Increasing Costs

- | | |
|----------------------------|-----------|
| • Regular Education | \$871,411 |
| • Special Education | \$646,506 |
| • Out of District | \$292,217 |
| • Operations & Maintenance | \$287,057 |
| • Transportation | \$462,466 |
| • Benefits | \$580,466 |





Adding to the Deficit



Withdrawn State Support

Loss of **\$362,379** reversing prior funding restoration for staff and student support.

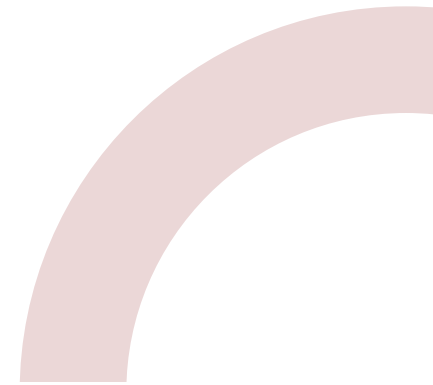


Back-to-Back Troubles

FY25
140/578 schools lost
funding (25%)

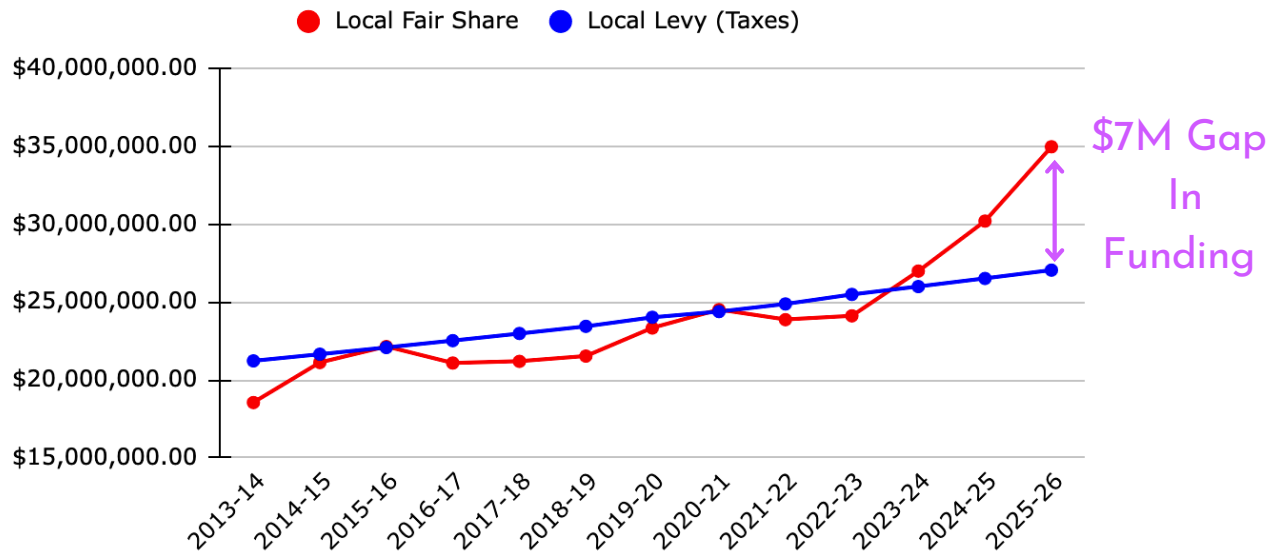
FY26
177/576 schools lost
funding (31%)

**We are 1/47 Districts that lost funding in
consecutive years**



Concerning New Trend

Local Fair Share, Local Levy (Taxes) and Total K-12 State Aid, Haddon Township



▶ Instead of taxing the community \$34 million, we are taxing at \$28 million. According to the State, our community is not paying its fair share, so the State is removing funding

▶ Extrapolation of current State formula data reveals a concerning and widening gap between local tax levy and fair share.

Excess Surplus is Calculated at year end for the subsequent year's budget; ie 23-24 is used for the 25-26 budget



2025-26 Decrease In State Aid

▶ Where are we?

- We have been able to isolate the issue in the state's formula- aggregate income (total income for the community) according to the state aid calculation we should be taxing the community at 31% to match our “fair share”
- Temporary Relief: With the State’s cap on reduction; aid cannot be reduced by more than 3%
- **If not for the state aid cap, our projected funding for next year would be equivalent to what we received in 2009.**

Potential Loss in State Aid

Under the current formula,
our projected loss in aid
should be
\$1,340,612 or 14.6 %

Total State Aid: \$7,816,238

Adjusted State Aid

The capped reduction is
\$274,706

Adjusted State Aid: \$8,882,144



**Exploring the
Options: Choices
for Our Community**



Current Actions & Considerations (HTSD)



Potential Strategies

- Ask all vendors to reduce costs by 10%
- Borrow against the referendum
 - Lower Recchino \$1.6M budgeted- potential to borrow against this to delay/minimize cuts and tax increase.
- \$500K in unemployment benefits- this money will need to be paid out if those are laid off- some of these funds could be used to pay active employees
- Ability to utilize Interest in the Bond Investment
- Lobby the State for permission to utilize \$337,000 in Capital Reserve
- Utilize banked cap to participate in new state program aiming to distribute \$20million to over 100 districts.

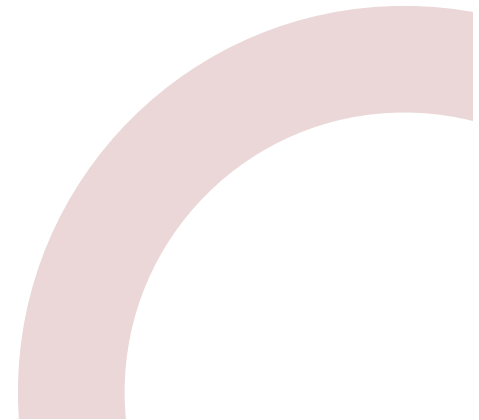




Additional Considerations



- Sell School Bus Fleet for Lump Sum
- Return to Half-day Kindergarten
- Sell the Board Office for Lump Sum
- Revisit Elementary School Configurations *(2026-2027 Implementation)
- Budget is due to the County on March 19th



Option 1: Flat 2% Tax Increase

THE SOLUTION

- **Local Tax Rate:** \$26,512,424 for FY25
- **Maximum Tax Levy Increase:** 2% or \$530,248
- **Total Tax Levy for FY26 =** \$27,042,672

TAXPAYER

Average Assessed Home = \$455,910

School Portion of Taxes = \$4,744.17

Monthly Increase = \$7.75

Yearly Increase = \$93.02

THE CHALLENGE

**A flat 2% tax increase
would result in a
\$4 million budget
shortfall**



**Numbers are approximate values based on the 2025 assessed value of homes*

Option 2: 9.3% Tax Increase

THE SOLUTION

- **Local Tax Rate:** \$26,512,424 for FY25
- **Maximum Tax Levy Increase:** 9.3% or \$2,475,769
- **Total Tax Levy for FY26 =** \$28,988,193

TAXPAYER

Average Assessed Home = \$455,910

School Portion of Taxes = \$5,085.48

Monthly Increase = \$36.19

Yearly Increase = \$ 434.33

THE CHALLENGE

A 9.3% tax increase including \$1.9 million in banked cap, results in a Shortfall of between \$1 and \$2 million, with the precise amount dependent on state participation



**Numbers are approximate values based on the 2025 assessed value of homes*

Option 3: 17.4% Tax Increase

THE SOLUTION

- **Local Tax Rate:** \$26,512,424 for FY25
- **Maximum Tax Levy Increase:** 17.4% or \$4,617,266
- **Total Tax Levy for FY26 =** \$31,129,690

TAXPAYER

Average Assessed Home = \$455,910

School Portion of Taxes = \$5,461.16

Monthly Increase = \$67.50

Yearly Increase = \$ 810.02

THE CHALLENGE

A 17.4% tax increase plus the 1.9 million in banked cap from previous years would result in a balanced budget for 2025-2026, assuming no change to Federal Aid.

Would Require a State-Endorsed Pathway

**Numbers are approximate values based on the 2025 assessed value of homes*



Path to Reach Local Fair Share: 31.8% Tax Increase

THE SOLUTION

- **Local Tax Rate:** \$26,512,424 for FY25
- **Maximum Tax Levy Increase:** 31.8% or \$8,433,702
- **Total Tax Levy for FY26 =** \$34,946,126 (Local Fair Share)

TAXPAYER

Average Assessed Home \$455,910
School Portion of Taxes = \$6,130.69
Monthly Increase = \$123.30
Yearly Increase = \$ 1,479.55

THE CHALLENGE

If the district were able to increase taxes to match the fair share determined by the state, it would close the gap and result in a **\$3,816,436 surplus**

Would Require a State-Endorsed Pathway

**Numbers are approximate values based on the 2025 assessed value of homes*



Community Input and Next Steps

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Flat 2% Tax Increase

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Full Local Fair Share:

31.8% Tax Increase

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Total Tax Levy for FY26 = \$34,946,126 (Local Fair Share)

Avg. Assessed Home = \$455,910
School Portion of Taxes = \$6,130.69
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Thank you!

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