



Middletown Township Board of Education

Final Budget Presentation
April 30, 2025



2025-2026 Final Budget Summary

Changes at final budget public hearing

- The Board approved the submission of an application to the NJDOE for the tax levy incentive program. This program allows the district to increase its tax levy. In addition, the NJDOE will allocate additional state aid as an incentive to districts to utilize this program.
- The district qualifies for this program because its budget was determined to be “under adequacy”.

Changes at final budget public hearing

- The final budget proposed includes \$8,372,956 in additional tax levy and \$418,648 in additional state aid funds as allowed by the tax levy incentive program.
- The utilization of the additional budget funds includes:
 - Replace savings from school closures/consolidation that was included in the tentative budget
 - Maintain current class size caps of 25 for elementary and 28 for secondary
 - Maintain interventionist positions to support student instruction
 - Maintain special education positions to support student instruction
 - Maintain maintenance positions for facilities support
 - Restore some technology replacements previously eliminated from budget
 - Replenishment of fund balance to 2% as required by the NJDOE
 - Deposit of the \$418K in state aid in maintenance reserve since this is non recurring revenue

Proposed Budgeted Revenue

	2024-2025	2025-2026	Change \$	Notes
Tax levy	\$160,435,093	\$176,634,681	\$16,199,588	10.1% increase in the tax levy; includes use of health care cost adjustment, banked cap and tax levy incentive program increase
State aid	\$13,990,074	\$15,248,130	\$1,258,056	State capped aid increases at 6%; formula aid amount was \$2.1 million more; include \$418k of additional aid from tax levy incentive program
Projected extraordinary aid	\$1,700,000	\$1,800,000	\$100,000	Estimate; 2024-2025 aid will not be known until July 2025
Other local sources and interest	\$1,503,003	\$1,781,499	\$278,496	Includes interest, tuition, enterprise activities, refunds of prior year expenses, rental fees
Special Education Medicaid Initiative (SEMI) reimbursement	\$239,002	\$33,340	(\$205,662)	State provides the projected amount
Transportation revenue from other districts	\$523,180	\$250,000	(\$273,180)	Based on anticipated joined routes with other districts
Sub-total operating revenue only	\$178,390,352	\$195,747,650	\$17,357,298	Increase in operating revenue is 9.73%

Proposed Budgeted Revenue

	2024-2025	2025-2026	Change \$	Notes
Sub-total operating revenue only	\$178,390,352	\$195,747,650	\$17,357,298	Increase in operating revenue is 9.73%
Non-recurring revenue supporting operating expenses:				
Use of fund balance	\$1,641,763	\$0	(\$1,641,763)	Unreserved fund balance is now below 2%
Use of capital reserve	\$200,000	\$0	(\$200,000)	
Use of maintenance reserve	550,000	\$0	(\$550,000)	
Sale of property	\$2,500,000	\$0	(\$2,500,000)	Sale of Port Monmouth property
Total	\$183,282,115	\$195,747,650	\$12,465,535	Increase is 6.80%

Summary of Proposed Budgeted Expenses

	2024-2025 Budget	2025-2026 Projected	Change \$	Change %
Regular Programs - Instruction	\$61,953,221	\$68,537,622	\$6,584,401	10.6%
Total Special Education - Instruction	\$22,058,799	\$20,410,463	(\$1,648,336)	(7.47%)
Total Co-Curricular, Athletics, After School and Summer programs	\$2,565,069	\$2,687,176	\$122,107	4.76%
Total Tuition	\$5,492,504	\$6,118,779	\$626,275	11.4%
Attendance, Health, Related Services, and Guidance	\$9,994,068	\$10,287,639	\$293,571	2.94%
Other Student Support Services - Special Education (CST)	\$6,978,494	\$7,546,094	\$567,600	8.13%
Improvement of Instruction, Staff Training, Media Services	\$2,021,421	\$1,983,072	(\$38,349)	(1.90%)

Summary of Proposed Budgeted Expenses (cont.)

	2024-2025 Budget	2025-2026 Projected	Change \$	Change %
School, District, Central and IT Administrative Costs	\$11,349,431	\$11,314,258	(\$35,173)	(.31%)
Operation and Maintenance of Plant (includes security)	\$17,291,998	\$16,844,539	(\$447,459)	(2.59%)
Student Transportation Services	\$13,504,152	\$14,320,652	\$816,500	6.05%
Employee Benefits	\$29,489,625	\$33,182,595	\$3,692,970	12.5%
Capital Outlay	\$423,320	\$1,172,888	\$749,568	177.1%
Transfer of funds to charter schools	\$158,513	\$160,000	\$1,487	.9%
Transfer to capital and maintenance reserve	\$1,500	\$419,398	\$418,648	278.6%
Mandatory replenishment of fund balance	\$0	\$762,475	\$762,475	
Total Budget	\$183,282,115	\$195,747,650	\$12,465,535	6.80%

Operating budget changes over time

2011-2012 operating budget exclusive of capital expense: \$142,733,509

2025-2026 proposed operating budget exclusive of
capital expense and fund balance replenishment: \$193,392,889

Increase over 14 yr. period \$50,659,380

This equates to a total operating budget increase of 35.5%, or an average of **2.5% per year**. CPI over the same period has increased 39%, or an average of 2.79%.

Non recurring revenue

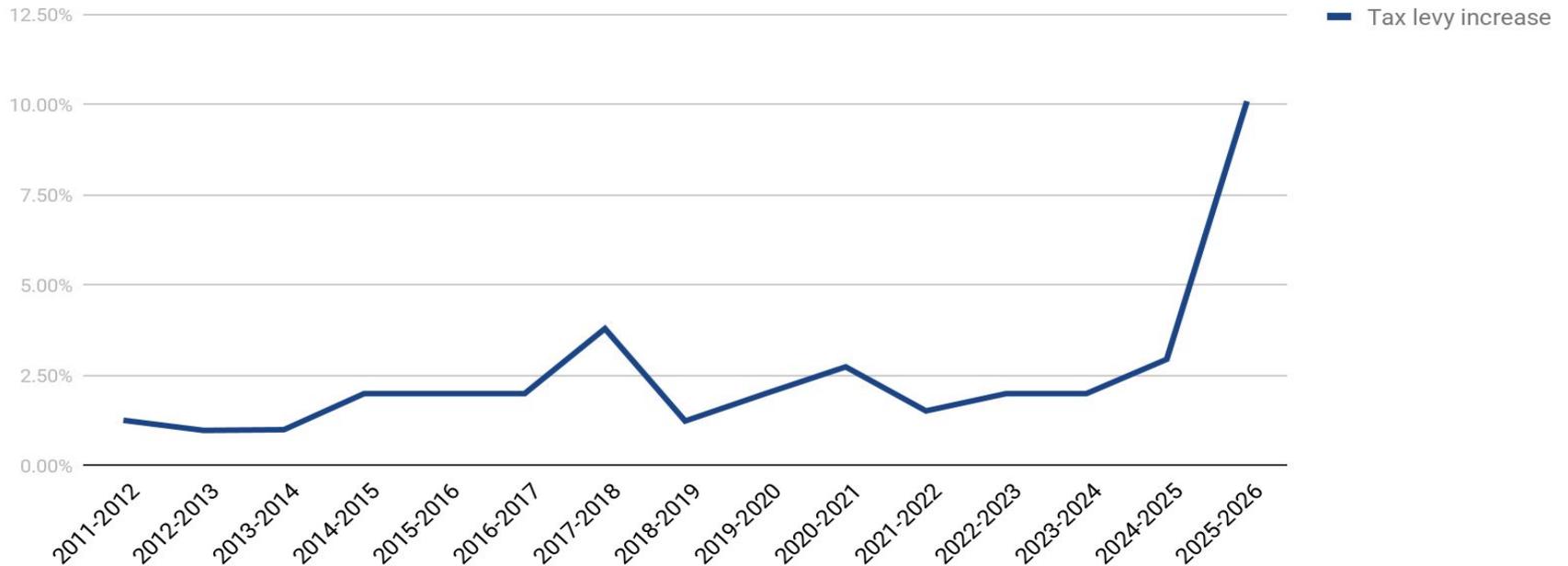
The financial picture for the past four years includes funding that is not available for our budget this year.

2024-2025	Sale of Port Monmouth	\$2,500,000
2024-2025	Use of fund balance	\$1,641,763
2024-2025	Use of maintenance reserve	\$550,000
2023-2024	SDA Emergent Needs	\$218,844
2023-2024	Use of fund balance	\$5,078,890
2023-2024	Liquidation of legal reserve	\$2,289,240
2023-2024	Pandemic funding	\$317,942
2023-2024	ACSERS aid	\$610,367
2022-2023	Stabilization and other aid	\$2,187,769
2022-2023	ACSERS aid	\$525,498
2022-2023	SDA Emergent Needs	\$220,940
2022-2023	Pandemic funding	\$1,700,206
2021-2022	Use of maintenance reserve	\$693,452
2021-2022	Use of fund balance	<u>\$989,299</u>
Total		\$19,524,210

This averages approximately \$4.8 million per year.

Additionally it is anticipated that the district will need funding from its insurance reserve for 2024-2025 to cover claim expenses.

Tax Levy Increases 2011-2012 to 2025-2026 (proposed)



Average tax levy increase since the implementation of the 2% cap in 2011 is 2.5%.

2025-2026 Proposed Tax Levy

The proposed increase in the tax levy for 2025-2026 is 10.1%. This is comprised of:

Allowable regular increase in tax levy:	2.00%
Adjustment for increase in health care costs:	1.70%
Utilization of banked tax levy cap (from 23-24):	1.18%
Tax levy incentive program increase	<u>5.22%</u>
	10.1%

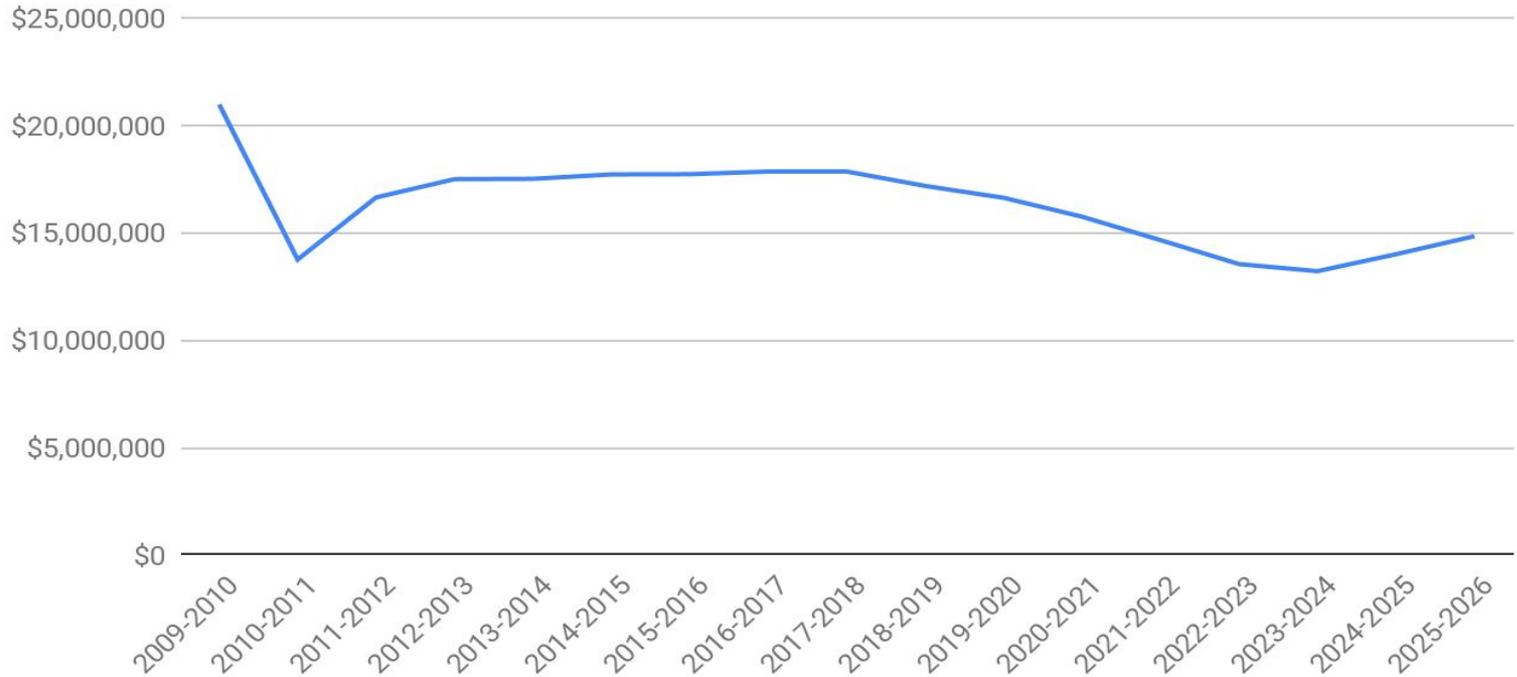
The district will have no banked tax levy cap remaining for future year carryover.

General and Debt Service Fund tax levy impact at 10.1% general tax increase School tax only*

2025 Avg. Assessed Value of home: \$728,537 (2024 value was \$653,900)	2024-2025	2025-2026	Annual change	Monthly change
Operating tax impact	\$6,324.66	\$6,989.30	\$664.64	\$55.39
Debt service tax impact	\$206.72	\$207.67	\$.95	\$.08
Total	\$6,531.38	\$7,196.97	\$665.59	\$55.47
Total tax rate (General and debt service)	.999	.988	(0.011)	
*Not official tax assessor calculation				

State Aid - 2010-2011 to 2025-2026

State Aid



State Aid

Senate Bill S2 laid out a plan to reallocate state aid for school districts over a seven year period starting with the 2018-2019 budget year through the 2024-2025 budget year. Below are the changes in our state aid over that seven year period.

2018-2019	-5%	(\$314,578) Reduction from March 2018 state aid amount was \$1,177,977
2019-2020	-13%	(\$552,572)
2020-2021	-23%	(\$880,035)
2021-2022	-37%	(\$1,211,017)
2022-2023	-55%	(\$993,183)
2023-2024	-76%	(\$329,953)
2024-2025	-100%	\$789,592
Total	-100%	(\$3,491,746)

Proposed capital projects

Repairs to HSS and HSN stadium bleachers	\$150,000
Repair work at Thompson and Thorne for water leaks	\$100,000
Replace broken stage door at HSS	\$ 15,000
Replace floor in small gym at Bayshore	\$ 65,000
Replace doors in APR and gym at Bayshore	\$ 30,000
Paving of outside path at Bayview	\$ 7,500
Lease payments for equipment purchases	<u>\$128,000</u>
Total	\$495,500

Proposed equipment purchases

Middle and high school security camera server upgrades	\$212,438
Replacement unit ventilators (HVAC)	\$150,000
Boiler controllers (HVAC)	\$75,000
Anticipated IEP driven equipment needs	\$10,000
Facilities equipment replacements (floor machines and mowers)	\$126,000
Replacement field hockey and soccer goals for HS's	\$16,000
Lift for servicing trucks	\$10,000
Forklift/lift replacement	<u>\$50,000</u>
Total	\$649,438

Reserves

	Balance June 30, 2024	Amount of budgeted withdrawal during 2024-2025 year	Anticipated reserve deposits prior to June 30, 2025	Amount allocated to 2025-2026 budget (tentative)	Remaining Balance
Capital	\$240,817	(\$200,000)	\$0	\$0	\$40,817
Maintenance	\$584,858	(\$550,000)	\$0	\$0	\$34,858
Total	\$825,675	(\$750,000)	\$0	\$0	\$75,675

Allowable balances in capital and maintenance reserves are \$719,530,460 and \$7,768,252, respectively.

Debt Service

The district's outstanding debt as of June 30, 2025 will be as follows:

	Balance, 6/30/2025	Maturity dates
Refunding issue - 2020	\$11,345,000	8/1/2027
Refunding issue - 2013	\$2,350,000	8/1/2027
Original issue - 2014	\$7,545,000	8/1/2029
Total	\$21,240,000	

Budget Timeline

- Board approved the tentative budget on March 18
- District submitted the approved tentative budget to the NJDOE Monmouth County office for review and approval on March 19; tentative budget was approved on April 23.
- Budget was advertised in the Asbury Park Press on April 26.
- Public hearing and adoption of the final budget must be done between Thursday, April 24 and Wednesday, May 7, 2025. The Board is holding the public hearing and adopting the final budget at its April 30th voting meeting.

Area of Reduction	Total Savings
Administrative Salaries	\$670,000
Support Staff Salaries	\$425,000
Certificated Staff Salaries	\$2,400,000
ESS Contract Salaries	\$500,000
Supplies/Materials	\$378,000
Out of District Professional Development	\$113,500
Programs/Curricular Costs	\$166,200
Infrastructure Projects	\$775,000
Summer Programming (SOAR)	\$115,000
School Budget Reduction 10%	\$90,000
Equipment for Maintenance	\$175,000
Technology Replenishment	\$220,000
CLB Contract	\$30,000
Total Reduction Amount	\$6,057,700

Next Steps.....



1. Continue with **Strategic Planning**
 - a. Lead by *New Jersey School Boards Association*
 - b. 3 Dates (Flyer will be sent to school community)
 - i. May 29: 6:00 - 8:00 pm @HSN
 - ii. June 16: 6:00 - 7:30 pm @HSN
 - iii. August 28: 6:00 - 7:30 pm @HSN

2. Formation of **Strategic Planning Steering Committee**
 - a. Representatives from all 16 school communities and the community at-large
 - b. More heavily involved in examining survey data, efficiency study results, and action planning
 - c. Will meet prior to the May 29 session (date TBD)

3. District **efficiency study** to be conducted
 - a. Will begin on June 1 and takes about 90 days-full report will be available by the end of September
 - b. Efficiency study consists of two pieces: (1) Facilities Utilization Analysis and (2) Boundary Analysis
 - i. **Facilities Utilization Analysis**
 - Review of floor plans
 - Existing room inventory
 - Walk-through of buildings
 - Usage of buildings (special education classrooms, technology needs)
 - Expansion ability
 - ii. **Boundary Analysis**
 - Review of current attendance zones
 - How adjustments impact program equity and enrollment balance
 - Geocode students based on current residency
 - Attendance zone adjustments based on projections and facilities
 - How adjustments impact transportation efficiency

Multiple actions will be needed to ensure the future financial and educational stability of the district



1. Partner with the school community, through the strategic planning process and the steering committee, to plan for the future of the district.
2. Support the district budget through a tax levy increase recouping some of the local fair share. This action grows the district's revenue and favorably compounds in the future when the tax levy cap returns to 2% as per statute.
3. Utilize results from the efficiency study to make decisions, such as downsizing the district footprint and/or rezoning schools, that will enable the district to operate in the most efficient manner possible. Being more efficient helps to realize cost savings.
4. Continue to seek methods for reducing expenses within the operating budget without sacrificing the student-experience.
5. Use data from the efficiency study to plan for long-range facilities upgrades across the district.