2014-2015
Proposed

South Orange-Maplewood School District

March 4, 2014
Overview of Presentation

- Budget development process
- Tax Levy Cap Adjustments and Banked Cap
- Revenues Proposed 2014-15 Budget
- Budget Development Guiding Principle: District Goal Four
  - Alignment of budget to district goals and strategy
  - Rein in spending: Major Cost Drivers
- Expenses Proposed 2014-15 Budget
- Expense Adjustments and Reductions
- Multi-year Projections
- Estimated tax impact
Budget Development

November:
- Baseline Data for Budget Development

December:
- Budget Analyses

January:
- Revenue assumptions
- comparative spending
- historical trends

February:
- Alignment of budget to district goals and strategy
- Redirection of resources to impact student achievement
Budget Materials Available

- Budget Presentations: 1/27/14 & 2/24/14 meetings
- Baseline Budget Data Memo 11/18/13
- Budget Analyses 12/16/13
- 2014-15 Proposed Budget - Side by Side View
- 2014-15 Proposed Budget – Comparative View
- 2014-15 Proposed Budget – Annotated View
- 2014-15 Proposed Budget – Cost Center View
- 2014-15 Proposed Budget – Staffing Comparison
- 2014-15 Proposed Budget – Multi-year Projections
## Tax Levy Cap Adjustments & Banked Cap

<table>
<thead>
<tr>
<th>Tax Levy at 2% of 2013–14</th>
<th>Enrollment Adjustment</th>
<th>Health Care Adjustment</th>
<th>Total Allowable Tax Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>$106,563,115</td>
<td>$544,210</td>
<td>$426,037</td>
<td>$107,533,362</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget Year Adjustment</th>
<th>Enrollment Adjustment</th>
<th>Health Care Adjustment</th>
<th>Total Adjust/Cap Available</th>
<th>Banked Cap Expires with SY Budget</th>
<th>Banked Cap 2015–16 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013–2014</td>
<td>$0</td>
<td>$409,103*</td>
<td>$409,103</td>
<td>2016–2017</td>
<td>$409,103</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$2,875,946</strong></td>
<td></td>
<td><strong>$1,886,183</strong></td>
</tr>
</tbody>
</table>

* $884,103 minus $475,000
## Revenue Proposed Budget 2014-15

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Budgeted 2013–14</th>
<th>Proposed 2014–15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Budget Local Tax Levy</td>
<td>104,473,642</td>
<td>106,563,115</td>
</tr>
<tr>
<td>State Aid</td>
<td>4,075,898</td>
<td>4,216,218</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>589,000</td>
<td>0</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>2,152,272</td>
<td>1,949,406</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>40,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Debt Service</td>
<td>4,123,451</td>
<td>4,235,179</td>
</tr>
<tr>
<td>State/Federal</td>
<td>2,549,881</td>
<td>2,752,626</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>118,004,144</td>
<td>119,756,544</td>
</tr>
</tbody>
</table>
District Goal Four - Development of a Budget that Supports the attainment of district goals:

- PAARC readiness
- EE4NJ: teacher evaluations
- CCSS: Common Core State Standards
- Increasing Enrollments
- Increased Tuition expense – Charter School enrollment
- Increased energy demands – temperatures, additional square footage, increased technology
District Goal Four - Development of a Budget that Reins in Spending:

- Reduce non-classroom expenses first
  - Support staff efficiencies
  - Transportation efficiencies
  - Technology efficiencies: online progress reports, attendance, student handbooks
  - Support services reductions: Maintenance, architectural expenditures, legal fees

- Continued Initiatives to Conserve Energy
  - Direct Install
  - Capital Projects
District Goal Four - Development of a Budget that Reins in Spending:

- Special Education Efficiencies (District Management Council findings):
  - Scheduling efficiencies
  - Management efficiencies

- Consolidate class sections within class size policy and review under-enrolled high school classes
  - High school scheduling analysis – maximize class size
  - Middle school scheduling – maximize class size with increasing enrollments
District Goal Four - Development of a Budget that Reins in Spending:

- Centralize programs to maximize efficiencies
  - Centralized summer programming
  - Centralized professional development

- Reduce cost of programs by altering delivery
  - Enrichment program
  - Technology efficiencies – online classes
  - Restructuring of Professional development
# Expenses Proposed Budget 2014-15

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>Budgeted 2013-14</th>
<th>% Total Operating</th>
<th>Proposed 2014-15</th>
<th>% Total Operating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>59,168,169</td>
<td>51.9%</td>
<td>59,447,298</td>
<td>51.5%</td>
</tr>
<tr>
<td>Health Benefits</td>
<td>13,240,194</td>
<td>11.6%</td>
<td>14,418,198</td>
<td>12.5%</td>
</tr>
<tr>
<td>Tuition Expense</td>
<td>10,528,784</td>
<td>9.2%</td>
<td>11,494,458</td>
<td>10.0%</td>
</tr>
<tr>
<td>Energy Expense</td>
<td>2,595,000</td>
<td>2.3%</td>
<td>2,455,000</td>
<td>2.1%</td>
</tr>
<tr>
<td>Transportation Expense*</td>
<td>3,832,495</td>
<td>3.4%</td>
<td>3,912,847</td>
<td>3.4%</td>
</tr>
<tr>
<td>Textbooks/Supplies</td>
<td>1,967,872</td>
<td>1.7%</td>
<td>1,829,307</td>
<td>1.6%</td>
</tr>
<tr>
<td>Maintenance/Security*</td>
<td>8,787,102</td>
<td>7.7%</td>
<td>8,838,376</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

* Excludes salaries
Special Education Expenses as a Percent of Total Budget

- 2003-04: 18.1%
- 2004-05: 19.8%
- 2005-06: 22.3%
- 2006-07: 24.5%
- 2007-08: 24.1%
- 2008-09: 24.5%
- 2009-10: 24.3%
- 2010-11: 22.6%
- 2011-12: 22.9%
- 2012-13: 23.9%
- 2013-14: 23.3%
- 2014-15: 23.5%
## Summary

### Reductions for 2014-15 Budget

<table>
<thead>
<tr>
<th>Revised Budget Assumptions (e.g., assumptions regarding contracts, spending, insurance costs, contracted services, etc.)</th>
<th>($600,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-personnel Budget Reductions (e.g., summer programs, professional development, electronic reporting, maintenance spending, professional services, energy usage, etc.)</td>
<td>($670,000)</td>
</tr>
<tr>
<td>Personnel Budget Reductions</td>
<td>($1,530,000)</td>
</tr>
<tr>
<td><strong>Total Budget Reductions (approximate)</strong></td>
<td><strong>($2,800,000)</strong></td>
</tr>
</tbody>
</table>
### Personnel Adjustments compared to 2013-2014 Adjusted Budget

<table>
<thead>
<tr>
<th>Adjustment</th>
<th>FTE’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce 1.0 fte Child Study Team</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Reduce 1.0 fte Secretary</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Reduce 0.5 fte Transportation Personnel (scheduling efficiencies)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Reduce 1.0 fte Elementary Enrichment (program restructuring)</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Reduce 5.0 fte’s CHS Teaching Staff (scheduling efficiencies)</td>
<td>(5.0)</td>
</tr>
<tr>
<td>Reduce 2.0 fte’s Elementary Specials (scheduling efficiencies)</td>
<td>(2.0)</td>
</tr>
<tr>
<td>Reduce 2.0 fte’s Special Education Resource Room Staff</td>
<td>(2.0)</td>
</tr>
<tr>
<td>(enrollment changes and scheduling efficiencies)</td>
<td></td>
</tr>
<tr>
<td>Reduce 6.0 fte’s Special Education Teaching Staff (enrollment changes and</td>
<td>(6.0)</td>
</tr>
<tr>
<td>scheduling efficiencies)</td>
<td></td>
</tr>
</tbody>
</table>

**Total Personnel Adjustments 2014-15 Preliminary Budget**

(18.5) FTE’s
What is the estimated tax impact?

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Levy CAP</td>
<td>$106,563,115</td>
</tr>
<tr>
<td>Operating Budget Tax Impact (est.)</td>
<td>2.00%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$ 3,999,551*</td>
</tr>
<tr>
<td>Local Tax</td>
<td>$110,562,666</td>
</tr>
<tr>
<td>Operating and Debt Service Tax Impact (est.)</td>
<td>2.03%</td>
</tr>
</tbody>
</table>

* Estimated March 2014 bond sale

Tax Impact average assessed household value (based on 2013 figures):
- Maplewood: $190
- South Orange: $239
5–Year Budget Projection
(2% Operating Tax Levy Cap Projected Years)

Projected Revenues
Projected Expenses

- Proposed 2014-15: $119,756,545
- Projected 2015-16: $121,462,021
- Projected 2016-17: $123,609,134
- Projected 2017-18: $126,236,124
- Projected 2018-19: $128,965,476
- Projected 2019-20: $131,239,098

- Projected Revenues: $135,964,479
- Projected Expenses: $129,430,020
- Projected Revenues: $143,171,788
- Projected Expenses: $135,964,479
- Projected Revenues: $150,573,453
- Projected Expenses: $143,171,788

$14.2 Million
$9.7 Million
$2.9 Million
$19.3 Million
$5.8 Million
$1.5 Million

$110,000,000
$115,000,000
$120,000,000
$125,000,000
$130,000,000
$135,000,000
$140,000,000
$145,000,000
$150,000,000
$155,000,000
$160,000,000
What next? Budget Calendar

- **Tues, Mar 11**  
  Community Forum on the 2014-15 Budget  
  7:30 PM – District Meeting Room

  Feedback can also be sent to Board members at: budget@somsd.k12.nj.us

- **Mon, Mar 17**  
  BOE meeting: BOE consider/adopt preliminary budget to send to Essex Co Supt for approval to advertise

- **Mon, Apr 28**  
  BOE meeting: Public Hearing/action to levy 2014-15 school tax