

2015-2016 Preliminary Budget



South Orange-Maplewood
School District

~~January 26, 2015~~

February 2, 2015

Overview of Presentation

- ▶ Budget development process
 - Enrollment Projections
- ▶ Guiding budgeting principle: District Goal Four
 - Alignment of budget to district goals and strategy
 - Rein in spending: Major Cost Drivers
- ▶ Comparative spending
- ▶ Revenue assumptions and historical trends
- ▶ Budget requests and considerations
- ▶ Redirect resources to impact student achievement
- ▶ Estimated tax impact
- ▶ Next steps

Budget Development

November: Baseline Data for Budget Development

- Enrollment Projections
- Free and Reduced Lunch Eligibility
- Transported Student Data
- Salaries and Benefits
- School Facilities
 - Annual Comprehensive Maintenance Plan
- Comprehensive Annual Financial Report
- General Fund Free Balance Status
- Debt Service Status
- Budget Calendar and Priorities

Budget Development

December: Budget Development – Budget Analyses

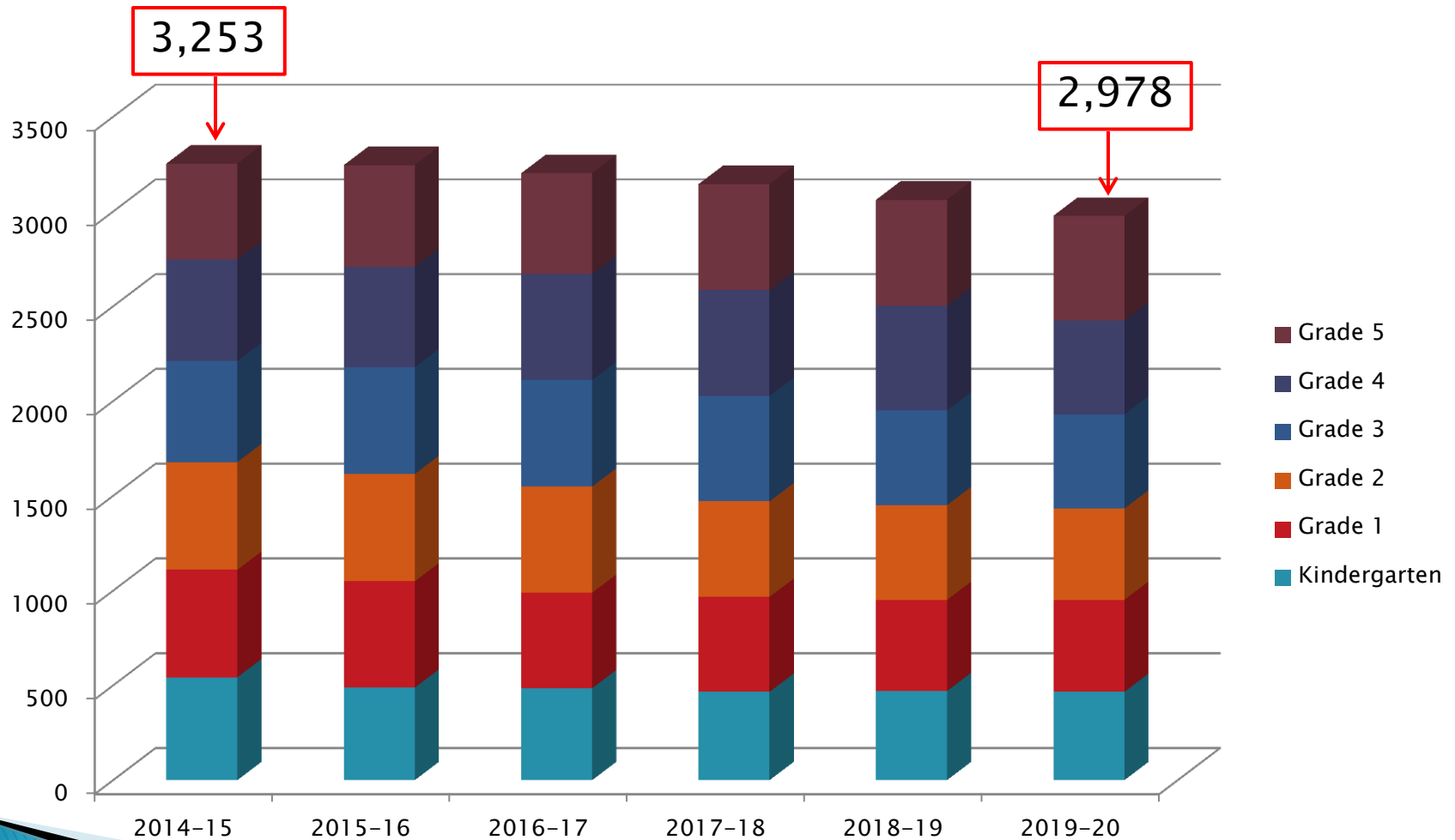
- Technology Investment
- Enrollment Changes and Building Capacity
- Montrose School
- Summer Programming
- Gifted and Talented Program
- Healthcare
 - Review of Alternative Options
 - Statutory Employee Contributions
 - Impact of Affordable Care Act

Demographer's Enrollment Projections

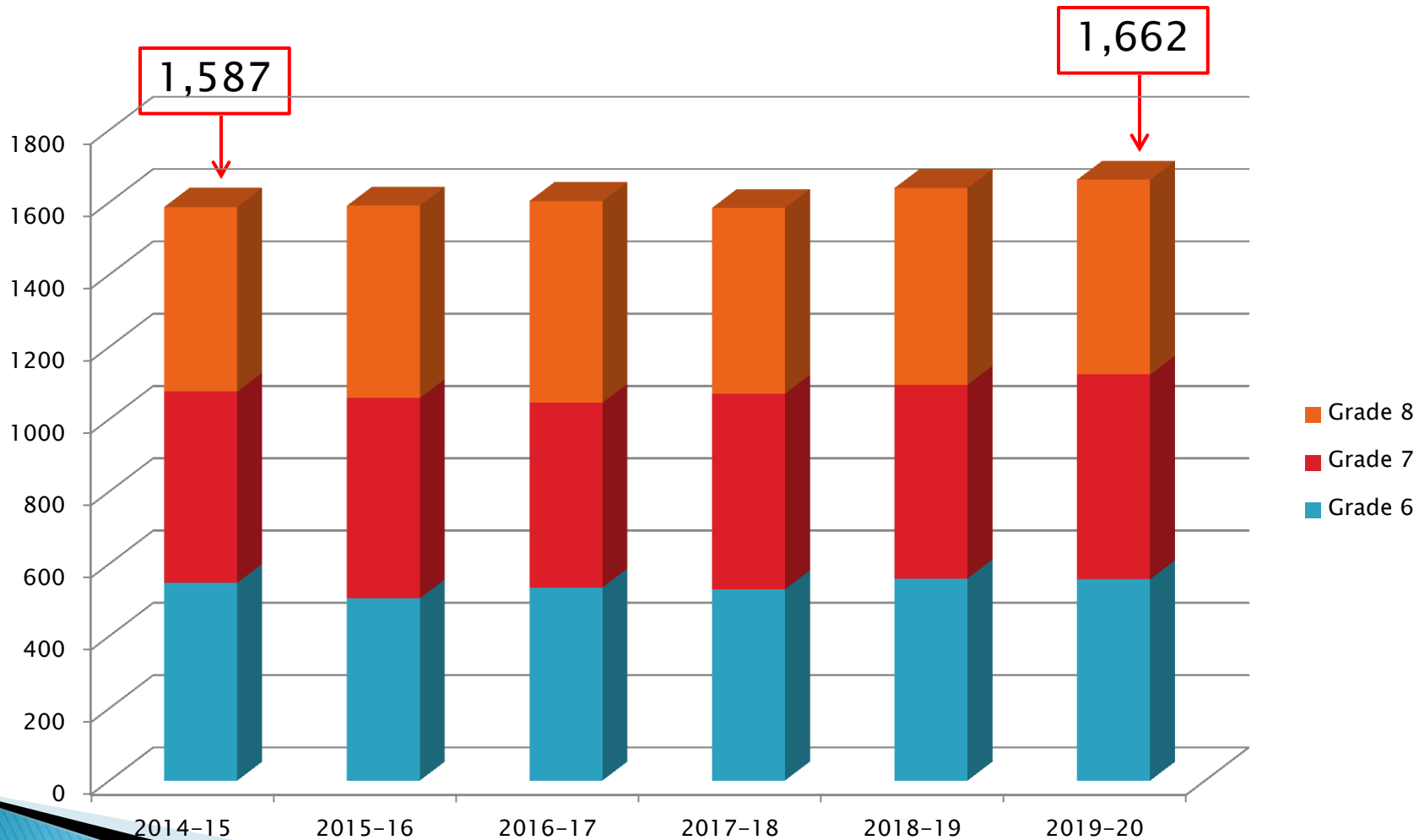
(enrollment as of October 15, 2014)

	Projections	Actuals	Actuals / Projections
Elementary enrollment	3,235	3,253	100.56%
Middle School Enrollment	1,597	1,587	99.37%
High School Enrollment	1,897	1,898	100.05%
Total General Classroom Enrollment	6,729	6,738	100.13%
PK Enrollment	18	16	88.89%
Ungraded Enrollment	116	111	95.69%
Total District Enrollment	6,863	6,865	100.03%

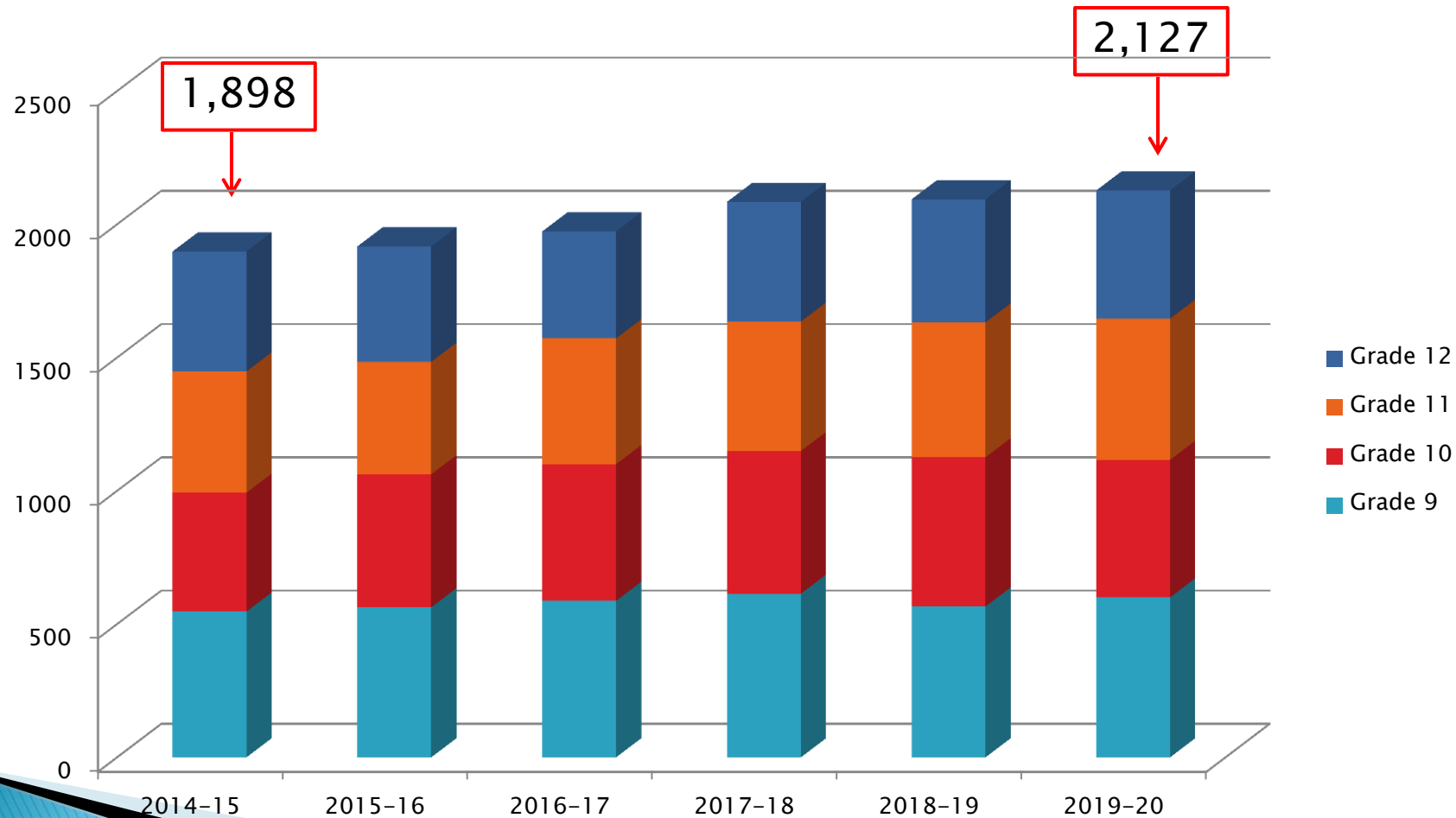
Elementary Enrollment



Middle School Enrollment



High School Enrollment



District Goal Four - Development of a Budget that Supports:

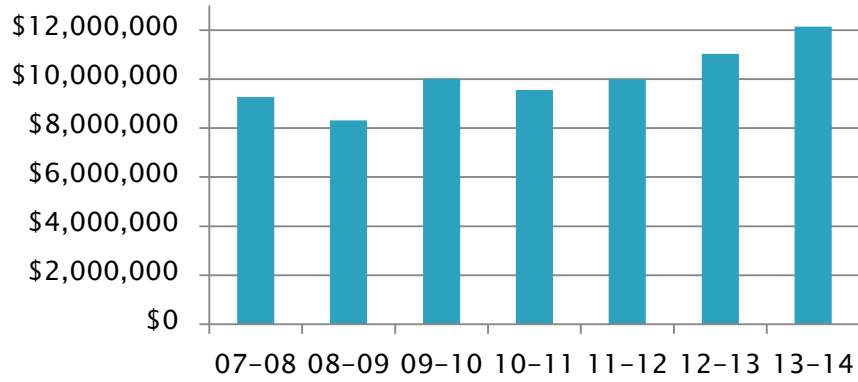
❖ The attainment of district goals

- Student proficiency – benchmarks, performance targets, increased participation in AP courses
- Rigorous curricula, differentiated instruction, and expanded learning opportunities
 - CHS Strategic plan to be reconfigured around middle states/ online learning opportunities
 - Implementation of gifted and talented strategy
- Centralized Professional Development
 - Teacher Evaluations and Learning Walks
 - Cultural competency training
 - Implementation of ACHIEVE NJ regulations

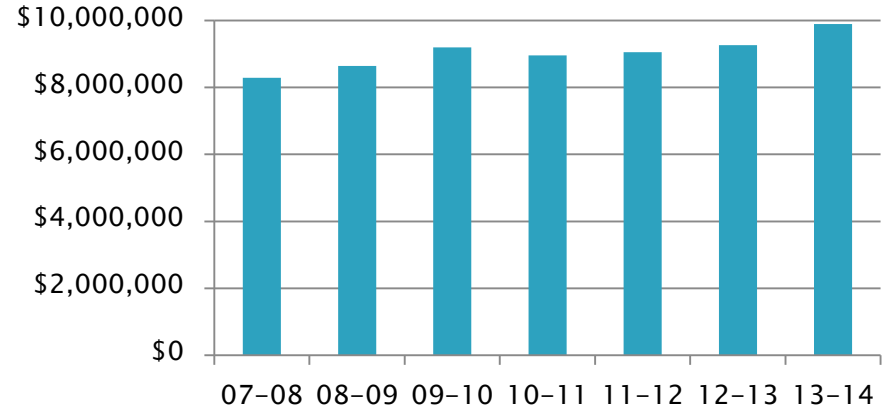
District Goal Four - Development of a Budget that Supports:

- ❖ **Reins in spending on categories rising faster than the cost of living**
 - Health benefits: Employee contributions (NJ Reform), Direct 15
 - Maintenance expenses: Year over year reductions. Facilities condition assessment
 - Energy expenses: increased usage – additional space, additional air conditioning, additional technology, colder winter; Direct Install, Energy Audit, Facility Upgrades
 - Transportation: Increased efficiency (in-district and non-public schools)
- ❖ **Produced in an efficient and transparent manner**
 - Communication with District Administrators
 - Community Engagement (Tentative: Budget Meeting: March 5, Community Forum: March 12)

Health Cost Trend Analysis

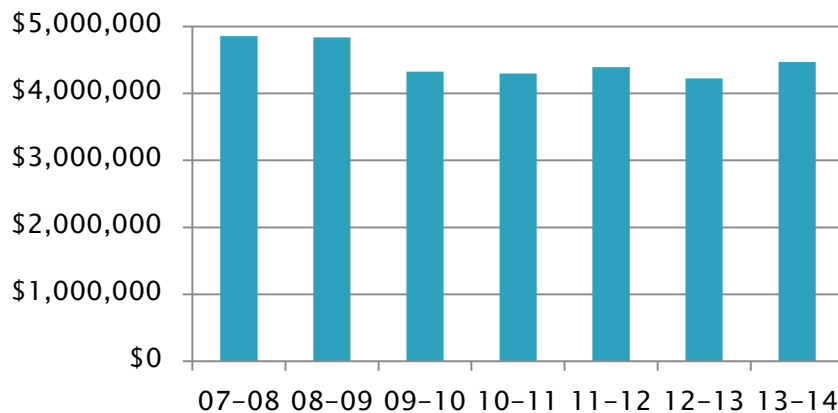


Tuition Cost Trend Analysis

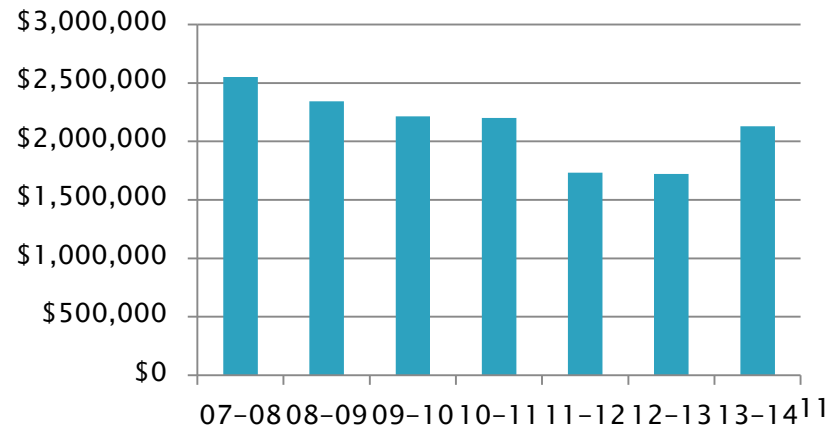


**Rein in Spending/
Major Cost Drivers**

Transportation Cost Trend

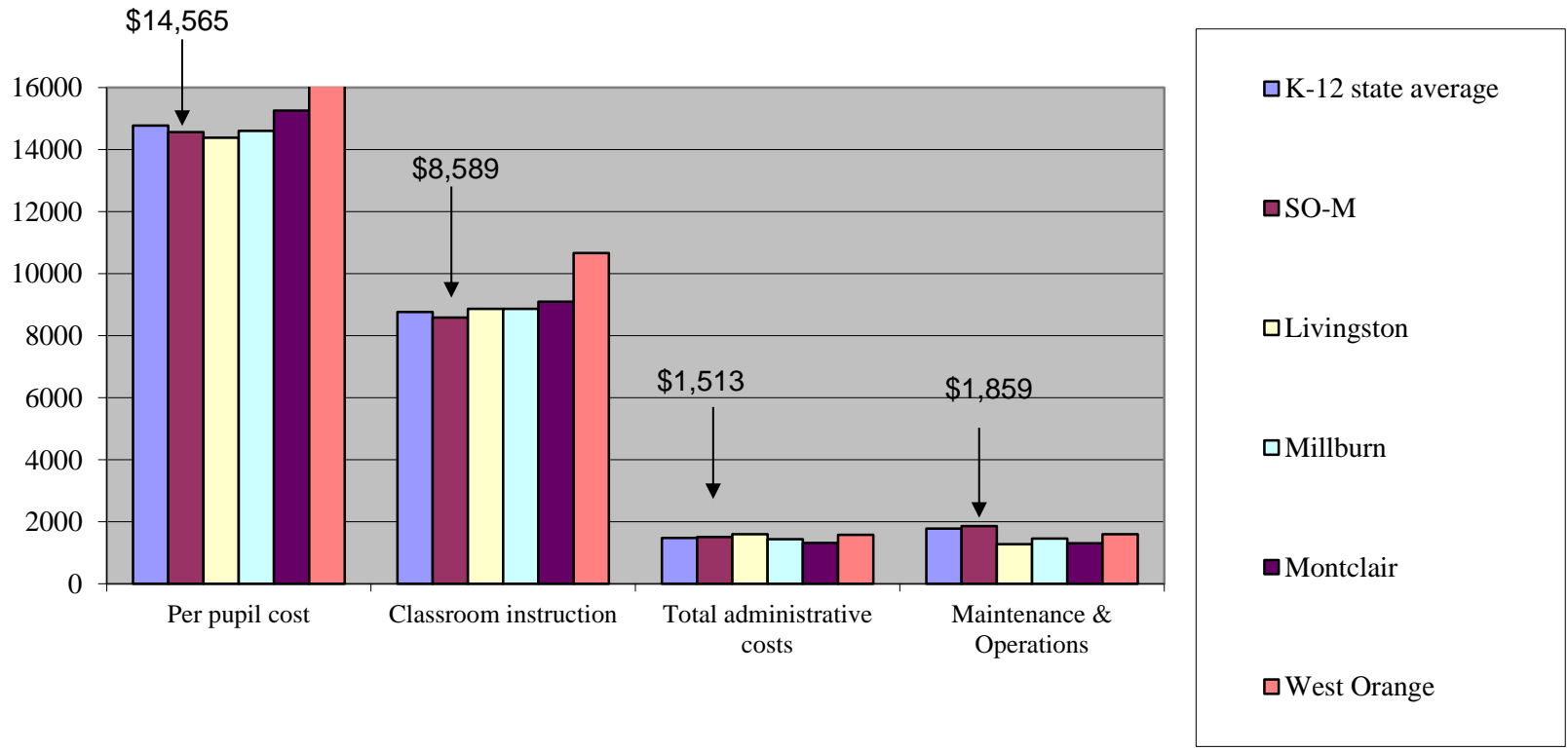


Energy Cost Trend Analysis



How do we compare with other like districts or state averages?

**South Orange Maplewood
Per Pupil Costs
Comparative Spending**



Source: Dept. of Education Taxpayer's Guide to Education Spending Budget 2013-14

2015-16 Budget Resource Assumptions

- ▶ State aid for 15-16 remains at same level as 13-14
- ▶ The amount of state aid will not be known until after the Governor's budget address in February.
- ▶ Federal grants remain at same level as 14-15
- ▶ Excess surplus from 2013-14 audit: \$2,471,003
- ▶ Revenues dependent on local sources.
- ▶ Banked cap is available.
 - (*\$506,833 through 2014-15, \$409,103 through 2015-16, \$970,247 through 2016-17 = total \$ 1,886,183 banked cap available*)
- ▶ Local taxes will increase no more than 2% for operating budget
- ▶ These assumptions are subject to change given the uncertain economic climate.

Tax Levy Cap Adjustments & Banked Cap

Tax Levy at 2% of 2013-14	Enrollment Adjustment	Health Care Adjustment	Total Allowable Tax Levy
\$106,563,115	\$544,210	\$426,037	\$107,533,362

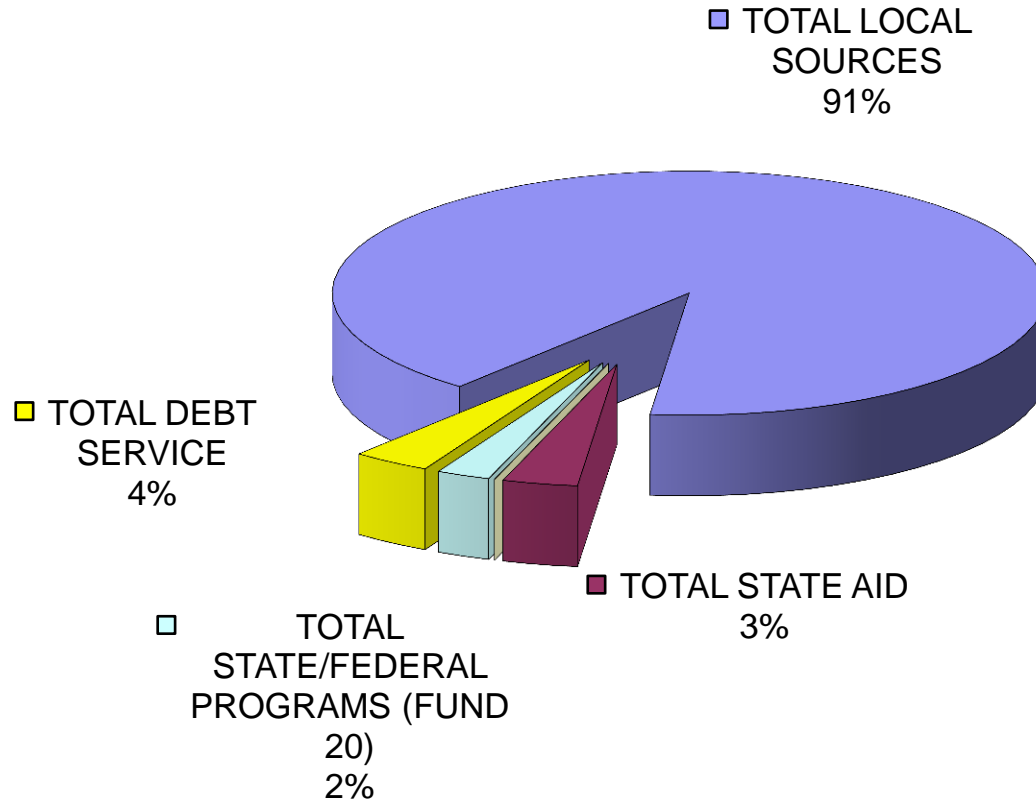
Budget Year Adjustment	Enrollment Adjustment	Health Care Adjustment	Total Adjust/Cap Available	Banked Cap Expires with SY Budget	Banked Cap 2015-16 Budget
2011-2012	\$346,441	\$643,322	\$989,763	2014-2015	\$0
2012-2013	\$506,833	\$0	\$506,833	2015-2016	\$506,833
2013-2014	\$0	\$409,103*	\$409,103	2016-2017	\$409,103
2014-2015	\$544,210	\$426,037	\$970,247	2017-2018	\$970,247
Total			\$2,875,946		\$1,886,183

* \$884,103 minus \$475,000

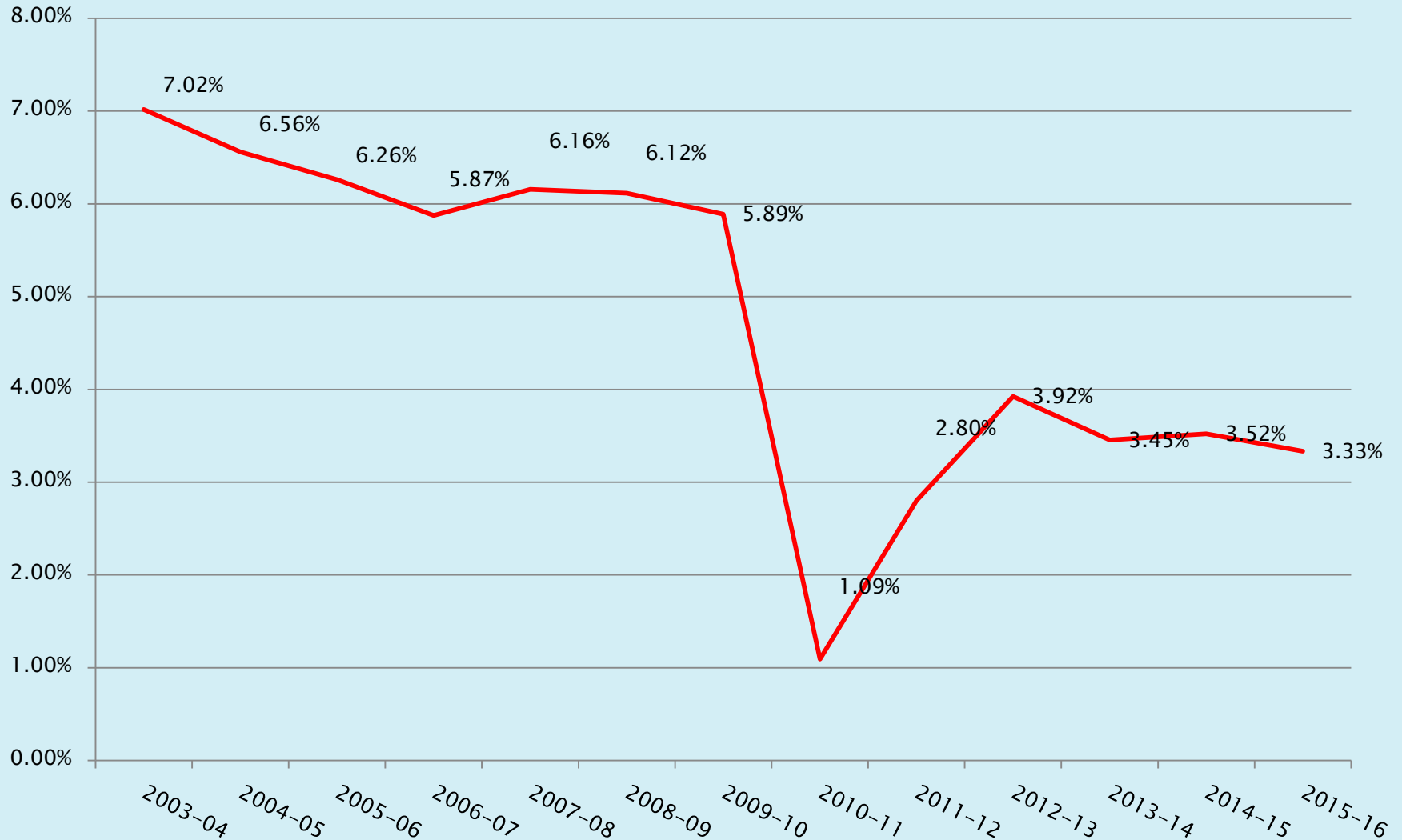
Revenue 2014-15

Revenue Source	Budgeted 2013-14	Budgeted 2014-15	Proposed 2015-16
Operating Budget Local Tax Levy	104,473,642	106,563,115	108,694,377
State Aid	4,075,898	4,216,218	4,075,898
Capital Reserve	589,000	0	0
Fund Balance	2,152,272	1,949,406	2,471,003
Miscellaneous	40,000	40,000	40,000
Debt Service	4,123,451	4,171,789	4,215,054
State/Federal	2,549,881	2,752,626	2,770,556
Total Revenue	118,004,144	119,693,154	122,266,888

Where does school budget revenue come from?

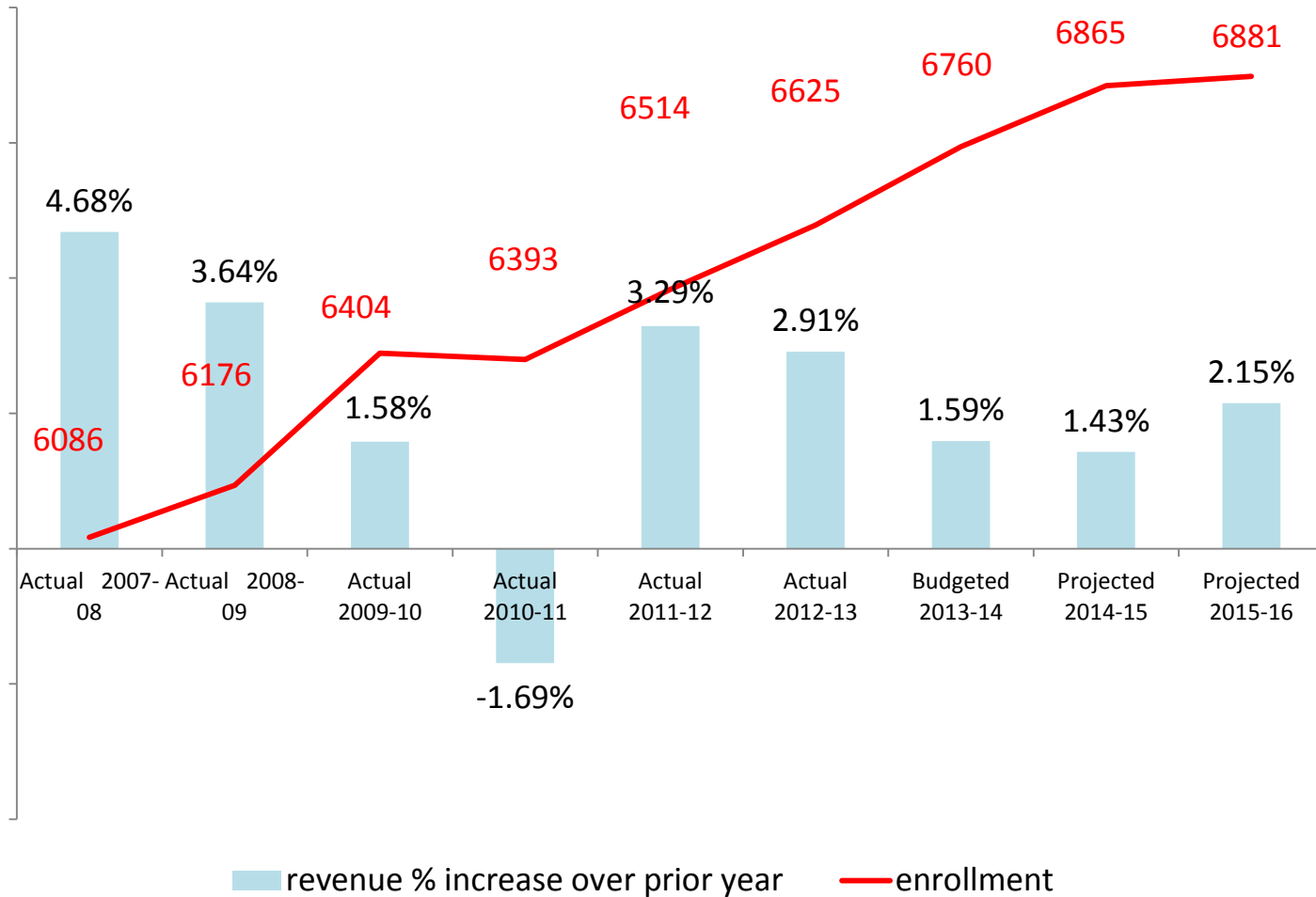


State Aid as a Percent of Revenue

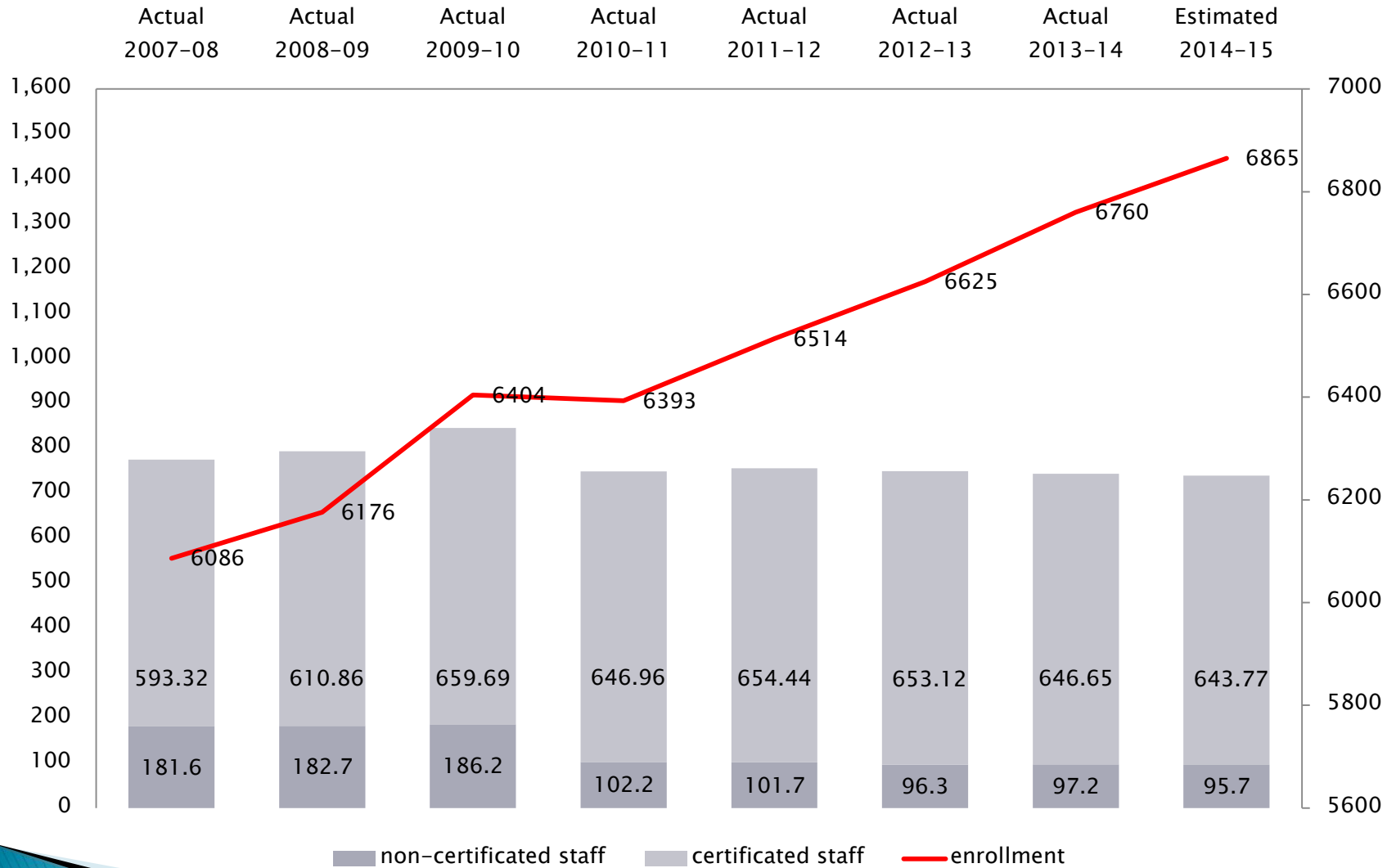


Multi-Year Impact

Percentage Change of Revenues from Prior Year



Staffing compared to enrollments



2015-16 Budget Requests/Considerations

- Enrollment Increases
- Middle School Schedules
- STEM initiatives
- Additional academic intervention
- Additional professional development
- Opening of Montrose Early Learning Center
- Seth Boyden enrollments (free/reduced lunch population)
- Gifted and Talented Program
- Increased technology – maintenance, replacement, support
- Middle states accreditation: excellence by design
- Supplies/textbooks for increased ap/accelerated enrollments
- Educational equity consultant/OCR agreement

Analyze every line to identify expenditure reductions

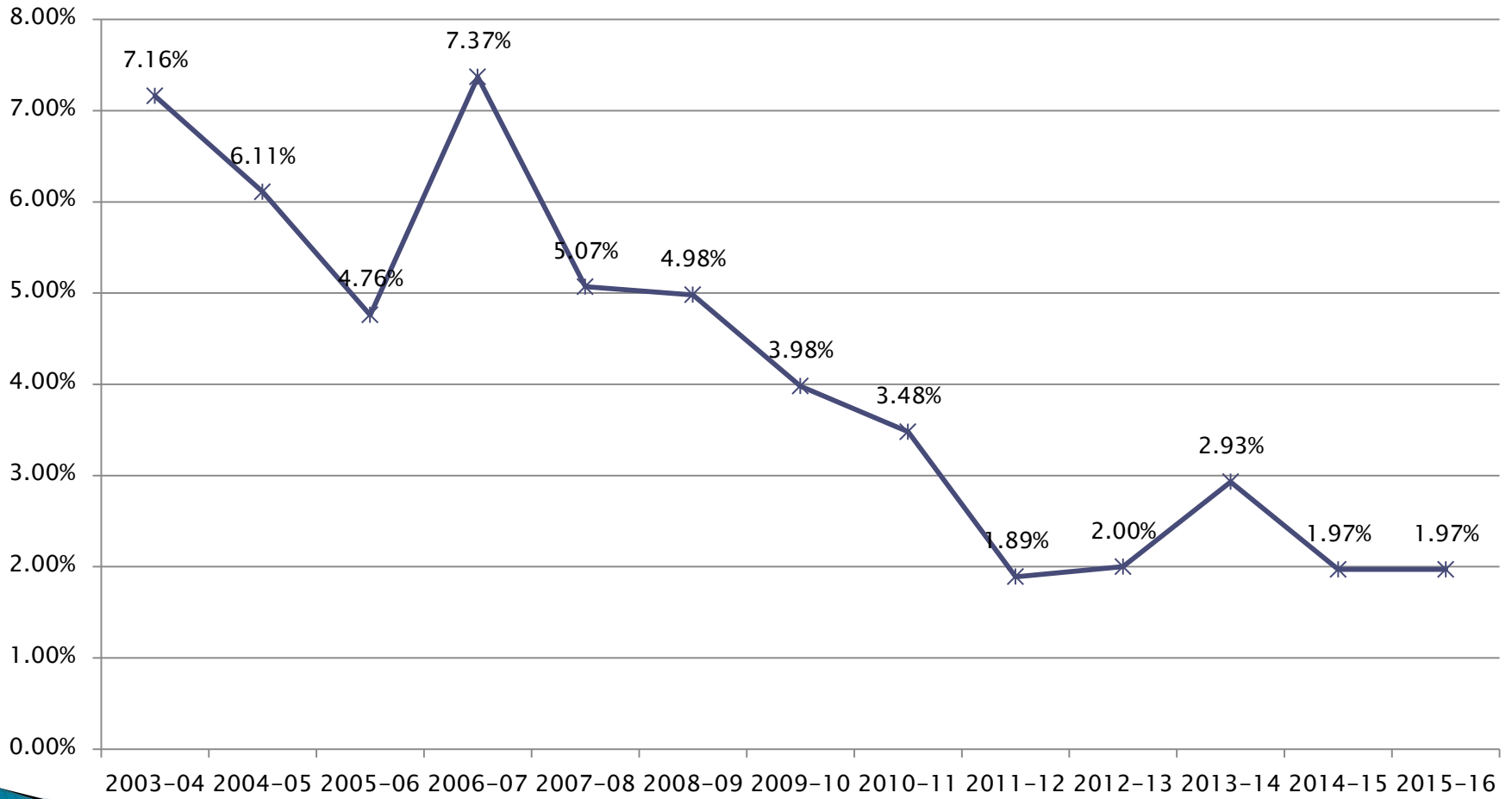
- ▶ Reduce non-classroom expenses first
 - Technology efficiencies: online progress reports, report cards, attendance
 - Technology building support
 - Health insurance/employee benefits
- ▶ Consolidate class sections within class size policy and review under-enrolled high school classes
 - General education scheduling efficiencies
 - Reduce cost of programs by altering delivery
- ▶ Take advantage of personnel changes and retirements
 - Organizational restructuring
- ▶ Centralize programs to maximize efficiencies
 - Centralized professional development
 - Efficacy of summer programming

What is the estimated tax impact?

Tax Levy CAP	\$108,694,377
Operating Budget Tax Impact (est.)	2.00%
Debt Service	\$ 3,979,426
Local Tax	\$112,673,803
Operating and Debt Service Tax Impact (est.)	1.97%

Year over Year Tax Impact

Tax Impact



What next? Budget Calendar

- ▶ **Mon, Feb 2** BOE meeting (rescheduled): Budget Discussion
- ▶ **Mon, Feb 23** BOE meeting: Budget Discussion
- ▶ **Tues, Feb 24** Governor's State Budget Message
- ▶ **Thurs, Feb 26** State Aid Notices
- ▶ **March 5** *(tentative) BOE Budget Workshop*
- ▶ **March 12** *(tentative) Community Forum to discuss budget*
- ▶ **Mon, Mar 16** BOE meeting: BOE consider/adopt preliminary budget to send to Essex Co Supt for approval to advertise
- ▶ **April XX** *Address Maplewood Township Committee and Village of South Orange Board of Trustees*
- ▶ **Mon, Apr 27** BOE meeting: Public Hearing/action to levy 2015-16 school tax