2017-2018 Preliminary Budget

South Orange-Maplewood
School District

February 27, 2017
Overview of Presentation

- Budget Development process
- Anticipated Revenue Sources
- Zero Based Budgeting
- Appropriations (Anticipated Expenditures)
- Determine Deficit or Surplus
- Balance the Budget (Reductions / Additions)
- Next steps
Budget Development Process

- Estimate Revenue
  - Increase tax levy by 2%
  - Calculate spending adjustments
  - Estimate state & federal aid
  - Identify other sources of revenue
- Estimate Appropriations (“Zero Based” budgeting)
- Balance the Budget
  - Determine if there is a surplus or deficit
  - Evaluate use of banked cap & adjustments
  - Use goals and priorities as a guide
  - Balance the budget
Anticipated Revenue Sources
## Revenue (Preliminary)

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Budgeted 2016–17</th>
<th>Projected 2017–18</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Budget Local Tax Levy</td>
<td>111,726,677</td>
<td>113,961,211 (at 2% tax increase)</td>
<td>2.0%</td>
</tr>
<tr>
<td>State Aid</td>
<td>4,307,567</td>
<td>4,307,567</td>
<td>0.0%</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>2,275,894</td>
<td>2,389,338</td>
<td>5.0%</td>
</tr>
<tr>
<td>Miscellaneous (incl. tuition)</td>
<td>275,000</td>
<td>375,000</td>
<td>36.4%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>4,152,635</td>
<td>4,169,235</td>
<td>0.4%</td>
</tr>
<tr>
<td>State/Federal</td>
<td>3,002,631</td>
<td>2,961,693</td>
<td>-1.4%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>125,740,404</td>
<td>128,164,044</td>
<td>1.9%</td>
</tr>
</tbody>
</table>
2017–2018 Revenue Sources

- Local Tax Levy: 94%
- State Aid: 2%
- State/Federal Aid: 4%
- Debt Service Aid: 0%
- Misc. Revenue: 0%

[Graph showing revenue sources with percentages]
State Aid as a Percent of Revenue

Percentage

School Year

## Tax Levy Cap Adjustments & Banked Cap

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjustments (Health / Enrollment)</th>
<th>Adjustments / Banked Cap Used</th>
<th>Banked Cap Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-2014</td>
<td>884,103</td>
<td>475,000</td>
<td>409,103</td>
</tr>
<tr>
<td>2014-2015</td>
<td>970,247</td>
<td>0</td>
<td>*970,247</td>
</tr>
<tr>
<td>2015-2016</td>
<td>588,254</td>
<td>440,500</td>
<td>147,754</td>
</tr>
<tr>
<td>2016-2017</td>
<td>0</td>
<td>409,103</td>
<td>0</td>
</tr>
</tbody>
</table>

*يستغرق*$\ 970,247$ of banked cap expires if not used for 2017–2018

### 2017-2018 Adjustments & Available Banked Cap

<table>
<thead>
<tr>
<th>Adjustments (Health / Enrollment)</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>357,574</td>
<td>1,475,575</td>
</tr>
</tbody>
</table>
## Estimated Tax Impact

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Levy CAP</td>
<td>$113,961,211</td>
</tr>
<tr>
<td>Operating Budget Tax Impact (est.)</td>
<td>2.00%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>*$3,907,149</td>
</tr>
<tr>
<td>Local Tax</td>
<td>$117,868,359</td>
</tr>
<tr>
<td>Operating &amp; Debt Tax Impact (est.)</td>
<td>2.07%</td>
</tr>
<tr>
<td>Adj. &amp; Banked Cap</td>
<td>$1,475,575</td>
</tr>
<tr>
<td>Local Tax</td>
<td>$119,343,934</td>
</tr>
<tr>
<td>Tax Impact (est.)</td>
<td>3.39%</td>
</tr>
</tbody>
</table>

*Debt Service minus Anticipated Debt Service Aid ($262,086)
Year Over Year Tax Impact

Percent Increase

School Year

Since 2010, student enrollment increased by 566 students (8.8%)
Since 2010 student enrollment increased by 566 students (8.8%), the equivalent of a full grade level, while staffing was reduced by 5 (1%).
+1 Teacher
−6 Support Staff
Since 2010 student enrollment increased by 566 students (8.8%), the equivalent of a full grade level, while staffing was reduced by 5 (1%).

+1 Teacher  
-6 Support Staff

During this time additional state mandates were added (Focus Schools, PARCC, HIB, Achieve NJ, New Graduation Requirements, etc.)
Zero Based Budgeting
The budgeting process began with the typical approach by:
- Assuming all current staffing and services will remain the same for the following school year.
- Estimated future appropriations based upon prior spending trends.

At the completion of this exercise there was a budget deficit (anticipated appropriations exceeding anticipated revenue) of 4 million.
Zero Based Budgeting

- Compared available resources to students’ needs.
- Adjusted anticipated appropriations based upon students’ needs.
- Moved up scheduling timelines
  - This enabled the ability to perform a detailed analysis of projected students enrollment and anticipated course requests.
Confirm Elementary School Staffing Levels by Comparing Student Enrollment Projections and Class Size Policy. For Example:

- Demographer predicts there will be 101 students attending third grade in a particular elementary school. Maximum class size is 24 for third grade. $101 / 24 = 5$ FTE’s (Full time equivalents). $101 / 5 = \text{an average class size of 20.}$

- Perform this function for each school and grade level to calculate the total number elementary school teachers required.
Confirm Secondary School Staffing Levels by Comparing Student Course Selections to Class Size Policy. Example:

<table>
<thead>
<tr>
<th>Dept/Course/Level/Term</th>
<th>Course Requests</th>
<th>Min FTE's</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SpEd Requests</td>
<td>Total Requests</td>
</tr>
<tr>
<td>Dept</td>
<td>Term</td>
<td></td>
</tr>
<tr>
<td>Lang Arts</td>
<td>English 1</td>
<td>YR</td>
</tr>
<tr>
<td>Lang Arts</td>
<td>English 1–HN</td>
<td>YR</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Provides a better understanding of how student enrollment, student needs, student course requests, impacts required teaching staff and enables better predictions of required resources such as supplies and purchased services.
APPROPRIATIONS
(ANTICIPATED EXPENDITURES)
APPROPRIATIONS (ANTICIPATED EXPENDITURES)

- Adjusting anticipated appropriations for purchased services, supplies, utilities, etc. and keeping current staffing levels we arrive at a budget request of $130,532,707. This request includes funding for
  - 743.6 FTE’s
  - Maintains existing services
  - Provides for increases in purchase services, utilities, employee benefits, transportation, and tuition.
DETERMINE
DEFICIT OR SURPLUS
Revenue Compared to Appropriations

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Revenue</td>
<td>128,164,044</td>
</tr>
<tr>
<td>Anticipated Appropriations</td>
<td>130,532,707</td>
</tr>
<tr>
<td>Difference</td>
<td>(2,368,663)</td>
</tr>
<tr>
<td>Adj. &amp; Banked Cap</td>
<td>1,475,575</td>
</tr>
<tr>
<td>Difference</td>
<td>(893,088)</td>
</tr>
</tbody>
</table>

Depending on the amount of adjustments and banked cap used appropriations must be reduced by $893,088 to $2,368,663 yielding an estimated tax impact of 2% to 3.39%
Budget Considerations
The following staffing positions have been discussed.
- Media Specialist & Language Arts teachers for CHS
- Related Arts Teachers for Middle Schools
- Middle School Guidance Counselors
- Elementary School Teachers
- School Safety & Security Director and Custodial Supervisor
- Assistant Principal for CHS
- Additional Nurse
- Additional staffing to reduce the number of teachers teaching 6 classes
2017-18 Budget Requests/Considerations

• Access and Equity & Placement Policy
  • Staffing requests for Academic Support
  • Supplies/textbooks for AP & accelerated enrollments
  • Additional Professional Development
• Summer School
• Technology
• Increasing the pool of substitute teachers
• New Engineering Course at CHS
• Grant writer
• Intervention teachers
• Programmatic improvements recommended in strategic planning
Next Steps
Tentative Budget Calendar

- **Mon, Feb 27**  BOE meeting: Budget Discussion
- **Feb 28**  Governor’s State Budget Message
- **Mar 2 (est.)**  State Aid Notices
- **Mar 7**  (tentative) BOE Budget Workshop
- **Mar 13-16**  (tentative) Community Forum to discuss budget
- **Mar 18**  (tentative) Special Meeting to approve preliminary budget
- **Mar 20**  BOE meeting - Last day to submit 2016-17 Budget to County
- **Mon, Apr 24**  BOE meeting - *Public Hearing/action to levy 2016-17 school tax*