Strategic Directions
2016-2017 Preliminary Budget

South Orange-Maplewood
School District

Budget Workshop
March 2, 2016
Overview of Presentation

- Strategic Planning
- Revenue Sources and Tax Levy Caps
- Revenues and Tax Impact
- Historical Enrollment Trends
- Budget Considerations
- Expenses Proposed 2016-17 Budget
- Spending and Personnel Adjustments
- Expiring Banked Cap (Taxing Authority) - $409,103
- Next Steps
Strategic Planning in light of Economic Constraints

• We will re-imagine and redesign all aspects of student scheduling, use of facilities and administrative structures to guarantee alignment with mission.

• We will maximize community expertise and external resources to provide multiple pathways for student and professional growth and learning.

• Learning takes place within and beyond the classroom. Opportunities to learn and develop skills through online resources, collaborative partnerships, collective projects, field experiences, internships, mentoring opportunities and service projects.
Where does school budget revenue come from?

- Local taxes (operating budget and debt service): 94%
- State aid: 2.4%
- Federal and State Programs: 3.4%
- Debt Service aid: 0.2%
- Miscellaneous (incl tuition): 0.2%
The State of NJ imposed a 2% CAP on the allowable tax levy increase.

- Adjustments in prior years for increases in health care and enrollment increases.
- We only took advantage of the adjustments twice in the past and have allowed the adjusted taxing authority to expire
  - ($989,763 expired 2011-12 and $506,833 expired 2012-2013)
- There is currently over $1.5 million dollars in adjustments available with $409,103 expiring this year.

- If within the allowable cap, the budget does not get voted on other than the Board of Education approval.
- Projected expenses are rising at more than 2% annually.
5-Year Budget Projection
(2% Operating Tax Levy Cap Projected Years)

Projected Revenues:
- Proposed 2015-16: $123,484,280
- Projected 2016-17: $125,023,039
- Projected 2017-18: $127,459,296
- Projected 2018-19: $129,686,355
- Projected 2019-20: $131,988,506
- Projected 2020-21: $134,348,911

Projected Expenses:
- Proposed 2015-16: $128,175,135
- Projected 2016-17: $133,956,920
- Projected 2017-18: $140,085,944
- Projected 2018-19: $146,966,521
- Projected 2019-20: $154,913,236
- Projected 2020-21: $20.6 Million

Projected Revenues vs. Projected Expenses:

$10.4 Million
$15.0 Million
$20.6 Million

Projected Revenues:
- Proposed 2015-16: $110,000,000
- Projected 2016-17: $115,000,000
- Projected 2017-18: $120,000,000
- Projected 2018-19: $125,000,000
- Projected 2019-20: $130,000,000
- Projected 2020-21: $135,000,000
- Projected 2021-22: $140,000,000
- Projected 2022-23: $145,000,000
- Projected 2023-24: $150,000,000
- Projected 2024-25: $155,000,000
- Projected 2025-26: $160,000,000
## Tax Levy Cap Adjustments & Banked Cap

### Tax Levy at 2% of 2015–16

<table>
<thead>
<tr>
<th></th>
<th>Enrollment Adjustment</th>
<th>Health Care Adjustment</th>
<th>Total Allowable Tax Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>$111,317,574</td>
<td>$0</td>
<td>$0</td>
<td>$111,317,574</td>
</tr>
</tbody>
</table>

### Budget Year Adjustment

<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 2016–17 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012–2013</td>
<td>$506,833</td>
<td>$0</td>
<td>$506,833</td>
<td>2015–2016</td>
<td>$0</td>
</tr>
<tr>
<td>2013–2014</td>
<td>$0</td>
<td>$884,103</td>
<td>$409,103*</td>
<td>2016–2017</td>
<td>$409,103</td>
</tr>
<tr>
<td>2015–2016</td>
<td>$588,254</td>
<td>$0</td>
<td>$147,754#</td>
<td>2018–2019</td>
<td>$147,754</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$2,033,937</td>
<td></td>
<td>$1,527,104</td>
</tr>
</tbody>
</table>

* $884,103 minus $475,000
# $588,254 minus $440,500
2016-17 Budget Resource Assumptions

- Revenues dependent on local sources.
- Local taxes will increase no more than 2% for operating budget
- **State aid for 16-17 increased by $91,349 over 15-16 aid levels**
- Federal grants budgeted slightly less than 15-16
- Excess surplus from 2014-15 audit: $2,275,894
- Banked cap (taxing authority) is available.
  - ($409,103 through 2016-17, $970,247 through 2017-18, $147,754 through 2018-19 = total $1,527,104 banked cap available)
State Aid as a Percent of Revenue

- 7.02%
- 6.56%
- 6.26%
- 5.87%
- 6.16%
- 6.12%
- 5.89%
- 1.09%
- 2.80%
- 3.92%
- 2.80%
- 3.45%
- 3.52%
- 3.41%
- 3.44%

Years:
- 2003-04
- 2004-05
- 2005-06
- 2006-07
- 2007-08
- 2008-09
- 2009-10
- 2010-11
- 2011-12
- 2012-13
- 2013-14
- 2014-15
- 2015-16
- 2016-17
## Revenue 2016-17

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Budgeted 2015–16</th>
<th>Proposed 2016–17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Budget</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Tax Levy</td>
<td>109,134,877</td>
<td>111,317,574</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(at 2% tax increase)</td>
</tr>
<tr>
<td>State Aid</td>
<td>4,216,218</td>
<td>4,307,567</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>338,530</td>
<td>0</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>2,471,003</td>
<td>2,275,894</td>
</tr>
<tr>
<td>Miscellaneous (incl. tuition)</td>
<td>275,000</td>
<td>275,000</td>
</tr>
<tr>
<td>Debt Service</td>
<td>4,119,440</td>
<td>4,152,635</td>
</tr>
<tr>
<td>State/Federal</td>
<td>3,039,712</td>
<td>3,002,631</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>123,594,780</td>
<td>125,331,301</td>
</tr>
</tbody>
</table>
Multi-Year Impact
Percentage Change of Revenues from Prior Year

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>6097</td>
<td>6188</td>
<td>6414</td>
<td>6459</td>
<td>6532</td>
<td>6625</td>
<td>6760</td>
<td>6867</td>
<td>6880</td>
<td>6939</td>
</tr>
<tr>
<td>% Increase</td>
<td>4.68%</td>
<td>3.64%</td>
<td>1.58%</td>
<td>-1.69%</td>
<td>3.29%</td>
<td>2.91%</td>
<td>1.59%</td>
<td>1.43%</td>
<td>3.26%</td>
<td>1.41%</td>
</tr>
</tbody>
</table>

- revenue % increase over prior year
- enrollment
# Tax Impact

<table>
<thead>
<tr>
<th></th>
<th>General Fund Taxes</th>
<th>Debt Service Taxes</th>
<th>Total to be raised by Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2015–2016 School Year Budget</strong></td>
<td>$ 109,134,877</td>
<td>$ 3,688,091</td>
<td>$ 112,822,968</td>
</tr>
<tr>
<td><strong>2016–2017 School Year Budget</strong></td>
<td>$ 111,317,574</td>
<td>$ 3,833,697</td>
<td>$ 115,151,271</td>
</tr>
<tr>
<td><strong>Incremental Tax Dollar Impact</strong></td>
<td>$ 2,182,697</td>
<td>$ 145,606</td>
<td>$ 2,328,303</td>
</tr>
<tr>
<td><strong>Incremental Tax Percent Impact</strong></td>
<td>2.00%</td>
<td>3.94%</td>
<td>2.06%</td>
</tr>
</tbody>
</table>
Year over Year Tax Impact

![Year over Year Tax Impact Graph]

- 2006-07: 7.37%
- 2007-08: 5.07%
- 2008-09: 4.98%
- 2009-10: 3.98%
- 2010-11: 3.48%
- 2011-12: 1.89%
- 2012-13: 2.00%
- 2013-14: 2.93%
- 2014-15: 1.97%
- 2015-16: 2.10%
- 2016-17: 2.06%
Historical Enrollment Growth
Total District Enrollment

Ten year enrollment increase of over 800 students by next year
Staffing compared to enrollments

<table>
<thead>
<tr>
<th>Year</th>
<th>non-certificated staff</th>
<th>certificated staff</th>
<th>enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>646.96</td>
<td>654.44</td>
<td>1,022.2</td>
</tr>
<tr>
<td>2011-12</td>
<td>653.12</td>
<td>646.65</td>
<td>1,017.7</td>
</tr>
<tr>
<td>2012-13</td>
<td>659.52</td>
<td>649.86</td>
<td>1,012.3</td>
</tr>
<tr>
<td>2013-14</td>
<td>662.52</td>
<td>643.77</td>
<td>1,007.3</td>
</tr>
<tr>
<td>2014-15</td>
<td>665.62</td>
<td>649.86</td>
<td>1,002.3</td>
</tr>
<tr>
<td>2015-16</td>
<td>666.02</td>
<td>649.86</td>
<td>1,002.3</td>
</tr>
<tr>
<td>2016-17</td>
<td>666.72</td>
<td>643.77</td>
<td>1,002.3</td>
</tr>
</tbody>
</table>
2016-17 Budget Requests/Considerations

- Staffing and supply requests for Enrollment Increases
- Enrollment Plan: Redistricting Considerations
- Access and Equity
  - Staffing requests for Academic Support
  - Supplies/textbooks for AP/accelerated enrollments
  - Additional Professional Development
- STEAM initiatives
- Second Year Expansion - Montrose Early Learning Center
- Seth Boyden enrollments (free/reduced lunch population)
- Increased technology – maintenance, replacement, support
- Increasing Tuition expenses and 504 Accommodations
- Increased Paraprofessional Staffing needs
- Security Enhancements
## Expenses Proposed Budget 2016-17

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>Budgeted 2015-16</th>
<th>% Total Operating</th>
<th>Proposed 2016-17</th>
<th>% Total Operating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>61,265,112</td>
<td>51.3%</td>
<td>61,257,857</td>
<td>50.6%</td>
</tr>
<tr>
<td>Health Benefits</td>
<td>13,722,232</td>
<td>11.5%</td>
<td>13,901,006</td>
<td>11.5%</td>
</tr>
<tr>
<td>Tuition Expense</td>
<td>12,203,235</td>
<td>10.2%</td>
<td>13,000,633</td>
<td>10.7%</td>
</tr>
<tr>
<td>Energy Expense</td>
<td>2,480,000</td>
<td>2.1%</td>
<td>2,552,500</td>
<td>2.1%</td>
</tr>
<tr>
<td>Transportation Expense*</td>
<td>4,622,018</td>
<td>3.9%</td>
<td>4,648,665</td>
<td>3.8%</td>
</tr>
<tr>
<td>Textbooks/ Supplies</td>
<td>2,167,278</td>
<td>1.8%</td>
<td>2,061,708</td>
<td>1.7%</td>
</tr>
<tr>
<td>Maintenance/ Security*</td>
<td>9,030,969</td>
<td>7.6%</td>
<td>9,192,272</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

* Excludes salaries
Ongoing Ways SOMSD Contains Costs

- Health insurance contributions
- Establishing Special Education programs in district
  - Montrose Early Childhood Center
- Shared services with Maplewood and South Orange
- Energy conservation measures
  - Capital Upgrades
- Cooperative purchasing with other districts and consortiums
- Purchasing through bidding process for reduced costs
- Contracted Services
- Grants - Pep grant, Sustainable Jersey for Schools
- In-house transportation services
- Rental of facilities
Spending reductions for 16-17

- Supplies
- Technology – replacements/repairs only
- Professional Development
- Memberships
- Periodicals
- Elementary Library Supplies
- Reference Materials Media Centers
- Textbooks
- Paraprofessional oversight
- Limited increases to athletics/extracurricular
Professional Development

Centralized Coordination

- External resources:
  - Language Arts K – 5 (Teachers’ College)
  - Differentiated Instruction
  - Cultural Competency/Restorative practices
  - Instructional leadership practices (calibration of evaluations)
  - Strengthening Student Engagement – learning targets
  - Universal Design for Learning – planning for instruction to meet the needs of diverse learners (*free from State*)

- Internal: Staff members with expertise in the area(s)
  - Math K-12 (*including free from RAC for Focus Schools*)
  - Language Arts grades 6-12
  - Gifted & Talented Instructional Strategies
  - Integrating Technology in Content area instruction
Personnel reductions for 16-17

- Change to supervisor structure
- Change to high school administrative/support structure
- Adjustments to academic support structures
- Restructure media specialist/technology programming
- Net reduction of approximately 10 classroom teachers

Anticipate Net Reduction: 19 fte’s
## Supervisor Structure

<table>
<thead>
<tr>
<th>Position</th>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELA Supervisor K-8</td>
<td>1.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Math Supervisor 9-12</td>
<td>1.0</td>
<td>0.0</td>
</tr>
<tr>
<td>ELA Supervisor 9-12</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Math &amp; Science Supervisor K-8</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Science Supervisor 9-12</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Social Studies Supervisor 9-12</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Fine Arts Supervisor K-12</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Health/P.E. &amp; Nursing Services Supervisor K-12</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>World Language &amp; ELL K-12</td>
<td>1.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Reductions will be obtained through attrition and remaining supervisor responsibilities will be covered by current staff.
The Dean of Students will work primarily with students in grade 9 and address school wide disciplinary issues as needed.

High School Assistant Principals will assume discipline responsibilities in grades 10-12.

<table>
<thead>
<tr>
<th>Position</th>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guidance Counselors</td>
<td>11.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Deans</td>
<td>2.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Dean Support Staff</td>
<td>3.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>
Beginning implementation of STEAM focus:

- Anticipate conversion of part of media center to maker space
- Coordination between media center and technology instruction
- Reduction of 1 media specialist. Remaining FTE shared time between two building
- Teachers and students will continue to have ongoing access to libraries
- Continued incorporation of technology into the classroom
The goal and vision for all students, and in particular for students with disabilities, is to provide a supportive academic, social, and emotional environment that will provide students the skills needed to sustain an independent adult life to the maximum extent possible.

Services are designed to provide learning in the “least restrictive environment” and include a variety of placement options such as regular class placement with support, self-contained programs, and specialized placements.
Special Education Enrollment Trends

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Spec Ed Students</th>
<th>General Ed Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>977</td>
<td>5628</td>
</tr>
<tr>
<td>2011-12</td>
<td>974</td>
<td>5697</td>
</tr>
<tr>
<td>2012-13</td>
<td>926</td>
<td>5841</td>
</tr>
<tr>
<td>2013-14</td>
<td>914</td>
<td>5988</td>
</tr>
<tr>
<td>2014-15</td>
<td>934</td>
<td>6092</td>
</tr>
<tr>
<td>2015-16</td>
<td>950</td>
<td>6101</td>
</tr>
</tbody>
</table>

- **2010-11**: Total Spec Ed Students 15.13%, General Ed Students 14.91%
- **2011-12**: Total Spec Ed Students 13.98%, General Ed Students 13.52%
- **2012-13**: Total Spec Ed Students 13.60%, General Ed Students 13.52%
- **2013-14**: Total Spec Ed Students 13.98%, General Ed Students 13.60%
- **2014-15**: Total Spec Ed Students 14.91%, General Ed Students 13.60%
- **2015-16**: Total Spec Ed Students 13.81%, General Ed Students 13.60%
Out of District Enrollment Trends

- 2010-11: 14.94%
- 2011-12: 14.27%
- 2012-13: 15.33%
- 2013-14: 15.54%
- 2014-15: 17.02%
- 2015-16: 18.00%

- 2010-11: 831 indistrict, 146 ood
- 2011-12: 835 indistrict, 139 ood
- 2012-13: 784 indistrict, 142 ood
- 2013-14: 772 indistrict, 142 ood
- 2014-15: 775 indistrict, 159 ood
- 2015-16: 779 indistrict, 171 ood
Special Education Budget Adjustments

- New/expanded programs to support students in least restrictive environment:
  - Create class for younger elementary students with multiple disabilities. *(1 additional elementary school teacher)*
  - Expand iStep program at SOMS to provide additional therapeutic support. *(1 additional school behavior specialist)*
  - Reassignment of elementary and CHS teachers to create full continuum of services to support success in least restrictive environment. *(Neutral)*
  - Hire additional Learning Disabilities Teacher Consultant (LDTC) to help manage increased pace of referrals *(1 additional LDTC)*

- Corresponding Anticipated Reductions in Costs of Out of District Tuition:
  - 5 kindergarten students to remain in district
  - 10 middle school students to remain in district
  - 2 CHS students to return from OOD placements
Personnel adjustments for 16-17

DISTRICT
- (2 FTE’s) supervisor positions
- (1 FTE) district secretary (reported to supervisor)
- +1 FTE LDTC (increased referrals)
- DISTRICT NET: (2 FTE’S)

ELEMENTARY
- (1 FTE’s) instructional coaches
- (2 FTE’s) academic intervention
- + 1 FTE elementary classroom teacher
- +1 FTE special ed (MD Classes)
- ELEMENTARY NET: (1 FTE’S)

MIDDLE SCHOOL
- (2 FTE’s) middle school teachers
- (1 FTE’s) middle school media specialists
- +1 FTE Behavioral Specialist (iStep)
- MIDDLE SCHOOL NET: (2 FTE’s)

HIGH SCHOOL
- (9 FTE’s) high school teachers
- (1 FTE’s) high school guidance
- (1 FTE) hs media specialist
- (1 FTE’s) high school deans
- (2 FTE’s) deans’ secretaries
- HIGH SCHOOL NET: (14 FTE’S)

Total Net Reduction: 19 fte’s
### Tax Impact at 2.00% Cap

<table>
<thead>
<tr>
<th>Description</th>
<th>Impact</th>
</tr>
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<tr>
<td>Tax Levy CAP</td>
<td>$111,317,574</td>
</tr>
<tr>
<td>Operating Budget Tax Impact (est.)</td>
<td>2.00%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$3,833,697</td>
</tr>
<tr>
<td>Local Tax</td>
<td>$115,151,271</td>
</tr>
<tr>
<td>Operating and Debt Service Tax Impact (est.)</td>
<td>2.06%</td>
</tr>
</tbody>
</table>

#### Estimated Impact (average assessed household value (based on 2015 figures)):
- **Maplewood:** $165
- **South Orange:** $216

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### Tax Impact with $409,103 adjustment

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<thead>
<tr>
<th>Description</th>
<th>Impact</th>
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<tbody>
<tr>
<td>Tax Levy CAP</td>
<td>$111,726,677</td>
</tr>
<tr>
<td>Operating Budget Tax Impact (est.)</td>
<td>2.37%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$3,833,697</td>
</tr>
<tr>
<td>Local Tax</td>
<td>$115,560,374</td>
</tr>
<tr>
<td>Operating and Debt Service Tax Impact (est.)</td>
<td>2.43%</td>
</tr>
</tbody>
</table>

#### Estimated Impact (average assessed household value (based on 2015 figures)):
- **Maplewood:** $180
- **South Orange:** $233
Personnel adjustments for 16-17 with additional $409,103

**ELEMENTARY**
- Add back 2 FTE’s academic intervention
- Additional 2 FTE’s elementary classroom teacher
- Elementary enrollments continue to exceed projections, specifically at the Kindergarten level, which then increases future year grade projections
- Increase of over 600 elementary students over the past 10 years. An increase of over 65 students in the past year alone.
What next?  Budget Calendar

- Mon, Mar. 7  Community Forum to discuss budget (7:00 pm)
- Mon, Mar 21  BOE meeting: BOE consider/adopt preliminary budget to send to Essex Co Supt for approval to advertise (7:30 pm)
- Tues, Mar 22  Last day to submit 2016-17 Budget to County
- Mon, Apr 18  BOE meeting (7:30 pm)
- Mon, May 2  Public Hearing/action to levy 2016-17 school tax (7:00 pm)
5-Year Budget Projection
(2% Operating Tax Levy Cap Projected Years)

- Proposed 2015-16: $123,484,280
- Projected 2016-17: $125,023,039
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- $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

Projected Expenses:
- $15,000,000
- $20.6 Million
- $25.1 Million
- $30.4 Million
- $35.0 Million
- $40.6 Million
- $46.2 Million
- $51.8 Million
- $57.4 Million
- $63.0 Million
- $68.6 Million

Projected Revenues:
- $10.4 Million
- $15.0 Million
- $20.6 Million
Strategic Planning in light of Economic Constraints

• We will re-imagine and redesign all aspects of student scheduling, use of facilities and administrative structures to guarantee alignment with mission.

• We will maximize community expertise and external resources to provide multiple pathways for student and professional growth and learning.

• Learning takes place within and beyond the classroom. Opportunities to learn and develop skills through online resources, collaborative partnerships, collective projects, field experiences, internships, mentoring opportunities and service projects.
Summary

- Tax Levy Cap imposed by New Jersey at 2% with allowances
- Adjustment allowances available over $1.5 million with $409,103 expiring this year.
- Expenses increase at a higher rate than 2% annually.
- We will continue to face annual cuts if we don’t change the way we provide services.
- Strategic Directions calls for the redesign of all aspects of student scheduling, use of facilities and administrative structures to guarantee alignment with mission.
- Budget includes the start of restructuring as the Strategic Plan is developed.
- Proposed personnel reductions include a net 19 fte’s.
- The adjustment allowance would allow for the return of 4 fte’s.