

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

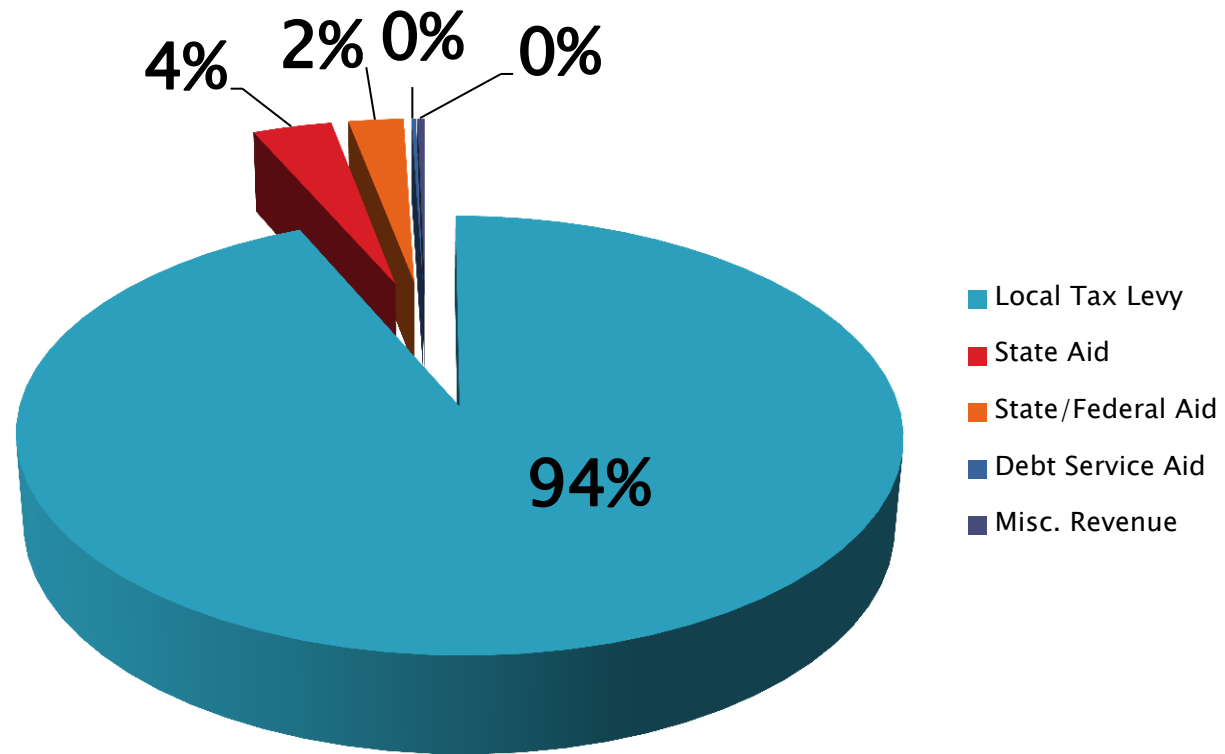
Anticipated Revenue Sources



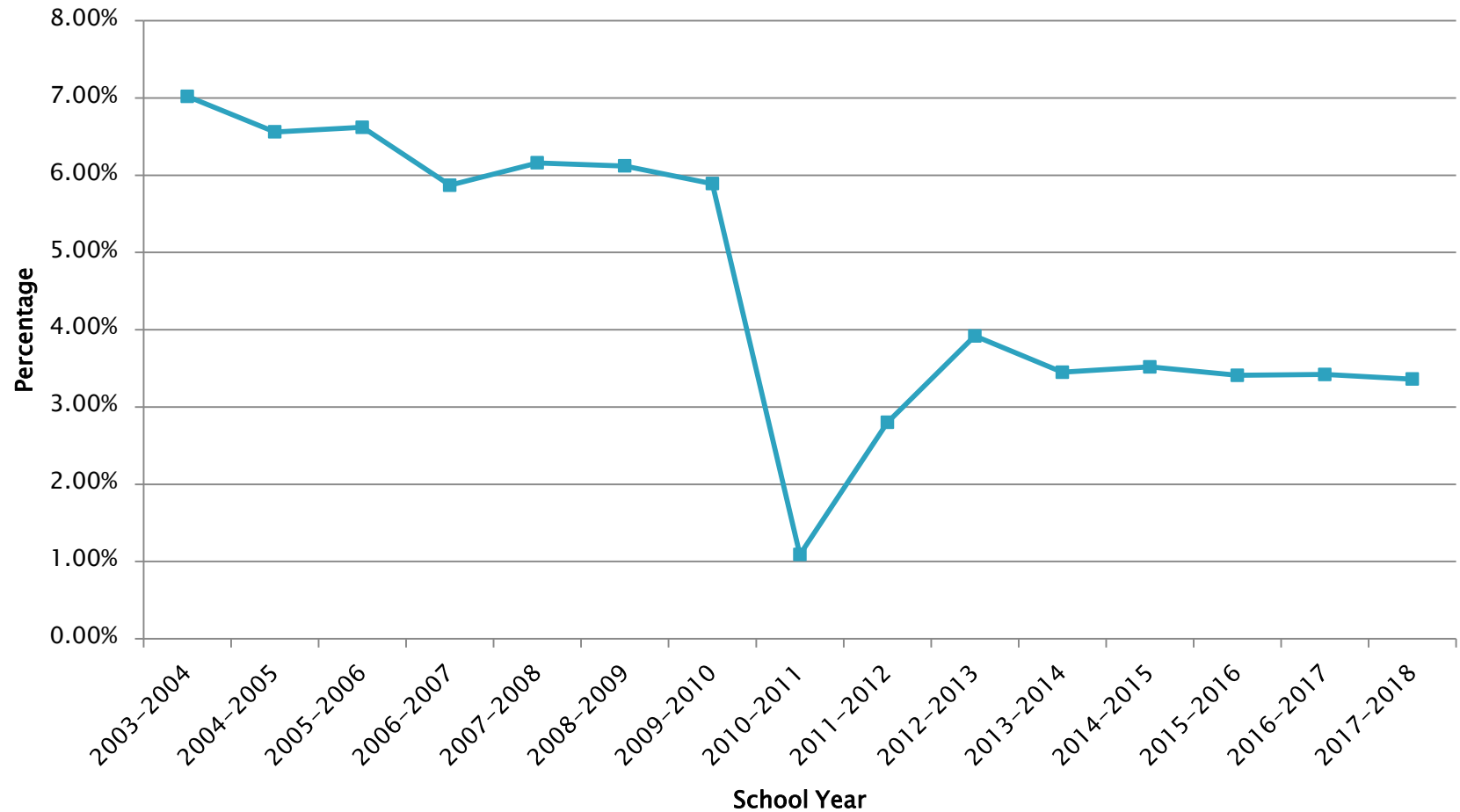
Revenue (Preliminary)

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

2017-2018 Revenue Sources



State Aid as a Percent of Revenue



Tax Levy Cap Adjustments & Banked Cap

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

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

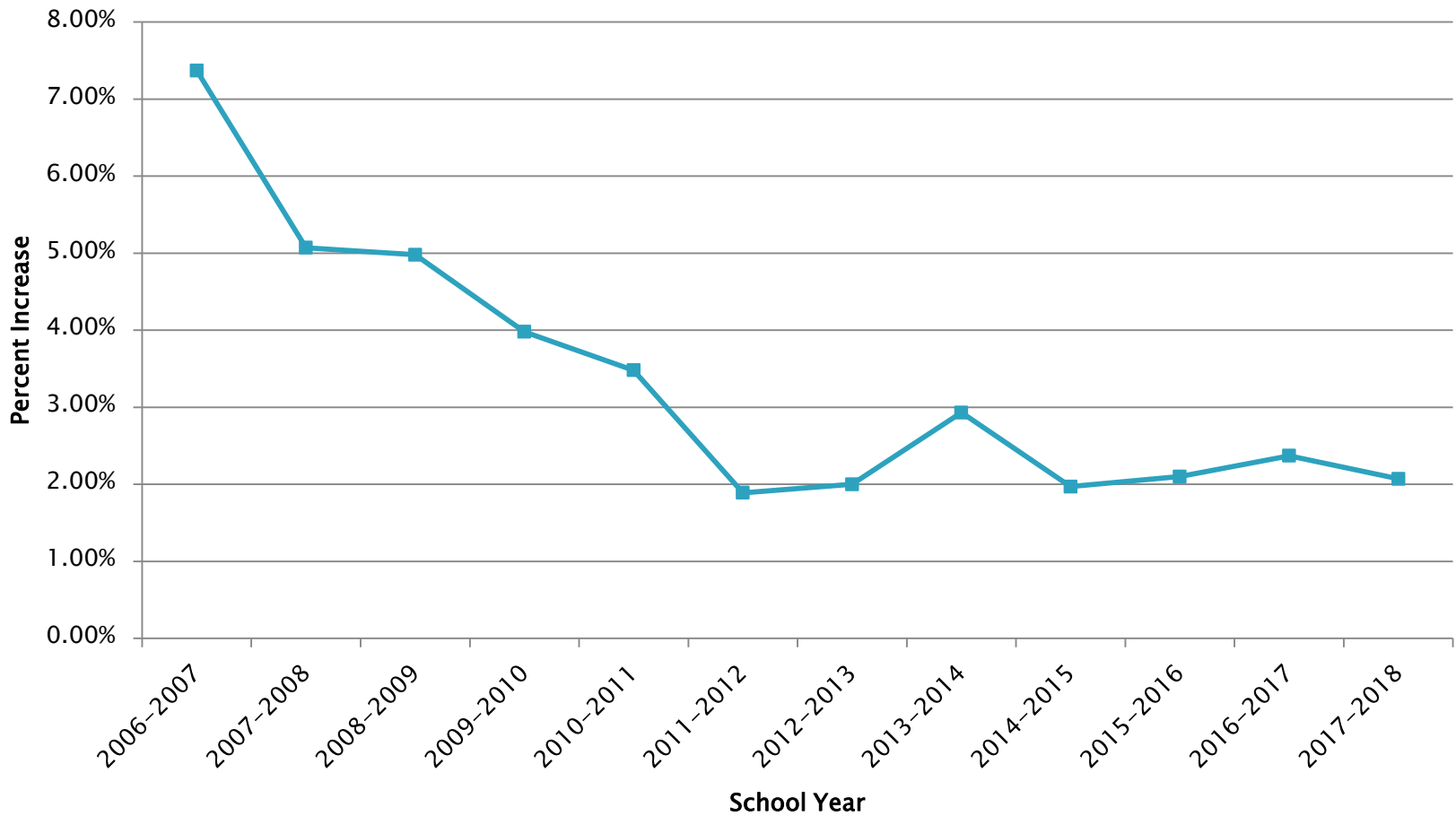
2017-2018 Adjustments & Available Banked Cap	
Adjustments (Health / Enrollment)	Available
357,574	1,475,575

Estimated Tax Impact

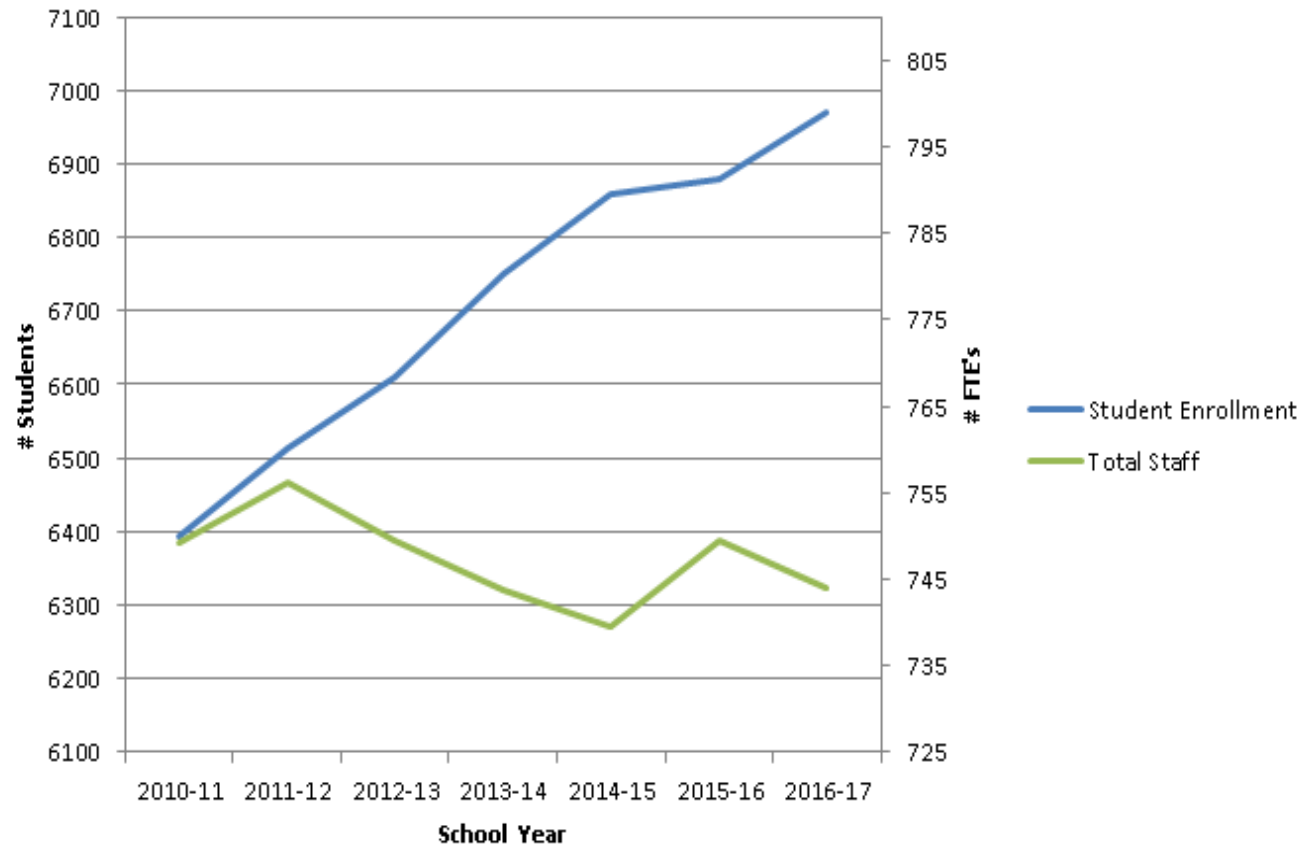
Tax Levy CAP	\$113,961,211
Operating Budget Tax Impact (est.)	2.00%
Debt Service	*\$3,907,149
Local Tax	\$117,868,359
Operating & Debt Tax Impact (est.)	2.07%
Adj. & Banked Cap	\$1,475,575
Local Tax	\$119,343,934
Tax Impact (est.)	3.39%

*Debt Service minus Anticipated Debt Service Aid
(\$262,086)

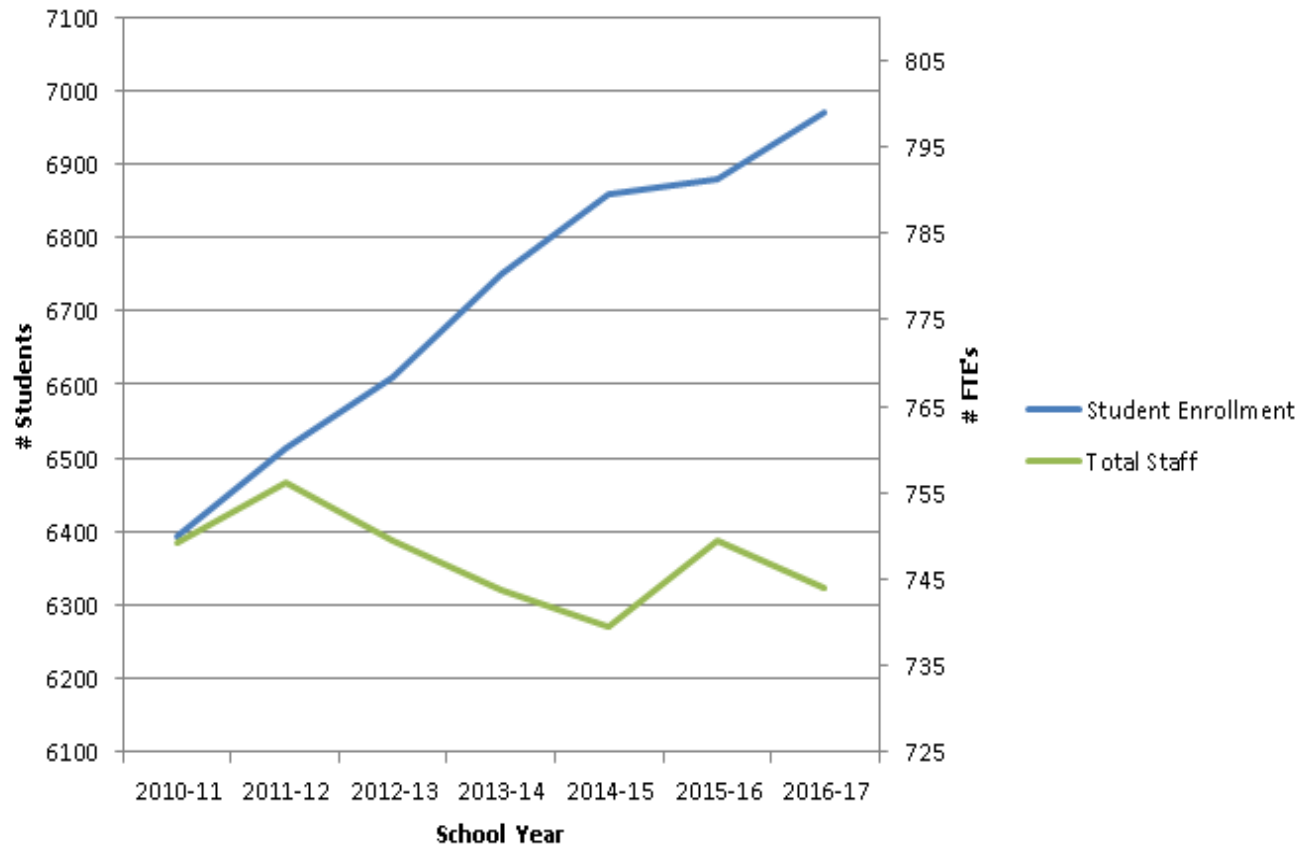
Year Over Year Tax Impact



Student Enrollment vs. Staffing

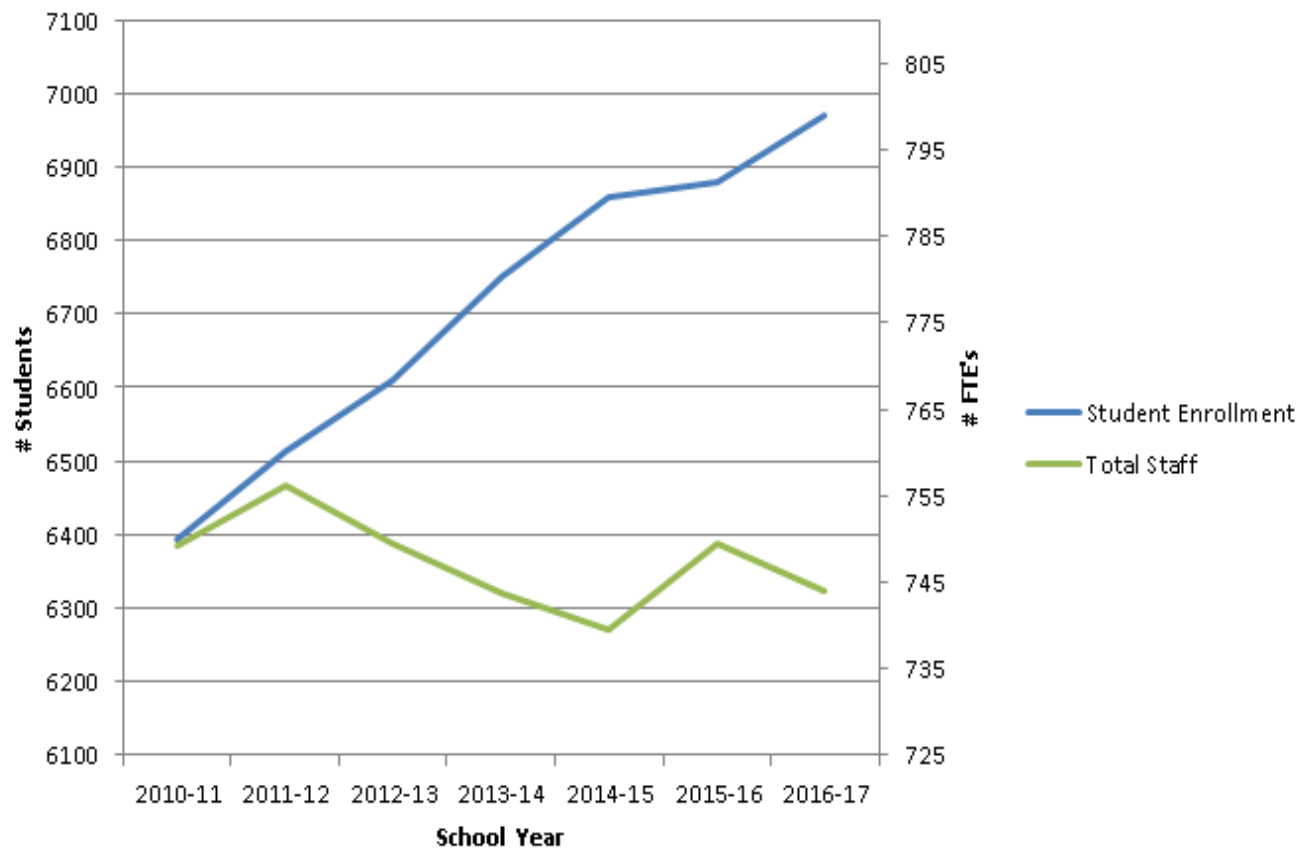


Student Enrollment vs. Staffing



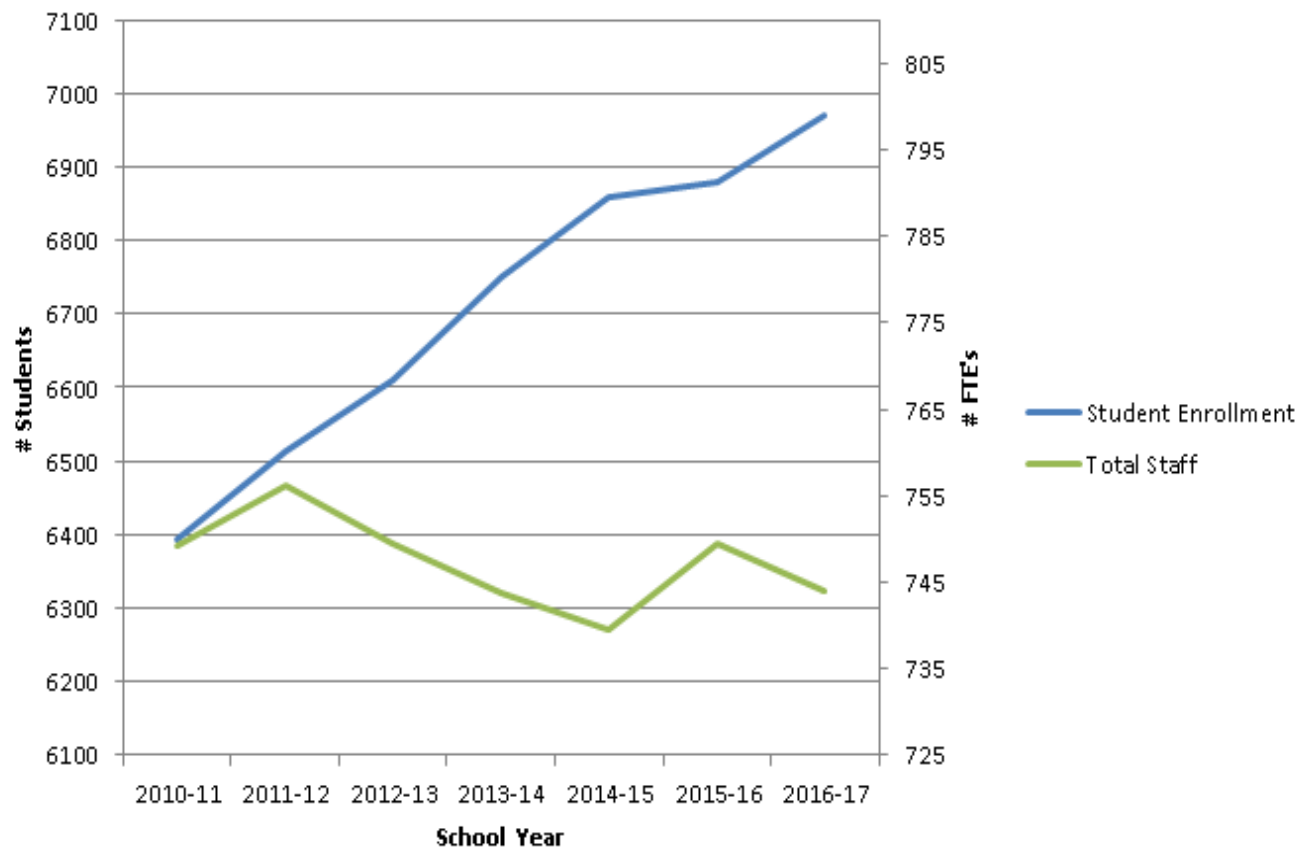
Since 2010
student
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increased by 566
students (8.8%)

Student Enrollment vs. Staffing



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

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 -6 Support Staff

During this time additional state mandates were added (Focus Schools, PARCC, HIB, Achieve NJ, New Graduation Requirements, etc.)

Zero Based Budgeting



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

- ▶ 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.

ZERO BASED BUDGETING

- ▶ 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). $101 / 5 =$ an average class size of 20.
 - Perform this function for each school and grade level to calculate the total number elementary school teachers required.

ZERO BASED BUDGETING

- Confirm Secondary School Staffing Levels by Comparing Student Course Selections to Class Size Policy. Example:

Dept/Course/Level/Term			Course Requests		Min FTE's	
			SpEd	Total		
Dept	Course / Lvl	Term	Requests	Requests	SpEd	RegEd
Lang Arts	English 1	YR	32	275	0.8	2.2
Lang Arts	English 1 –HN	YR	32	250	0.8	2
			64	525	1.6	4.2

ZERO BASED BUDGETING

- ▶ 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

Estimated Revenue	128,164,044
Anticipated Appropriations	130,532,707
Difference	(2,368,663)
Adj. & Banked Cap	1,475,575
Difference	(893,088)

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



2017-18 Budget Requests/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*