

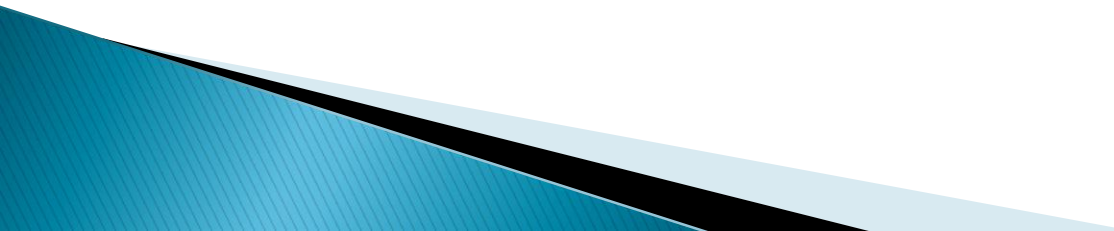
Strategic Directions 2016-2017 Preliminary Budget



South Orange-Maplewood
School District

Community Forum on Budget
March 7, 2016

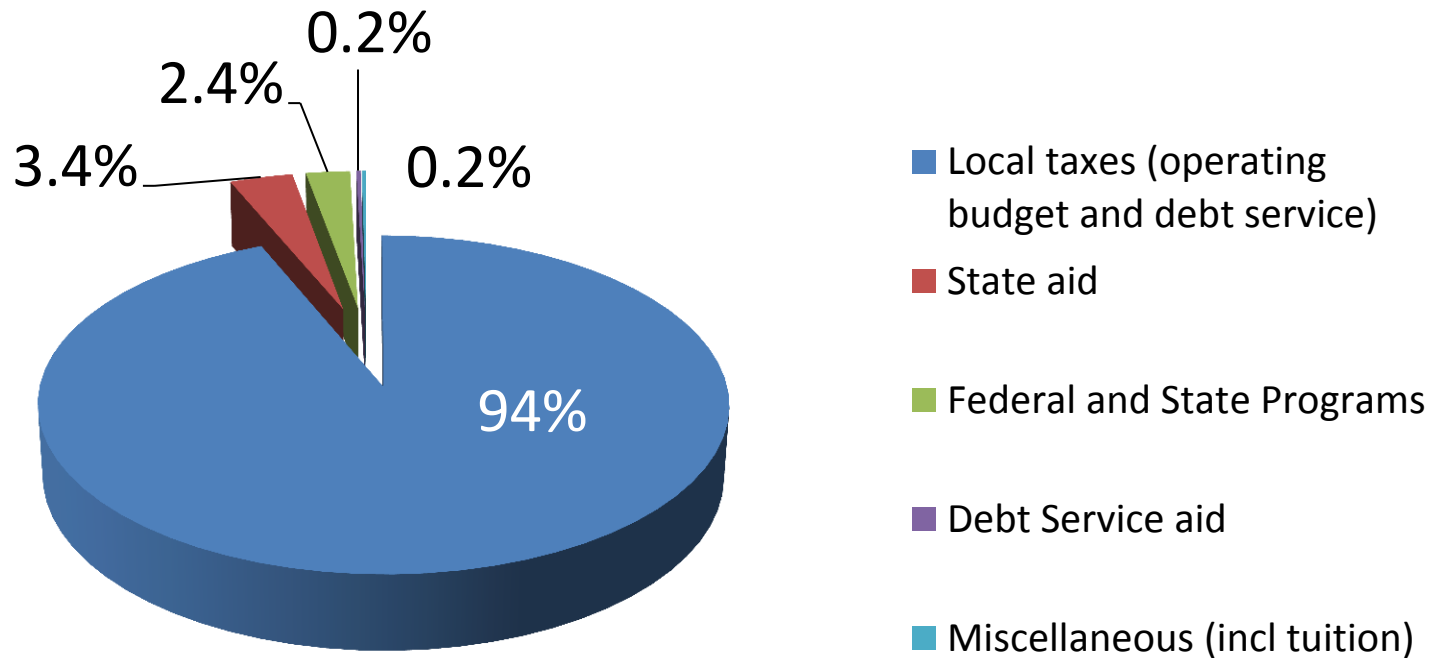
Overview of Presentation

- ▶ Budget Development
 - ▶ Revenue Sources and Tax Levy Caps
 - ▶ Revenues and Tax Impact
 - ▶ Expenses Proposed 2016-17
 - ▶ Spending Reductions
 - ▶ Programming Restructuring
 - ▶ Personnel Adjustments
 - ▶ Expiring Banked Cap (Taxing Authority) - \$409,103
 - ▶ Next Steps
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Budget Development Calendar

Board Meeting	Topic
September 21	Identify Budget Analyses
November 16	Baseline Budget Data Comprehensive Maintenance Plan
December 21	Audit Review Budget Analyses Special Education Review
January 25	Preliminary Budget Presentation
February 22	Preliminary Budget Discussion with State Aid Figures
March 2	Budget Workshop – Proposed Budget
March 7	Community Forum on Budget
March 21	Resolution to Submit Budget to County
May 2	Budget Hearing and Action to Set School Tax Levy

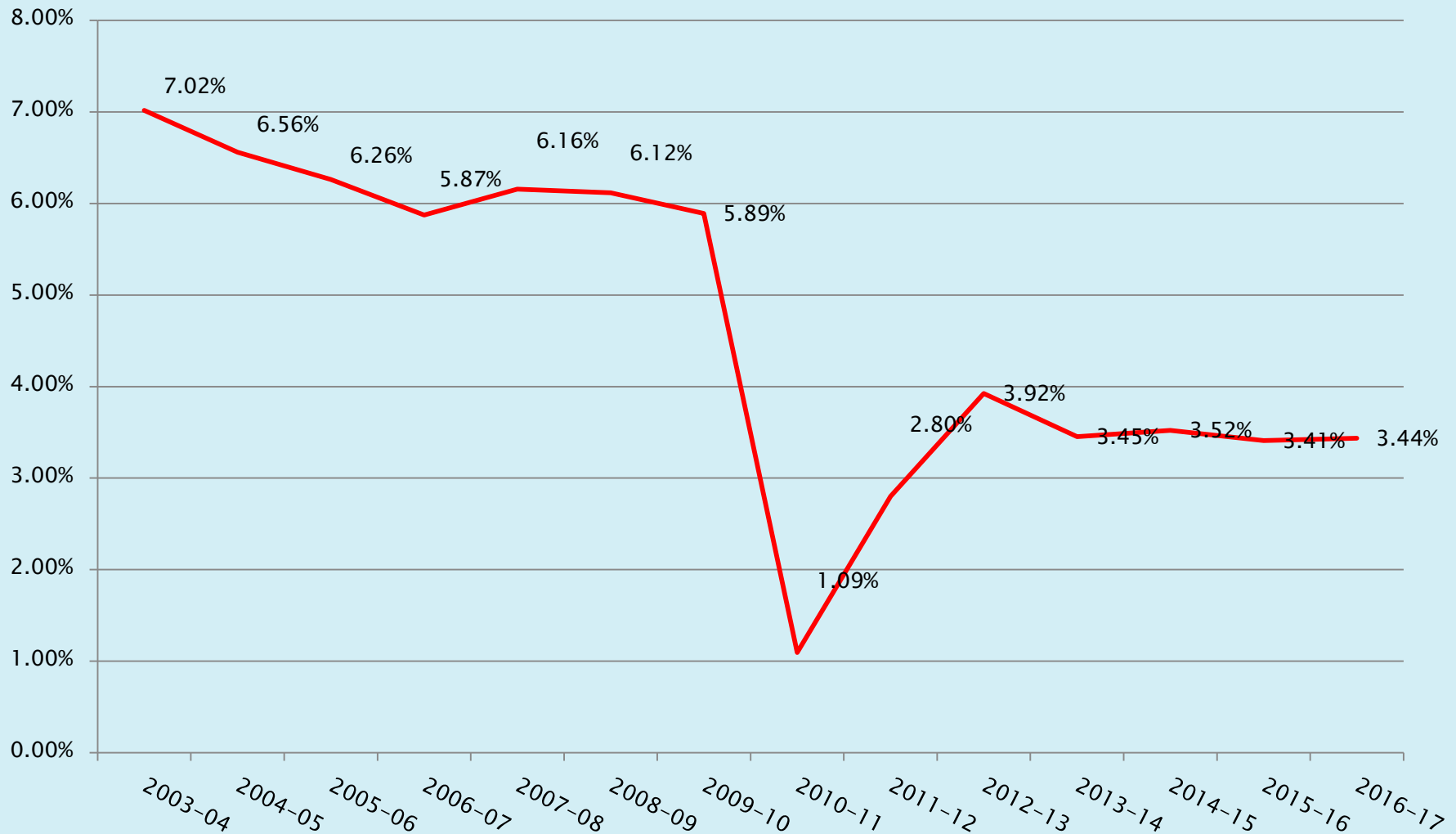
Where does school budget revenue come from?



Categorical State Aid

	2012-13	2013-14	2014-15	2015-16	2016-17
Spec Ed	3,667,370	3,630,949	3,630,949	3,630,949	3,583,657
Security	148,725	162,918	162,918	162,918	187,988
Transport	259,803	282,031	282,031	282,031	323,922
PARCC Readiness			70,160	70,160	70,160
Per Pupil Growth			70,160	70,160	70,160
Professional Learning Community					71,680
TOTAL	4,075,898	4,075,898	4,216,218	4,216,218	4,307,567

State Aid as a Percent of Revenue



Tax Levy CAP

- ▶ 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.

Tax Levy Cap Adjustments & Banked Cap

Tax Levy at 2% of 2015-16	Enrollment Adjustment	Health Care Adjustment	Total Allowable Tax Levy
\$111,317,574	\$0	\$0	\$111,317,574

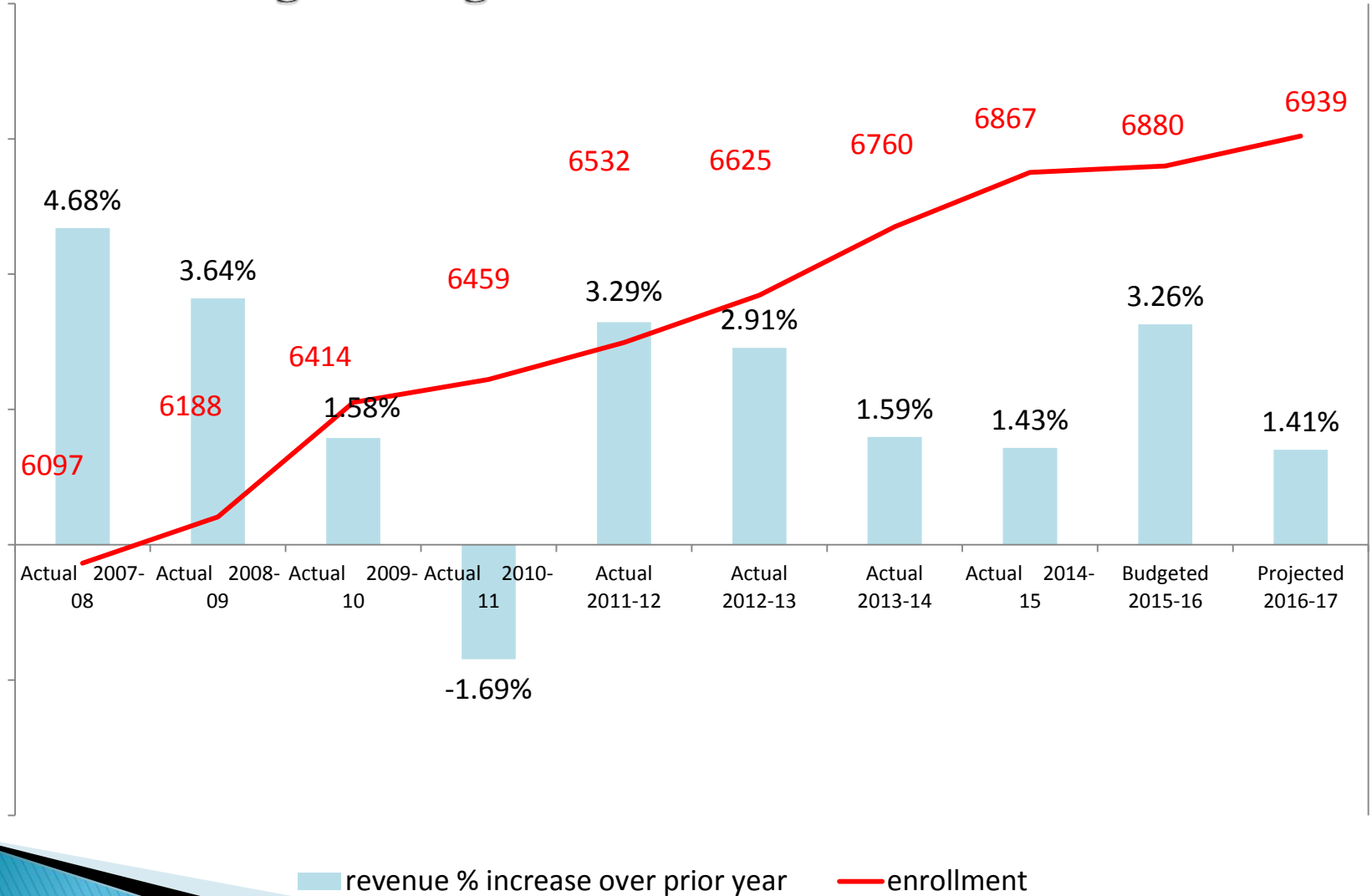
Budget Year Adjustment	Enrollment Adjustment	Health Care Adjustment	Total Adjust/Cap Available	Banked Cap Expires with SY Budget	Banked Cap 2016-17 Budget
2012-2013	\$506,833	\$0	\$506,833	2015-2016	\$0
2013-2014	\$0	\$884,103	\$409,103*	2016-2017	\$409,103
2014-2015	\$544,210	\$426,037	\$970,247	2017-2018	\$970,247
2015-2016	\$588,254	\$0	\$147,754#	2018-2019	\$147,754
Total			\$2,033,937		\$1,527,104

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

\$588,254 minus \$440,500

Multi-Year Impact

Percentage Change of Revenues from Prior Year



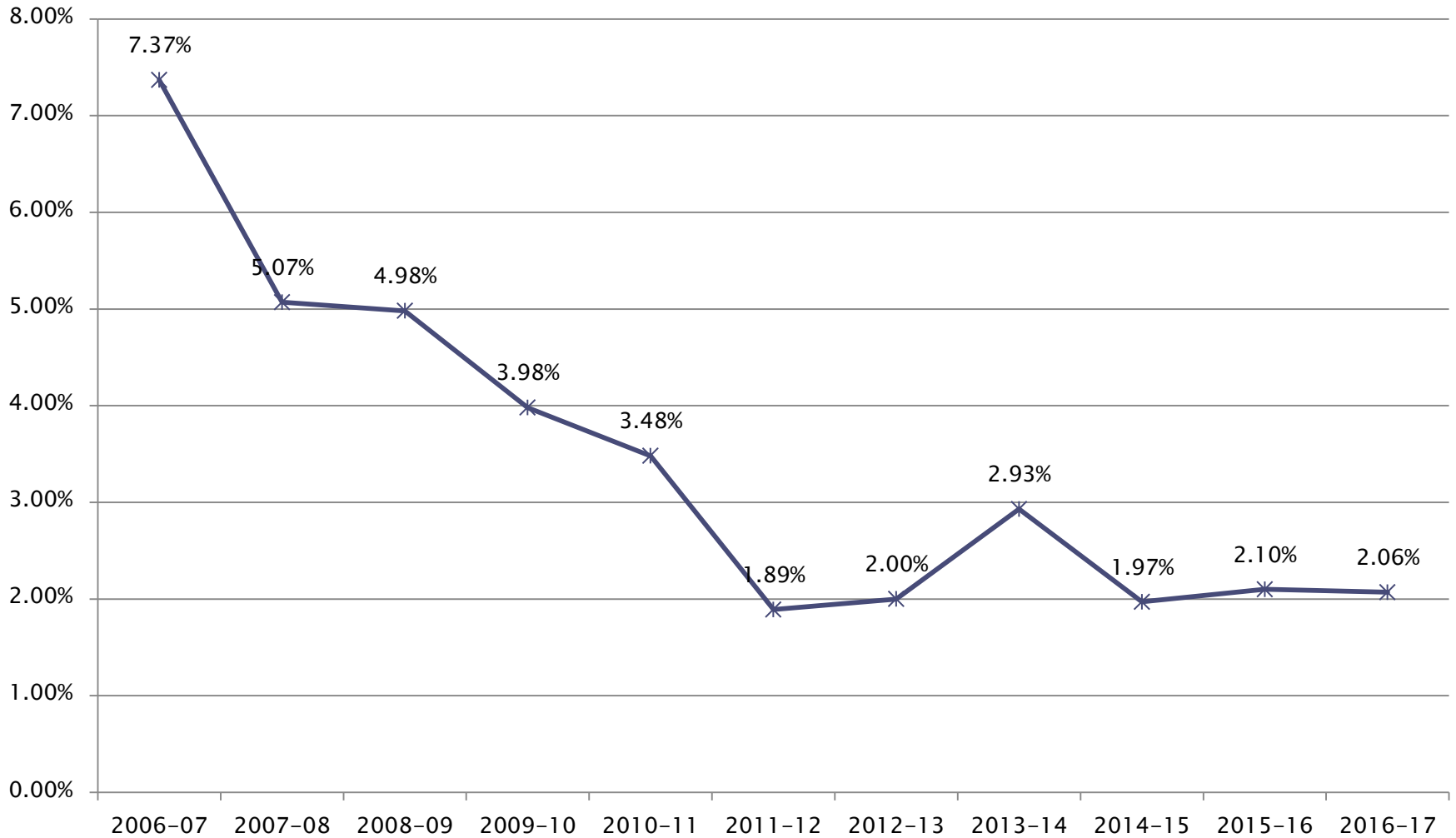
Revenue 2016-17

Revenue Source	Budgeted 2015-16	Proposed 2016-17
Operating Budget Local Tax Levy	109,134,877	111,317,574 (at 2% tax increase)
State Aid	4,216,218	4,307,567
Capital Reserve	338,530	0
Fund Balance	2,471,003	2,275,894
Miscellaneous (incl. tuition)	275,000	275,000
Debt Service	4,119,440	4,152,635
State/Federal	3,039,712	3,002,631
Total Revenue	123,594,780	125,331,301


Tax Impact

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

Year over Year Tax Impact



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
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Expenses Proposed Budget 2016-17

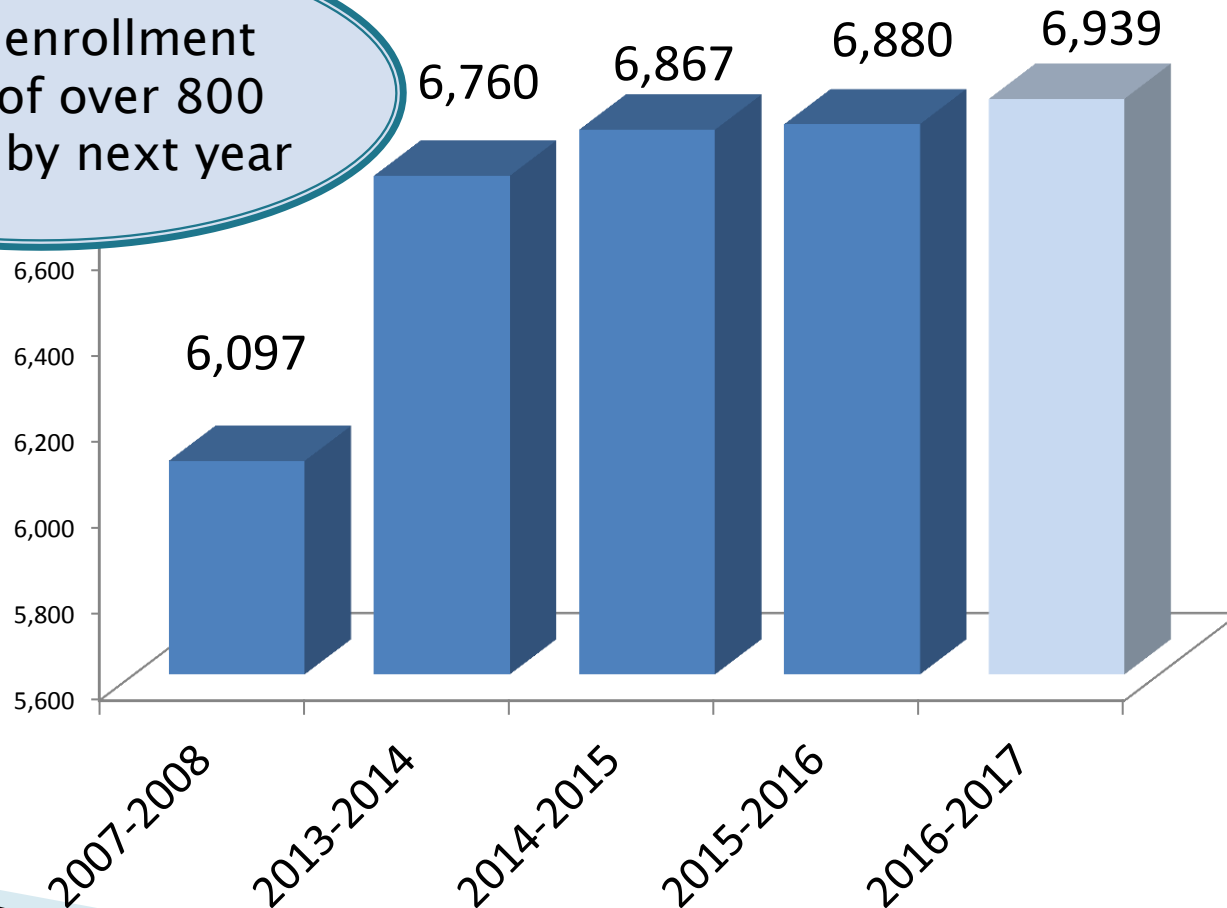
Expense Category	Budgeted 2015-16	% Total Operating	Proposed 2016-17	% Total Operating
Salaries	61,265,112	51.3%	61,257,857	50.6%
Health Benefits	13,722,232	11.5%	13,901,006	11.5%
Tuition Expense	12,203,235	10.2%	13,000,633	10.7%
Energy Expense	2,480,000	2.1%	2,552,500	2.1%
Transportation Expense*	4,622,018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

* Excludes salaries

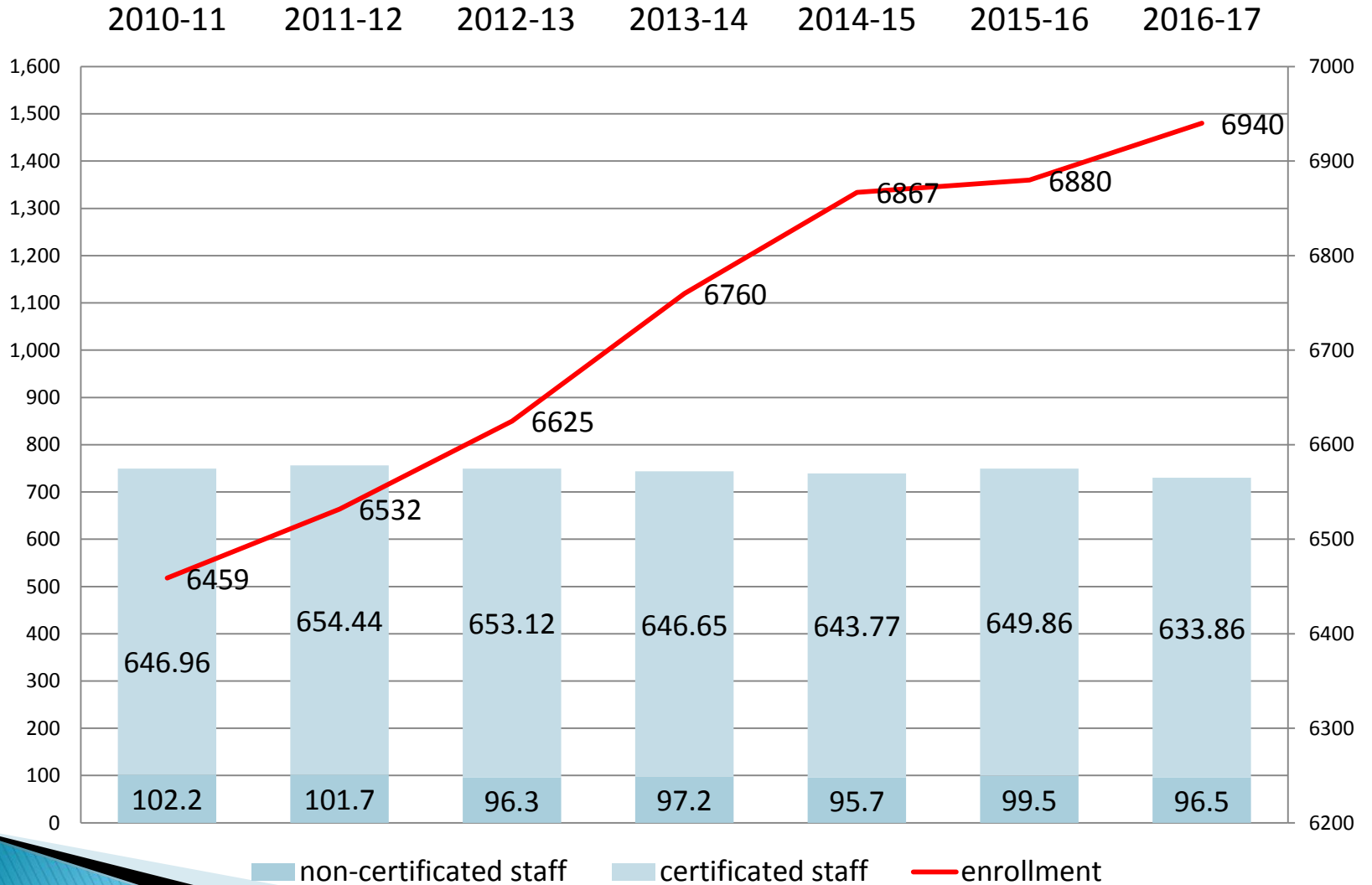
Historical Enrollment Growth

Total District Enrollment

Ten year enrollment increase of over 800 students by next year



Staffing compared to enrollments




Health Care Benefits

		\$3,300 opt out waiver offered (est annual cost)	\$1,800 opt out waiver expense
Opt out waivers (eligible with SEHBP)	81	\$267,300	\$145,800
Opt out waivers (eligible private insurance ONLY)	28	\$92,400	\$50,400
Total opt out waivers	109	\$359,700	\$196,200

- Estimated net savings through opt outs approximately \$1.4 million
- Employee contributions increase to tier 4
 - Incentive to “opt out” without additional waiver
 - Employees pay 100% premium above “Direct 15” equivalent
- Unknown if employees will opt back in – avg cost \$20,000 per year
- Open enrollment period is in the Fall for a January 2017 start date
- Incentives for non-enrollment for Boards with private insurance are negotiable.

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
- 

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

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

High School & Middle School Library Media Specialist Structure

Library Media Specialist	Current (FTE's)	Proposed (FTE's)
Columbia High School	2.0	1.0
South Orange Middle School	1.0	0.5
Maplewood Middle School	1.0	0.5

- *One full time LMS at high school*
- *One full time LMS for middle schools to be shared*
- *LMS schedule staggered to support HS after-school needs*
- *LMS support in libraries through restructuring*
- *Continued classroom access for teachers and students to libraries*
- *Continued incorporation of technology into the classroom*

Reading Intervention Program

School	Current Staff 2015-2016	Proposed Staff 2016-2017	Change
Clinton	3	3	0
Jefferson	1.7	.7	-1
Marshall	2.5	2.5	0
So. Mtn	2	1	-1
Tuscan	1	1	0
Seth Boyden	3	5	+2

Reading Intervention Services

- ▶ ***Number of students receiving services: 361***
- ▶ ***Current:***
 - ▶ *Two scientifically researched reading intervention programs are utilized depending on the student's assessed reading concern (phonemic awareness/fluency or comprehension) – LLI (Leveled Literacy Intervention) and Sonday.*
 - ▶ *Both programs rely on small group instruction – 5 days per week, 4 students in a group.*
 - ▶ *Focus is on K-2nd grade – except Jefferson - to ensure that students meet benchmark standards by third grade.*
 - ▶ *At Seth Boyden students are seen before and after school for small group instruction.*
- ▶ ***Proposed:***
 - ▶ *Seth Boyden would have 2 additional intervention teachers if the banked cap is used.*
 - ▶ *Elementary library/media specialists will maximize their schedules to work with additional groups of students*

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

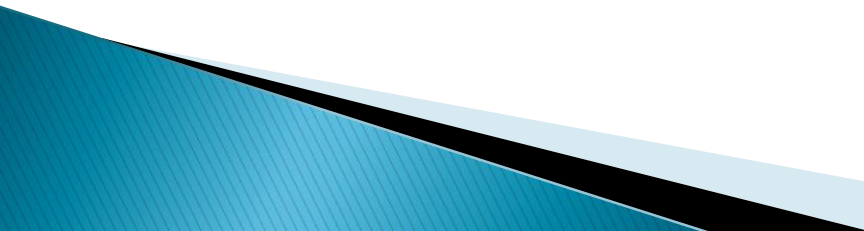
- ▶ (2 FTE's) middle school teachers
- ▶ (1 FTE's) middle school media specialists
- ▶ +1 FTE Behavioral Specialist (iStep)
- ▶ **MIDDLE SCHOOL NET:(2 FTE's)**

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

Personnel adjustments for 16-17 with additional \$409,103

- ▶ Add back 2 FTE's elementary academic intervention
 - ▶ Additional 2 FTE's classroom teachers
 - Elementary enrollments continue to exceed projections, specifically at the Kindergarten level, which then increases future year grade projections
 - The flexibility of budgeting two additional classroom teachers, will allow us to respond to a continued increase in elementary enrollments and to add teachers as needed if enrollments again exceed projections.
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Tax Levy CAP	\$111,317,574
Operating Budget Tax Impact (est.)	2.00%
Debt Service	\$ 3,833,697
Local Tax	\$115,151,271
Operating and Debt Service Tax Impact (est.)	2.06%

Tax Impact at 2.00% Cap


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

Tax Levy CAP	\$111,726,677
Operating Budget Tax Impact (est.)	2.37%
Debt Service	\$ 3,833,697
Local Tax	\$115,560,374
Operating and Debt Service Tax Impact (est.)	2.43%

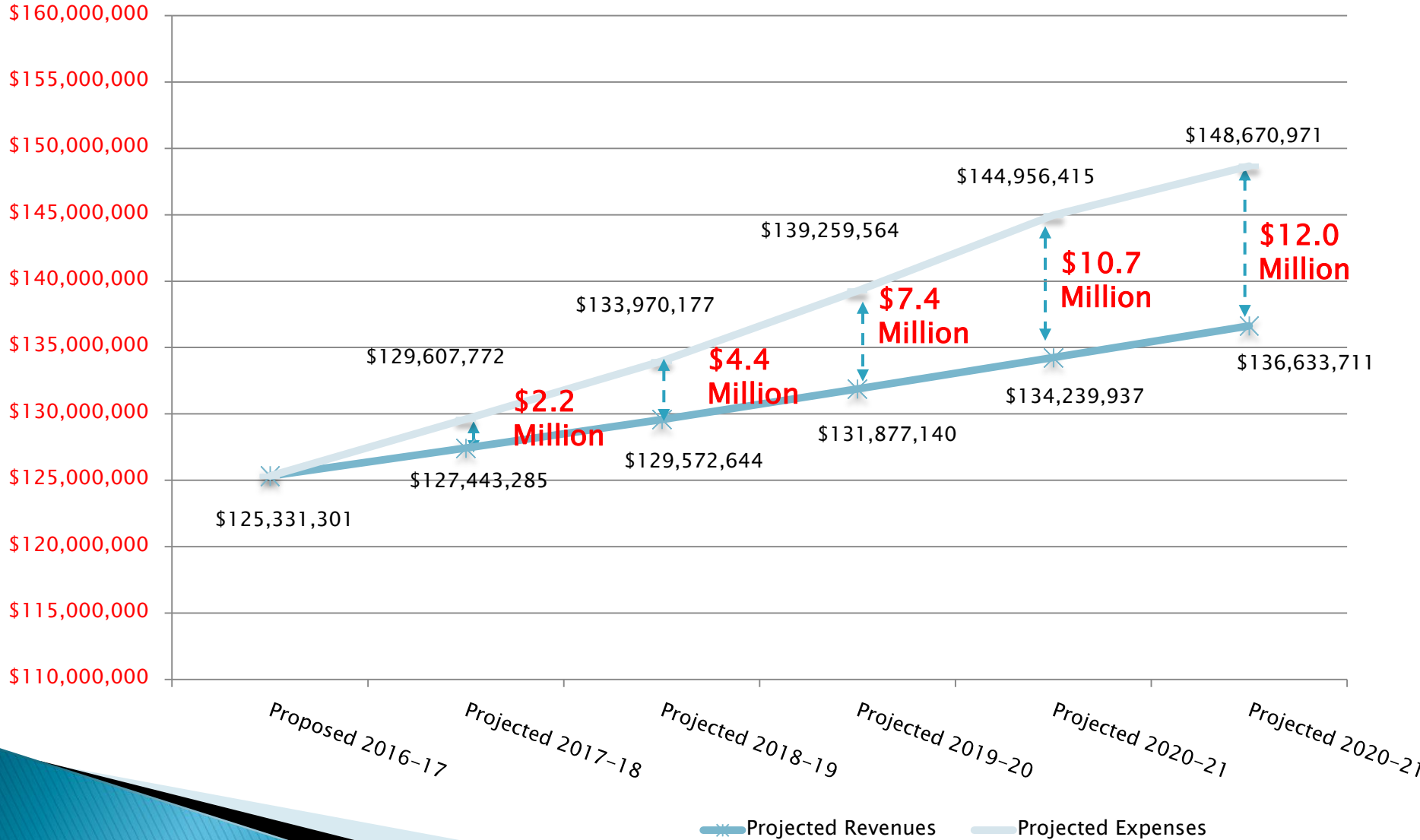
Tax Impact with \$409,103 adjustment

Estimated Impact average assessed household value (based on 2015 figures):
 Maplewood: \$180
 South Orange: \$233

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.
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5-Year Budget Projection (2% Operating Tax Levy Cap Projected Years)



✱ Projected Revenues
 ○ Projected Expenses

What next? Budget Calendar

- ▶ **Mon, Mar 21
(7:30 pm)** **BOE meeting: BOE consider/adopt preliminary budget to send to Essex Co Supt for approval to advertise**
- ▶ **Tues, Mar 22** Last day to submit 2016-17 Budget to County
- ▶ **Mon, Apr 18
(7:30 pm)** **BOE meeting**
- ▶ **Mon, May 2
(7:00 pm)** **Public Hearing/action to levy 2016-17 school tax**

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.
 - ▶ 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.
 - ▶ Strategic Directions calls for the redesign of all aspects of student scheduling, use of facilities and administrative structures to guarantee alignment with mission.
 - ▶ Program adjustments can begin to reduce future shortfalls.
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