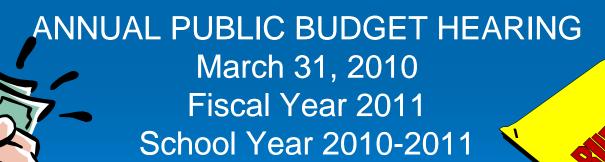




Board of Education

Kenilworth



This Evening's Agenda

> Where are we in the process/timelines
> Budget Basics: School Finance 101
> Revenue review of the Budget
> Tax impact on community
> Expenditure review of the Budget
> Educational Program Review

Budget Timelines

 September-November: Staff input
 October-Goal Setting
 December: Supt and SBA Review Admin Recommendations
 January: BOE Review of Admin Expenditures

- February: Finance
 Committee Review of
 Preliminary Budget
- February: Full Board Review of Budget
- March: State Aid Released-County Review-Budget Hearing

The Budget Process (Board)

Expenditure Phases: January - February
Phase I: Administrators' Budgets
Phase II: Salary & Staffing Projections
Phase III: SBA's Supporting Documentation
Revenue Projections (March)
State Aid
Misc. Revenues

Local Tax Levy

Budget submitted and approved by DOE (3-22)

Executive County Superintendent Approval

Submitted to DOE on 3/22/10 Received approval on 3/26/10 Includes sufficient funds to achieve Core **Curriculum Content Standards** > All efficiencies identified and adopted, including reductions in excess administration and non-instructional expenditures pursuant to State Statute

Revenues & Tax Impact FY '11



Expenditures = Revenues

- New Jersey School Districts are required to operate with balanced budgets. The expenditure side of the budget must equal the revenue side of the budget.
- Once the budget is approved by voters there are no additional opportunities to adjust the budget.
- The School tax levy is the only "tax" NJ residents have a direct vote on. No say on Federal – State – County or Municipal.

Expenditures=Revenues

Anticipated Expenditures:	
Current Expense:	20,180,199
Capital Outlay	13,965
Special Schools	62,253
Special Revenue\Projects	715,749
Debt Service	<u>1,006,166</u>
TOTAL EXPENDITURES	21,978,332

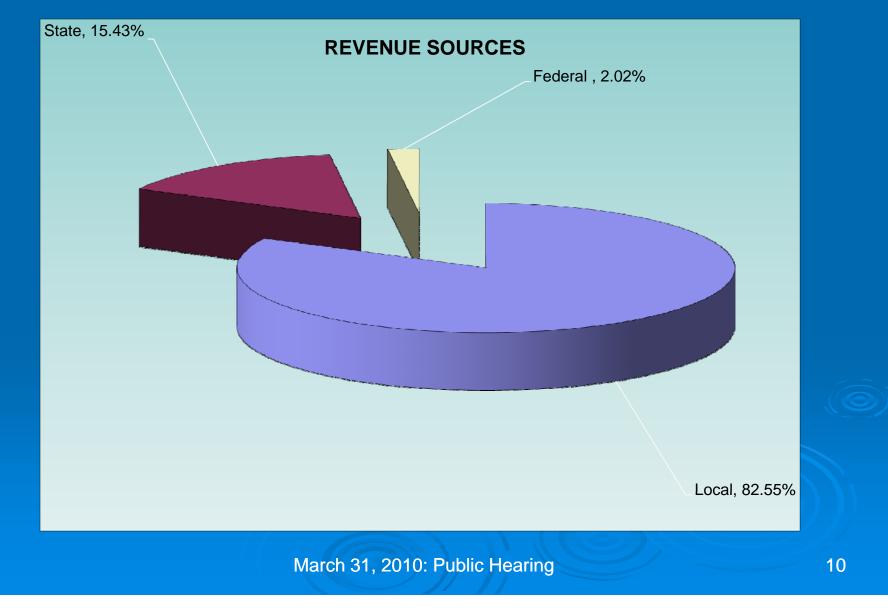
Anticipated Revenues:	
Appropriated Free Balance	125,000
Tuition	229,389
Misc. Revenue Local Sources	241,300
State Aid General Fund & Debt Service Aid	3,118,555
Special Revenue Fund: NP Programs	271,973
Federal Aid: NCLB & IDEA	443,776
Municipal Aid	<u>17,548,339</u>
TOTAL REVENUES	21,978,332

Revenue Sources

 Total Budget = Local Sources + State Aid + Federal Aid
 Approximately 83% of Kenilworth's Budget comes from Local Sources
 Current Fiscal Year local effort was 77%



REVENUE SOURCES



Local Revenue Sources

> Municipal Tax Levy > Income on Investments Income derived from the Rental of **Facilities** > Appropriation of Free Balance (Surplus) > Tuition from other school districts > Rebates (PSE&G) Revenue from fee based programs: Summer School, Sports Events & Drama **Productions**

Choice & Send Receive Revenue

PS Choice Program Aid: \$1,242,621
110 student max in Grades 7-12 (Actual 103)

Winfield Send Receive: \$ 229,389
26 Students in Grades 9-12

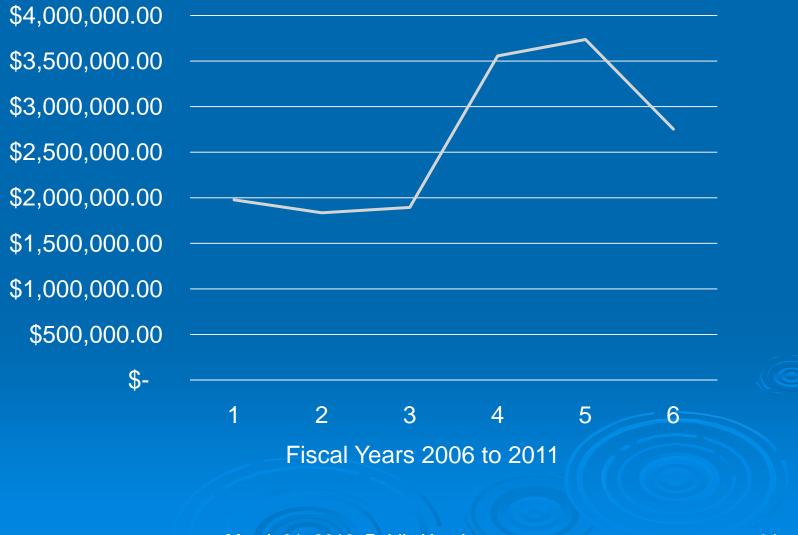
> Total Revenue: \$ 1,472,010



STATE AID

Aid Category	20	009-2010	2	010-2011	\$ change	% change
Special						
Education:	\$	711,320	\$	41,238	\$ (670,082)	-94.20%
Transportation	\$	133,384	\$	-	\$ (133,384)	-100.00%
Security Aid	\$	143,954	\$	-	\$ (143,954)	-100.00%
Equalization Aid	\$	1,504,666	\$	1,469,255	\$ (35,411)	-2.35%
Choice Aid	\$	1,243,216	\$	1,242,621	\$ (595)	-0.05%
TOTALS:	\$	3,736,540	\$	2,753,114	\$ (983,426)	-26.32%
TOTALS:	\$	3,736,540	\$		(983,426)	-26.32%

Changes in State Aid



Calculating the Tax Levy

\$21,978,332
\$ 125,000
\$ 229,389
\$ 241,300
\$ 1,842,466
\$ 1,242,621
\$ 443,776
<u>\$ 1,006,166</u>
\$16,847,614

Tax Impact for Current Expense

Analysis of Current Rate

Dollar Increase: \$ 1,638,860 Point Increase: Total Tax \$'s Avg. Home* \$ 3,189.03 \$ Tax \$ Increase* Tax Rate % Increase

> * Average Kenilworth home <u>assessed at \$167,500</u>

18.52

310.21

10.78%

Tax Levy: Historical Glance

Fiscal Year	Tax Levy	<u>Increase</u>
FY '07 CE Tax Levy \$	14,133,275	
FY '08 CE Tax Levy \$	14,791,143	4.65%
FY '09 CE Tax Levy \$	14,791,143	0.00%
FY '10 CE Tax Levy \$	15,208,753	2.82%
FY '11 CE Tax Levy \$	16,847,613	10.78%

Average increase since FY '074.56%

Free Balance : Surplus

Total General Fund - Fund Balance @ 6-30-09 Amount Budgeted FY '10 Additional Balances Appropriated during FY '10 Additional Balances Anticipated during FY '10 Appropriation Balance 6-30-10 Amount Budgeted in FY '11 Appropriation Balance 6-30-11

As a % of General Fund:

\$ 631,426 \$ (130,255) \$ -<u>\$ -</u> \$ 501,171 <u>\$ (125,000)</u> \$ 376,171

1.86%

Expenditures

Phase I: Administrators' Budgets

Phase II: Staff Salaries

Phase III: SBA Documentation

Zero Based Budget

> Budget built from the ground up annually.
> Benefits of Zero Based Budgeting:

Reduces waste
Reduces unnecessary spending
Allows for prioritization of budget items

> Downside of Zero Based Budgeting:

Large variations in line accounts

Types of Expenditures

General Fund (11-12-13): These expenditures are for the current operating costs of the school district (11), capital outlay/equipment (12) & Special Schools (13).

Special Revenue Fund (20): These accounts are restricted and are generally funded by Federal or State Aid.

Types of Expenditures

Capital Projects (30): The expenditures for projects funded by bond referendums are tracked here. Generally they are for major renovations, school additions or new schools. Bond proceeds of those bonds authorized by bond referendum MUST be used for the project approved at the referendum pursuant to State law. Federal tax laws also prohibit the use of the bond proceeds for operating purposes.

Debt Service (40): The cost associated with the district's long term debt is recorded in this fund.

Expenditures: Obstacles

> Health Benefits increase projected at 8-12%
> Increase in Out-of-District Special Education Costs
> State Mandated Budget Cap
> Utility Costs Rising
> Pension increases

Significant Loss of State Aid

Phase I: Administrators' Budgets

ADMINISTRATOR: PROGRAM	Actual <u>2008-2009</u>	Budgeted <u>2009-2010</u>	Proposed <u>2010-11</u>	From Budget FY '10 <u>\$ Change</u> <u>% Change</u>
Baker: Science/Math	\$ 53,357.00	\$ 39,637.00	\$ 34,115.00	\$ (5,522.00) -13.93%
Baker-O'Donnell: Curric/Texts	\$153,263.00	\$136,645.00	\$ 102,300.25	\$ (34,344.75) -25.13%
Bush: Guidance/Testing	\$ 21,377.00	\$ 39,973.00	\$ 43,023.00	\$ 3,050.00 7.63%
Luciani: Brearley MS/HS	\$124,414.00	\$118,158.00	\$ 111,900.00	\$ (6,258.00) -5.30%
Cooke: Special Education	\$239,075.00	\$ 89,612.00	\$ 86,093.50	\$ (3,518.50) -3.93%
Miller: Athletics	\$196,156.00	\$208,845.00	\$ 171,038.00	\$ (37,807.00) -18.10%
Murphy: Harding ES	<u>\$ 95,075.00</u>	<u>\$105,174.00</u>	\$ 104,360.00	<u>\$ (814.00)</u> <u>-0.77%</u>
Totals	\$882,717.00	\$738,044.00	\$ 652,829.75	\$ (85,214.25) -11.55%

Cuts since initial submission: \$273,101

March 31, 2010: Public Hearing

24

PHASE II: SALARY PROJECTIONS



Breakdown of Salaries

CATEGORY	<u>2010-2011</u>	Cust/Maint/IT, 4.4%_	
Regular Instructional Staff	6,884,322		Curricular Athletics, 3.1%
Other Instructional Staff	447,643	Secretary, Clerks & Aides 4.8%	
Special Education Staff	1,854,889	Administration	
Administration	1,180,698	9.6%	
Secretarial-Clerical	590,865		
Aides	371,835		
Custodial/Maintenance/Tech	537,454		
Co-Curricular	136,312		
Co-Athletics	244,030	Teachers & _/ Instructional Support Staff 78.0%	
Total of Pages:	12,248,048		

Salaries account for 56% of the entire school budget.

Salaries & Benefits account for 72.3% of the entire school budget.

Salary Impact

CATEGORY	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>\$ Change</u>	<u>%</u> Change
Regular Instructional Staff	6,202,722	6,537,178	6,884,322	347,144	5.31%
Other Instructional Staff	440,257	434,174	447,643	13,469	3.10%
Special Education Staff	1,697,477	1,834,199	1,854,889	20,690	1.13%
Administration	1,229,160	1,210,341	1,180,698	(29,643)	-2.45%
Secretarial-Clerical	548,245	568,543	590,865	22,322	3.93%
Aides	289,831	326,292	371,835	45,543	13.96%
Custodial/Maintenance/Tech	856,625	898,713	537,454	(361,259)	-40.20%
Co-Curricular	152,675	151,568	136,312	(15,256)	-10.07%
Co-Athletics	271,662	299,998	244,030	(55,968)	<u>-18.66%</u>
Total of Pages:	<u>11,688,654</u>	12,261,006	12,248,048	(12,958)	<u>-0.11%</u>

Staffing: Level of Education

Degree Achieved	FTE	Avg Salary	% Total Staff
BA Degree	40.80	59,362	32.6%
MA Degree	36.30	67,562	29.0%
MA Degree +30 Credits	48.00	85,690	38.4%
Totals	125.10	71,843	100%

In September 2010, 7 professional staff members will have obtained enough graduate credits to move to the next level of the guide; either from the BA to the MA or the MA to the MA + 30. These guide adjustments will cost the district a total of \$51,965 or an average cost per teacher of \$7,424.

Changes to Instructional Staff

	FY '10	FY '11	Change
	<u>FTE's</u>	<u>FTE's</u>	<u>FTE's</u>
Pre Kindergarten Teachers	2.0	1.0	(1.0)
Basic Skills Instructors	3.0	5.0	2.0
Second Grade Teachers	3.0	4.0	1.0
Third Grade Teachers	4.0	3.0	(1.0)
G & T/Technology Teacher		0.5	0.5
	12.0	13.5	1.5

Changes to Administrative Staff

	FY '10	FY '11	Change
Administrative Category	<u>FTE's</u>	<u>FTE's</u>	<u>FTE's</u>
Supervisors	5	3	-2
Principals & Assistants	3	3	0
Central Administration	2	3	1
	10	9	-1

Budget Impact of Administrative Restructuring:

Supervisor of Math/Science	Abolish	\$ (125,891.00)
Supervisor of Inst/Curr/Tech	Abolish	\$ (125,891.00)
Asst Superintendent's Position	Create:	<u>\$ 135,000.00</u>
Savings to be used toward instructional programs:		\$ (116,782.00)

Health Benefits

Previous contract concessions negotiated:

- Increase deductibles
- All new staff in PPO vs. Traditional Plan
- Mandatory Second Opinions
- No separate prescription plan
- Annual employee contribution all KEA Units

Annually solicit quotes from several insurance companies to seek best proposal.
 Employ part time staff when possible.
 Implementation of a Section 125 Plan.

Phase II: Staffing Questions



Phase III: School Business Administrator's Supporting Documentation



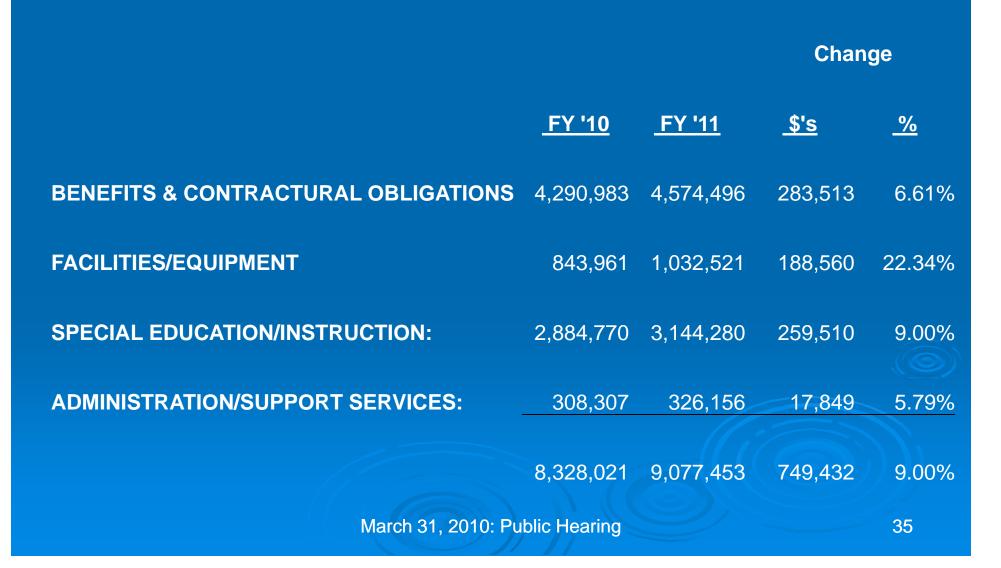


Categorical Distribution

The SBA Documentation section is broken down into the following categorical areas to allow for better analysis:

- Employee Benefits, Insurance & Contractual Obligations
- Facilities, Maintenance & Equipment
- Special Education & Instruction
- Administrative & Support Services

Categorical Distribution Summary



Discretionary v. Nondiscretionary

- Discretionary Account: These are accounts over which the Board has some ability to control the costs. Though aspects of the 'account' may be fixed, other aspects are controllable.
- Nondiscretionary Account: These are accounts over which the Board has little or no control. They are more often directly tied to existing contracts or bargaining agreements or other fiduciary obligations.

Nondiscretionary

	Original Budget Amounts		Change	
	<u>FY '10</u>	<u>FY '11</u>	<u>\$'s</u>	<u>%</u>
Utilities	475,100	501,865	26,765	5.63%
Election Expenses	10,250	8,700	(1,550)	-15.12%
Staff Tuition Reimbursement	53,000	51,000	(2,000)	-3.77%
Insurance/Health Benefits	2,950,767	3,086,300	135,533	4.59%
Communications/Postage/Advertising	73,686	78,186	4,500	6.11%
Special Revenue Fund 20	405,684	400,233	(5,451)	-1.34%
Out of District Placements (Tuition)	1,811,117	1,989,778	178,661	9.86%
Capital Lease & Debt Service	919,674	1,006,166	86,492	9.40%
Transportation	481,215	529,004	47,789	9.93%
Social Security & Pension Plans	367,542	431,031	63,489	17.27%
	7,548,035	8,082,262	534,227	7.08%

Discretionary

Discretionary Programs:

	Original Budget Amounts		Change	e
	<u>FY '10</u>	<u>FY '11</u>	<u>\$'s</u>	<u>%</u>
Copier Needs for the School District	30,861	30,861	-	0.00%
Maintenance Agreements	17,190	16,045	(1,145)	-6.66%
Professional Technical Services	148,035	167,749	19,714	13.32%
Information Technology	144,949	163,012	18,063	12.46%
Workshops/Conferences & Staff Travel	20,550	17,750	(2,800)	-13.63%
Memberships & Dues	43,586	40,321	(3,265)	-7.49%
Supplies & Materials Central Admin.	12,200	13,450	1,250	10.25%
Building Repair incl. Supplies & Materials*	320,810	469,785	148,975	46.44%
Purchase of New Equipment	-	13,965	13,965	0.00%
Summer School Program Fund 13	41,805	62,253	20,448	48.91%
*Includes Contracted Custodial Services	779,986	995,191	215,205	27.59%

RECAP: Budget Totals: All Funds

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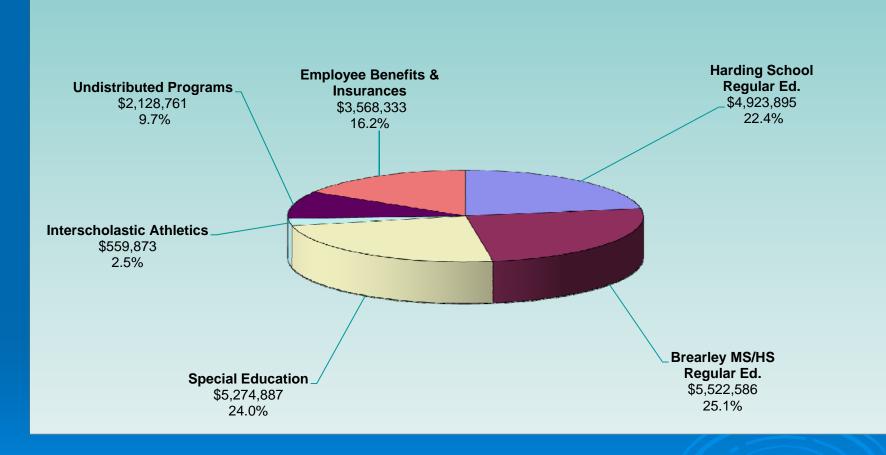
2010 20

	Y	2009-2010	2010-2011		
		<u>Adjusted</u>	<u>Proposed</u>	<u>\$ Change</u> <u></u>	<u>6 Change</u>
FUND 11*	Current Expense	19,777,719	20,180,199	402,480	2.04%
FUND 12	Capital Outlay	58,650	13,965	(44,685)	-76.19%
FUND 13	Summer School	41,805	62,253	20,448	48.91%
FUND 20	Special Revenue	1,166,916	715,749	(451,167)	-38.66%
FUND 40	Debt Service	919,674	1,006,166	<u> 86,492</u>	<u>9.40%</u>
	TOTAL	<u>21,964,764</u>	21,978,332	<u>13,568</u>	0.06%

Budget Breakdown

<u>Program</u>		<u>\$'s</u>	<u>% of Budget</u>
Harding School Regular Ed.	\$	4,923,895	22.4%
Brearley MS/HS Regular Ed.	\$	5,522,586	25.1%
Special Education	\$	5,274,887	24.0%
Interscholastic Athletics	\$	559,873	2.5%
Undistributed Programs	\$	2,128,761	9.7%
Employee Benefits & Insurances	<u></u>	3,568,330	<u>16.2%</u>
Total Budget	\$	21,978,332	100%

Budget Breakdown:



Efficiency Standards: DOE Regulations

- Efficiency standards states as a condition of receiving state aid a district shall:
 - Examine all group insurance options and participate in the most cost effective.
 - Maximize participation in E-rate and ACT telecommunication programs.
 - Most competitive energy costs thru ACES or an equally competitive program.
 - Maximize participation in SEMI.
 - Refinance all outstanding debt where at least a 3% net present value will be achieved.

Creation of Multiple Disability & Autistic Classes Health Benefits Modifications including employee contributions Joined joint insurance pool: NJSBAIG Qualify for Annual Safety Incentive Award Coordinated Transportation Routes > Utilize Food Service Staff to clean cafeteria, reducing need for additional district custodial costs

Converted Brearley from electric to gas heat
Refinance Debt associated with an ERIP
Zero Based Budgeting
Rental of facilities to outside organizations
Obtain competitive quotes even though bidding not required
Shared consultant services: RTK, asbestos management, & Blood Borne Pathogens

Cooperatively purchase school supplies > Apply for annual e-rate funding > Participate in ACT: Alliance for **Competitive Telecommunications** Participate in ACES: Alliance for **Competitive Energy Savings** Food Services performed by a private contractor

 Renovation projects done with in-house staff.
 Shared services with the Borough of Kenilworth.
 Payroll brought in-house.

Share the services of a grant writer with Cranford and UCESC.

> Privatize evening/summer custodial services

Administrative Costs

- What is included: Central Administration (Superintendent), Building Level Administration (Principals), Business Functions, & Information Technology.
 Regional Limits: Cost per pupil
 - North Jersey: \$1,875
 - Central Jersey: \$1,747
 - South Jersey: \$1,740

> Our current level: \$1,386 (\$401 below)

Per Pupil Costs

UNION COUNTY PER PUPIL COSTS 2009-10

<u>District</u>	<u>Per Pupil Cost</u>	Enrollment Grouping
Clark Twp	\$12,158	1801-3500
Hillside Twp	\$12,950	1801-3500
Kenilworth Boro	\$13,145	0-1800
New Providence Boro	\$13,245	1801-3500
Berkeley Heights Twp	\$13,425	1801-3500
Roselle Park Boro	\$13,453	1801-3500
Springfield Twp	\$13,685	1801-3500
Roselle Boro	\$14,100	1801-3500

K-12 Districts with enrollments of 0-3500 students

Source: NJDOE Comparative Spending Guide March 2010

Programmatic Reductions

<u>Program</u>	<u>Savings</u>
Middle School Athletics:	\$ 52,214
Freshman Competition	\$ 7,590
Other Extra-curricular Activities:	\$ 47,408
Administrative Restructuring:	\$116,782
Custodial Privatization (estimated)	\$175,000
Supplies & Materials	\$ 77,000
Pre K Reduction 4 to 2 sections	<u> </u>
Total Savings:	\$530,994

2010-2011 Budget Facts

- > \$257,563 below State Mandated Budget CAP.
- > Appropriating \$125,000 from Free Balance.
- Current Expense expenditure increase of 1.90% above 2009-2010 adjusted budget.
- Loss of \$983,426 in State Aid
- Average tax increase of \$310 per home.
- Third Lowest Per Pupil Costs in the County in enrollment 0-3500 category



Basic Skills Program

NJDOE "model" school will again include reading specialists in our Harding School and a Basic Skills Instructor at each of our grades, 1-3.

These BSIP teachers will provide not only academic assistance for children, but they will assist teachers with improved instruction.

Programs that make us special! Harding School

 > Pre Kindergarten Program for (40) 4-year olds
 > Full Day Kindergarten Program
 > Extensive BSI Program including Nationally renowned "Reading Recovery Program"
 > The RIF & Wee Deliver Programs
 > Summer School Program

Programs that make us special! Harding School

- > Elementary Guidance Program
- Student Council
- Family Science & Family Math Program
- Instrumental & Vocal Music offerings
- Morning NJ ASK Prep Classes

Class Size: Harding

We are reducing the # of sections in third grade and increasing the # of sections in second grade in an effort to maintain reasonable class size in all grades.

Class size will range from 20 to 24.75 students at the Harding School.

Class Size: Harding

		Projected	Projected	Impact of
	Projected	# of	Average	Reducing
	<u>Enrollment</u>	<u>Sections</u>	<u>Class Size</u>	1 Section
Pre Kindergarten	40	2	20.00	N/A
Kindergarten	99	4	24.75	33.00
Grade 1	115	5	23.00	28.75
Grade 2	115	5	23.00	28.75
Grade 3	71	3	23.67	35.50
Grade 4	92	4	23.00	30.67
Grade 5	88	4	22.00	29.33
Grade 6	94	4	23.50	31.33

Programs that make us special! **Brearley Middle School** > Honors Level Courses-Math, LA & Science Expansive "Cycle" Course opportunities Project QUEST Morning NJASK Prep Course Summer School Program

Programs that make us special! Brearley Middle School

- > Opportunity Period Courses
- Numerous extracurricular and club activities
- After School Remediation Program and Peer Tutoring
- Guidance Services including a Career Awareness Program
- Family Tools & Technology Program
- John Hopkins Program

Class Size: Brearley

At the middle/high, class size in core general education classes will range from 20 to 28 students.

<u>Subject</u>	<u>Range</u>
Language Arts	24-25
Social Studies	24-28
Science	20-24
Math	20-24
Business	23-24
World Language	20-27
AP Courses	20-24
Fine Arts	15-30
Honors	20-24

Programs that make us special! Brearley High School

- > A.P. Courses for Freshmen through Senior years
- > Virtual High School Programs increase to 14
- Bridge Program with Kean University and Union County College
- Required PSLP's for grades 9 & 10
- > Regular 10 Period Scheduling 8:00-2:55
- Expansive Guidance Services
- Project Acceleration through Seton Hall

Programs that make us special! Brearley High School

- > Wide range of elective course offerings
- > Outstanding interscholastic athletic programs
- Extensive extracurricular programs
- Cutting edge visual arts program
- Recognized by Teen Arts: Vocal and instrumental music program

Virtual High School

- The Virtual High School program began with 15 seats.
- In 2009-2010 school year, Mr. MacDonald is teaching AP Computer Science A virtually.
- This allowed district to expand to 25 seats in 2009-2010 at no additional cost. Currently 20 of the 25 seats are being used.
- Expanded our course offerings to allow Freshmen to take AP World History

Progress is being made
> Above State Averages in following tests:

- NJASK 3 Math
- NJASK 4 Language Arts, Math & Science*
- NJASK 5 Language Arts & Math
- NJASK 6 Math
- NJASK 7 Language Arts & Math
- NJASK 8 Language Arts & Math & Science*
- HSPA Language Arts & Math

Based on 2008-2009 State Assessments

*Science is tested only in Grade 4 & 8.

Programs that make us special! Special Education Program

- In district programs offering students with the least restrictive environments, including; self contained and resource center programs along with a "projected" Multiply Disabled class with pre-vocational training opportunities at the MS level.
- Expansive Child Study Team Services at all levels of instruction
- Extended school year program in district

Multiply Disabled Class

Funds for the development of an additional class for MD students at the Middle School level.

The teaching position associated with this new program will be funded with salaries currently dedicated at the elementary level.

Provides students with least restrictive environment by maintaining in district programs.

Technology

- In excess of \$100,000 commitment to upgrading technological hardware and software in the district including:
 - Replacement of 25 obsolete computers, 80 printers, and 2 Servers
 - Security and infrastructure upgrades to data networks
 - Implementation of software to secure district computer labs
 - Installation of 42 new interactive white boards in the Elementary, Middle, and High School

Other Funding Provided

Funding is included for future Middle States Accreditation process/validation team visit

NJ QSAC, a state monitoring process, will again take place in 2013 with little funding necessary

People make a difference!

> Highly dedicated professional & support staff

Countless Volunteers

Motivated students

Parents with high expectations for their children

Important Dates to Remember!

- April 13, 2010: Last day to apply for an Absentee Ballot by mail.
- April 20, 2010: Election Day 2:00 p.m. to 9:00 p.m.



Questions

