

# Montclair Public Schools

Preliminary Budget Presentation

2014-2015

February 24, 2014

**Dr. Penny MacCormack**

Superintendent of Schools

**Mr. Brian Fleischer**

Chief Operations Officer



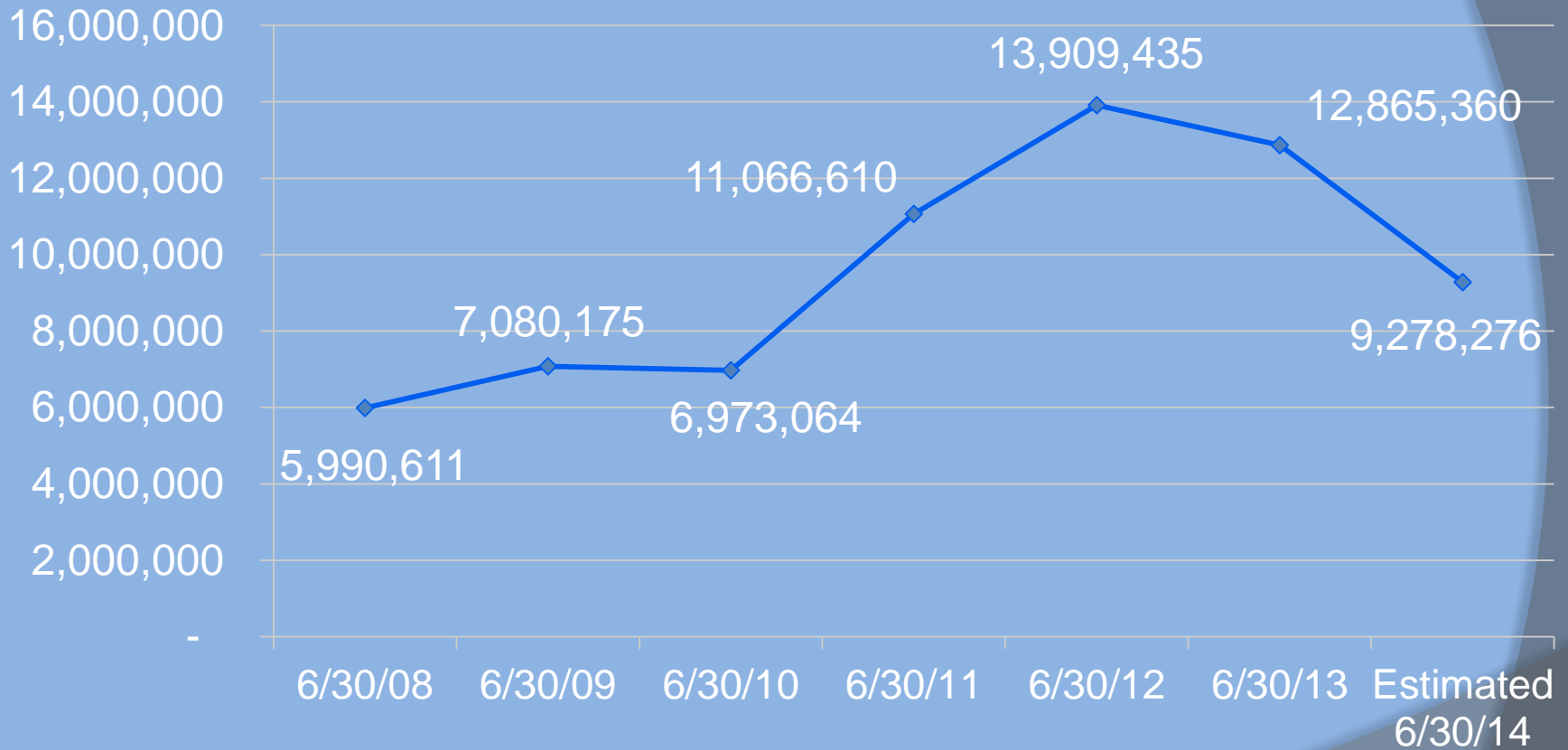
# Montclair BOE Budget Calendar

Day	Date	Agenda
Monday	February 24	Public Board Meeting – Preliminary Budget Discussion/Presentation
Tuesday	February 25	Governor’s Budget Message
Friday	February 28	Board of Education Finance Committee Meeting - Receipt of State Aid Information
Monday	March 3	Board Conference Meeting – Budget Workshop – Board Adopts Tentative 2014-2015 Budget
Monday	March 10	Submission of the 2014-2015 Budget to the Essex County Superintendent of Schools
Monday	March 17	Public Board Meeting – Public Presentation on School Budget – Board Adopts 2014-2015 Budget
TBD	March 24-31	Public Hearings – Board of School Estimate

**Budget  
Sources and Uses  
2008-2013**

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	Est. 2013/2014
<b>Budget Sources:</b>						
Tax Levy	93,005,952	96,869,014	101,103,844	97,509,698	97,509,698	97,509,698
Local Miscellaneous	1,048,616	926,554	956,648	810,342	937,586	1,024,666
State Aid	16,958,834	15,780,813	12,385,625	15,959,498	18,331,340	7,586,651
Federal Aid	36,945	311,633	91,941	406,924	95,769	95,000
<b>Total Budget Source</b>	<b>111,050,347</b>	<b>113,888,014</b>	<b>114,538,058</b>	<b>114,686,462</b>	<b>116,874,393</b>	<b>106,216,015</b>
<b>Budget Uses:</b>						
Instruction Costs	47,607,015	48,488,885	46,594,745	47,203,180	49,093,372	49,277,571
Tuition	4,947,698	5,436,746	4,262,343	4,357,651	4,799,446	4,609,551
Student & Instruction Related Services	15,032,117	15,375,475	13,937,117	15,027,478	17,346,129	17,346,662
General Administration	1,525,255	1,493,039	1,319,028	1,627,834	1,917,706	1,433,894
School Administration	4,352,858	4,832,265	4,329,703	4,188,259	4,310,048	4,410,317
Central Services	1,244,381	1,217,655	1,247,335	1,257,133	1,250,862	1,524,405
Administrative Information Technology	228,617	242,141	240,372	272,669	268,544	388,757
Plant Operations & Maintenance	8,160,387	8,265,274	8,054,912	7,898,069	7,858,131	7,563,288
Pupil Transportation	4,375,929	4,355,617	4,121,369	4,245,329	4,587,314	4,418,904
Employee Benefits	21,957,761	23,694,545	25,761,699	24,358,225	25,808,190	18,230,341
Adult School	475,316	485,903	462,743	503,306	477,788	361,023
Capital Outlay	3,449	7,580	63,146	509,937	85,938	108,386
Food Service Subsidy	50,000	100,000	50,000	394,567	115,000	130,000
<b>Total Budget Uses</b>	<b>109,960,783</b>	<b>113,995,125</b>	<b>110,444,512</b>	<b>111,843,637</b>	<b>117,918,468</b>	<b>109,803,099</b>
<b>Fund Balance Increase/(Decrease)</b>	<b>1,089,564</b>	<b>(107,111)</b>	<b>4,093,546</b>	<b>2,842,825</b>	<b>(1,044,075)</b>	<b>(3,587,084)</b>

# Trends in Fund Balance



**Recurring Expenditures  
Funded With Surplus  
2011-2014**

# School Year 2011-2012

\$3.3 Million budgeted use of surplus

Reduction in tax levy of 3.6% = \$3,594,146

# School Year 2012-2013

\$5.7 Million budgeted use of surplus

- ⦿ \$1,901,617 – MEA salary increase of 2.85% (retroactive pay)
- ⦿ \$920,885 – Other programs and salaries such as Mandarin teachers (no longer funded with a grant); middle school literacy, math and science teachers/coaches; elementary school SACs; MHS small learning community teachers; special education inclusion supervisor; MHS nursing staff; part-time elementary physical education teacher; IMANI; middle school after-school programs; summer programs; sister to sister; Excellent Educators for NJ (teacher evaluation)

Total funded with surplus = \$2,822,502



# School Year 2013-2014

\$4.8 Million budgeted use of surplus

- ⦿ \$2,822,502 – Recurring expenses from SY 2012-2013
- ⦿ \$1,852,876 – MEA salary increase of 2.7%
- ⦿ \$1,500,000 – Est. cost of health benefits for Paras
- ⦿ \$270,000 – Elementary school Deans
- ⦿ \$118,000 – Supervisor of Professional Development

Total funded with surplus = \$6,563,378 (exceeds budgeted use of surplus)

# The 2014-2015 Budget Dilemma

# Recurring Expenses & Rising Costs

- \$6,563,378 – Recurring expenses from SY 2013-2014
- \$1,761,948 – MEA salary increase of 2.5%
- \$93,000 – Estimated MPA and MHCA salary increases
- \$218,000 – Estimated increase in employee benefits other than health care
- \$260,000 – Estimated increase in transportation costs
- \$136,000 – Estimated increase in energy costs
- \$100,000 – Estimated increase for special education judgments

Total = \$9,132,326 (including \$5,516,441 in cumulative MEA salary increases)

- ⦿ Approximately \$9 million in increased costs since 2010-2011 hitting the 2014-2015 budget without any tax levy increases and with declining fund balance
- ⦿ Our initial 2014-2015 budget cost estimate, based on 2013-2014 expenditures and known and anticipated cost increases, was \$115,697,625
- ⦿ Projected revenue with no change to tax levy or state aid, including the \$2,259,622 required use of fund balance, is \$107,670,473
- ⦿ That created a budget gap of approximately \$8 million

# **Attacking the Budget Gap**

- ⦿ Added \$1.5 million in elected use of fund balance to close the gap to \$6.5 million
- ⦿ Identified any and all cuts we believed could be executed without materially impacting the classroom
  - More aggressive health benefits budgeting
  - Cutting Supervisor for Recruitment & Retention
  - Cutting back on custodial and clerical overtime
  - Cutting back on summer scheduling costs
  - Cutting back on consultant costs
  - Pursuing staffing efficiencies through more effective scheduling

- ⦿ Reduced the 2014-2015 proposed expenditures by \$2,651,899 to close the budget gap to \$3,875,253
- ⦿ We do not believe we can cut more from this budget without staffing and program cuts that would materially impact instruction and other vital services to the detriment of children
- ⦿ So our choices to balance this budget are to either increase the school tax levy or to make painful cuts

# Option 1

- ④ 4% Tax levy increase assuming no change in State Aid.
- ④ Current staffing remains the same and the goals and strategies of the district plan remain intact.
- ④ All non-salary accounts are reduced as much as possible to close the budget gap without affecting the classroom and the facilities.



# Tax Impact of Option 1

- Taxpayers will see an increase in their 2014 property tax bill of approximately \$171.36\*.
- This increase is \$14.28 per month.

\* 2013 Average Residential Assessment for Montclair is \$505,495 as reported by the State of NJ & Net Taxable Value derived from the 2013 Essex County Abstract of Ratables as reported by the State of NJ ([www.state.nj.us/treasury/taxation/lpt/statdata.shtml](http://www.state.nj.us/treasury/taxation/lpt/statdata.shtml)) . Calculation is based upon a calendar year not a school fiscal year .

# Option 2

- ⦿ 2% Tax levy increase assuming no change in State Aid.
- ⦿ Current staffing is reduced by approximately \$1 million. This equates to 15 employees some of which would be teachers. This option puts at risk our ability to fully implement all goals and strategies anticipated in the strategic plan.
- ⦿ All non-salary accounts are reduced even further which would impact:
  - Extra-curricular and athletic activities
  - Facility repairs and maintenance projects (other than those projects funded with grants)
  - Supplies and materials used in the classrooms

# Tax Impact of Option 2

- Taxpayers will see an increase in their 2014 property tax bill of approximately \$85.43\*.
- This increase is \$7.12 per month.

\* 2013 Average Residential Assessment for Montclair is \$505,495 as reported by the State of NJ & Net Taxable Value derived from the 2013 Essex County Abstract of Ratables as reported by the State of NJ ([www.state.nj.us/treasury/taxation/lpt/statdata.shtml](http://www.state.nj.us/treasury/taxation/lpt/statdata.shtml)) . Calculation is based upon a calendar year not a school fiscal year .

# Option 3

- ⦿ 6% Tax levy increase assuming no change in State Aid.
- ⦿ All non-salary accounts are reduced as much as possible to close the budget gap without affecting the classroom and the facilities (same as option 1).
- ⦿ This option would allow us to fund more programs and class size reduction.

# Option 3

- 3 World language teachers at the elementary school level.
- 3 Kindergarten teachers and aides to decrease kindergarten class sizes to 21 students district-wide.
- 3 Core subject teachers at the High School.
- Half day preschool for the district's approximately 80 to 100 NCLB Title I preschool students.

# Tax Impact of Option 3

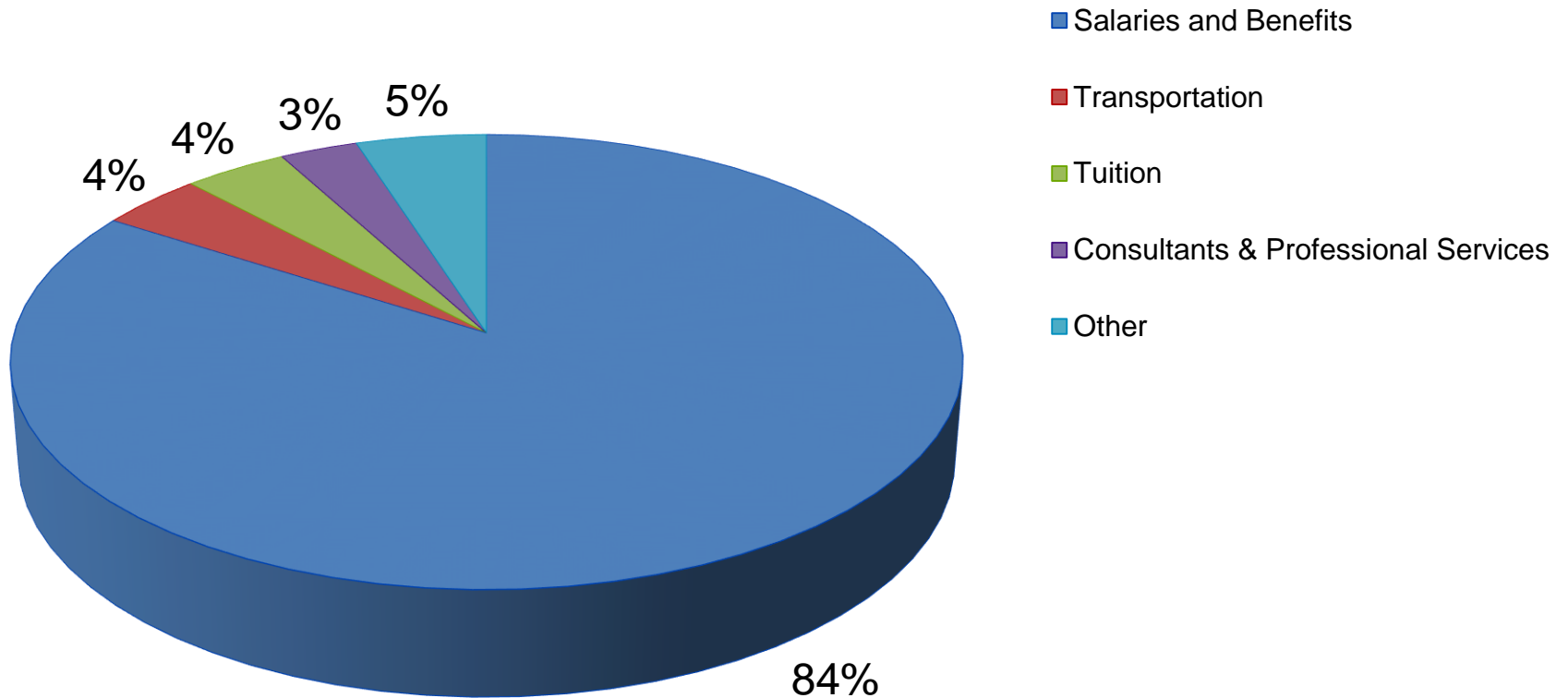
- Taxpayers will see an increase in their 2014 property tax bill of approximately \$256.79\*.
- This increase is \$21.40 per month.

\* 2013 Average Residential Assessment for Montclair is \$505,495 as reported by the State of NJ & Net Taxable Value derived from the 2013 Essex County Abstract of Ratables as reported by the State of NJ ([www.state.nj.us/treasury/taxation/lpt/statdata.shtml](http://www.state.nj.us/treasury/taxation/lpt/statdata.shtml)) . Calculation is based upon a calendar year not a school fiscal year .

# Summary of Options

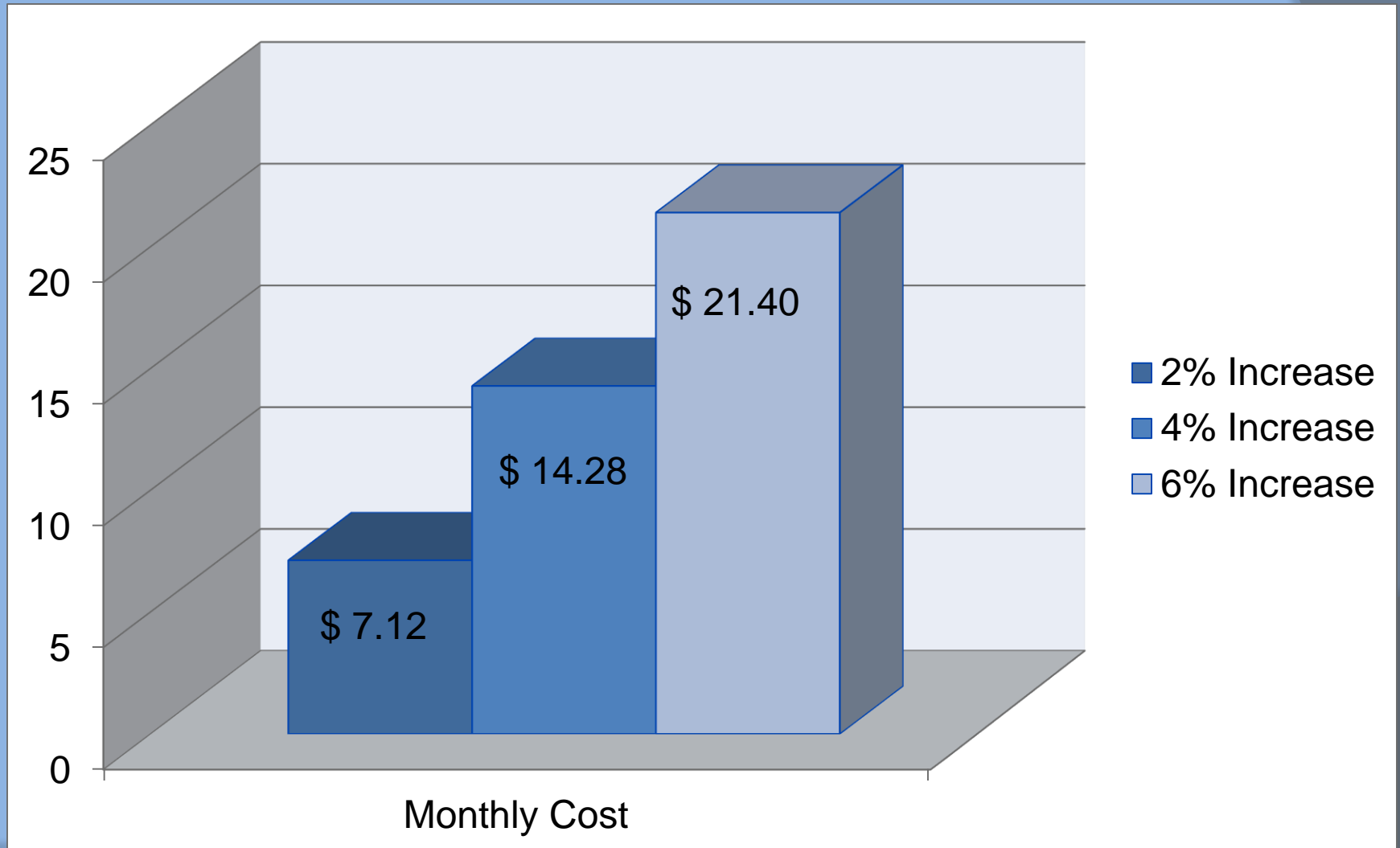
	4% Tax Levy	2% Tax Levy	6% Tax Levy
<b>Budget Sources:</b>			
Tax Levy	101,410,086	99,459,892	103,360,280
Fund Balance – Required & Elected Use	3,759,622	3,759,622	3,759,622
Local Miscellaneous	824,666	824,666	824,666
State Aid	6,986,651	6,986,651	6,986,651
Federal Aid	89,836	89,836	89,836
<b>Total Budget Sources</b>	<b>113,070,861</b>	<b>111,120,667</b>	<b>115,021,055</b>
<b>Budget Uses:</b>			
Instruction Costs	50,869,151	50,869,151	50,869,151
Tuition	4,512,900	4,512,900	4,512,900
Student & Instruction Related Services	18,332,040	18,332,040	18,332,040
General Administration	1,235,877	1,235,877	1,235,877
School Administration	4,557,428	4,557,428	4,557,428
Central Services	1,366,716	1,366,716	1,366,716
Administrative Information Technology	569,039	569,039	569,039
Plant Operations & Maintenance	7,672,747	7,672,747	7,672,747
Pupil Transportation	4,854,100	4,854,100	4,854,100
Employee Benefits	18,265,437	18,265,437	18,265,437
Adult School	510,381	510,381	510,381
Capital Outlay	169,910	169,910	169,910
Food Service Subsidy	130,000	130,000	130,000
<b>Total Budget Uses</b>	<b>113,045,726</b>	<b>113,045,726</b>	<b>113,045,726</b>
Available for Funding Programs/(Further Cuts to be Made)	25,135	(1,925,059)	1,975,329

# 2014-2015 Proposed Expenditures





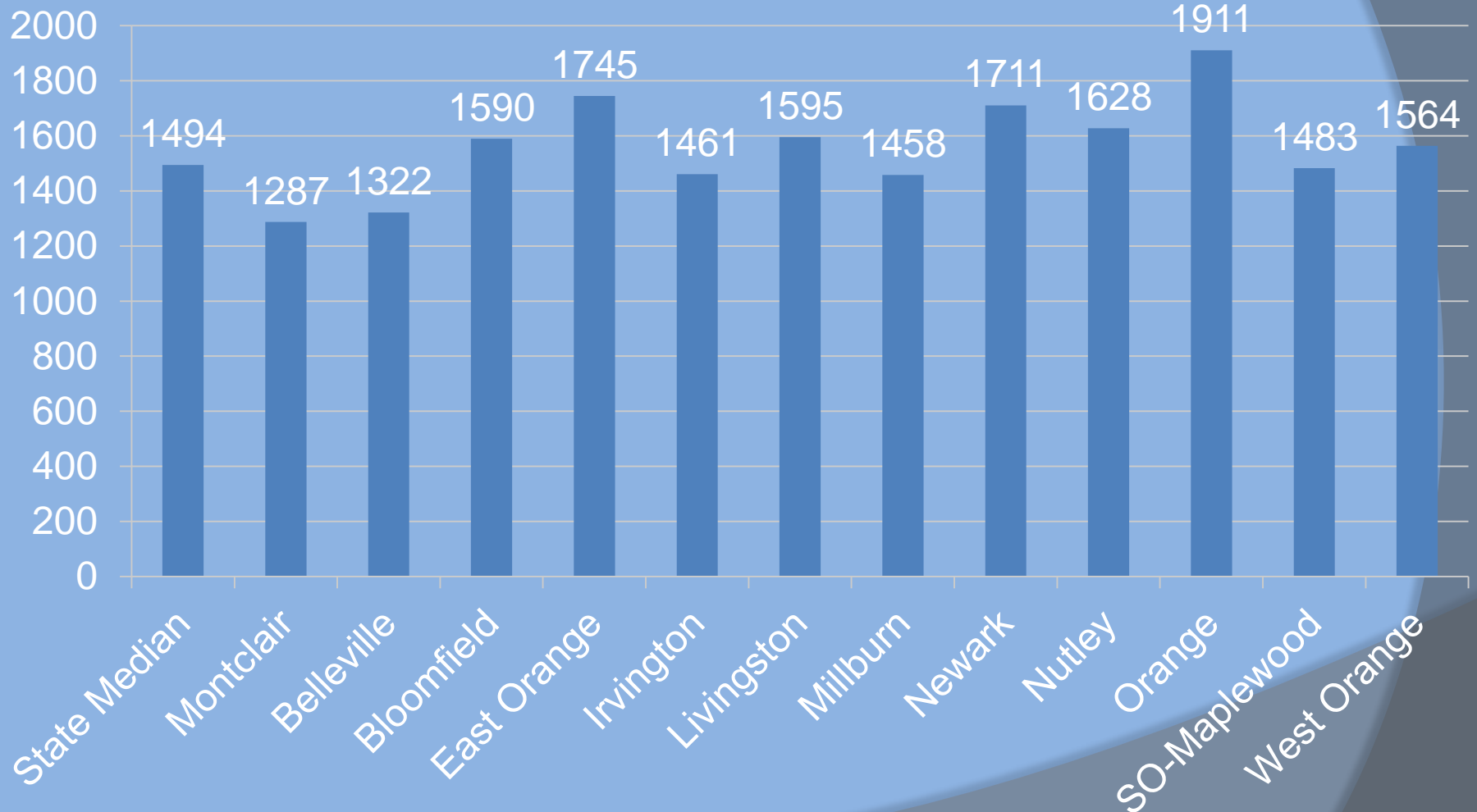
# Tax Impact Overview



# **How Does Montclair Compare to Other Towns within Essex County?**

# Total Administration Costs

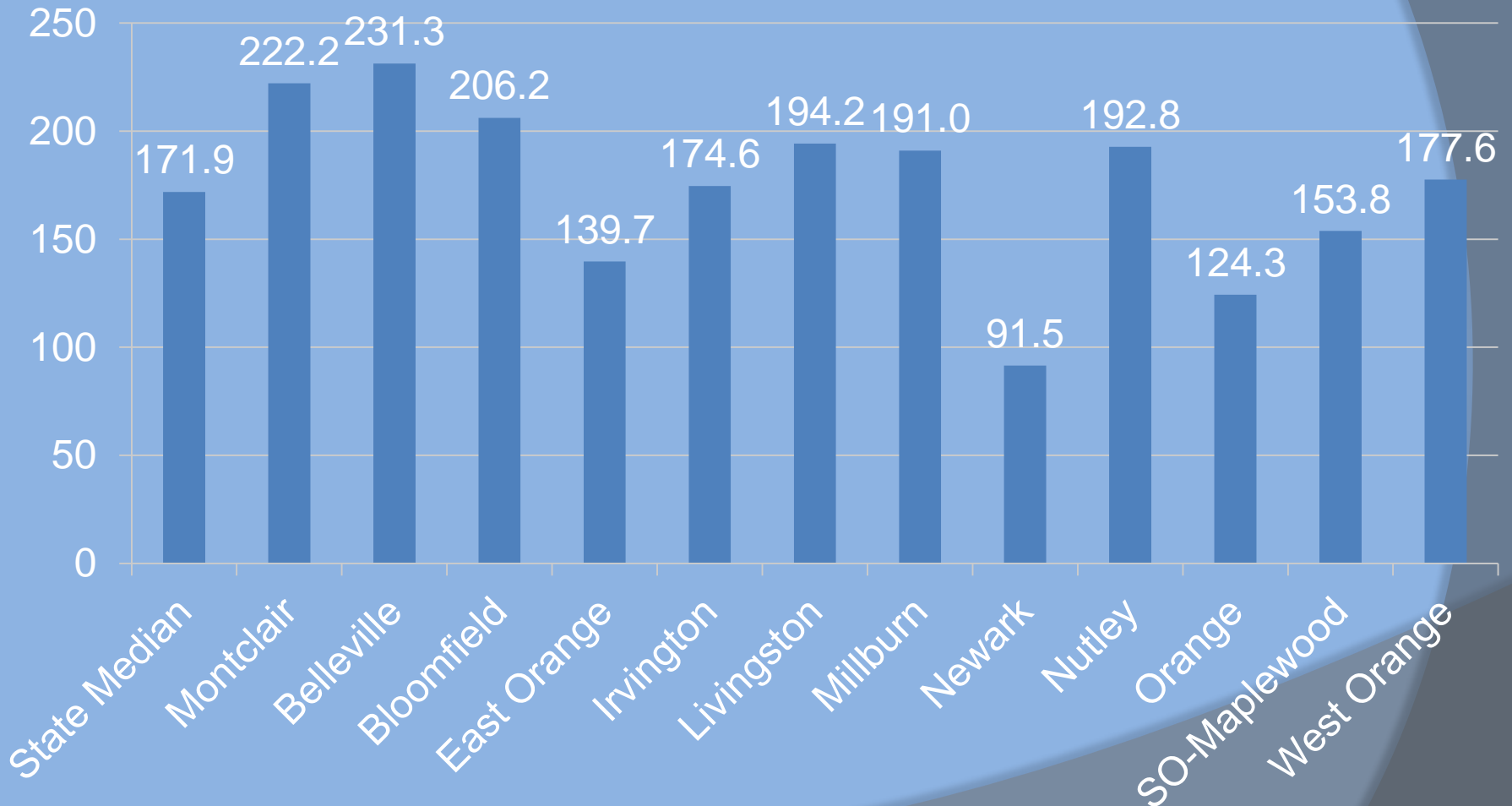
2012-2013



Source: NJDOE Comparison Group Data, SY 2012-2013 Budgeted Expenditures

# Ratio of Students to Administration

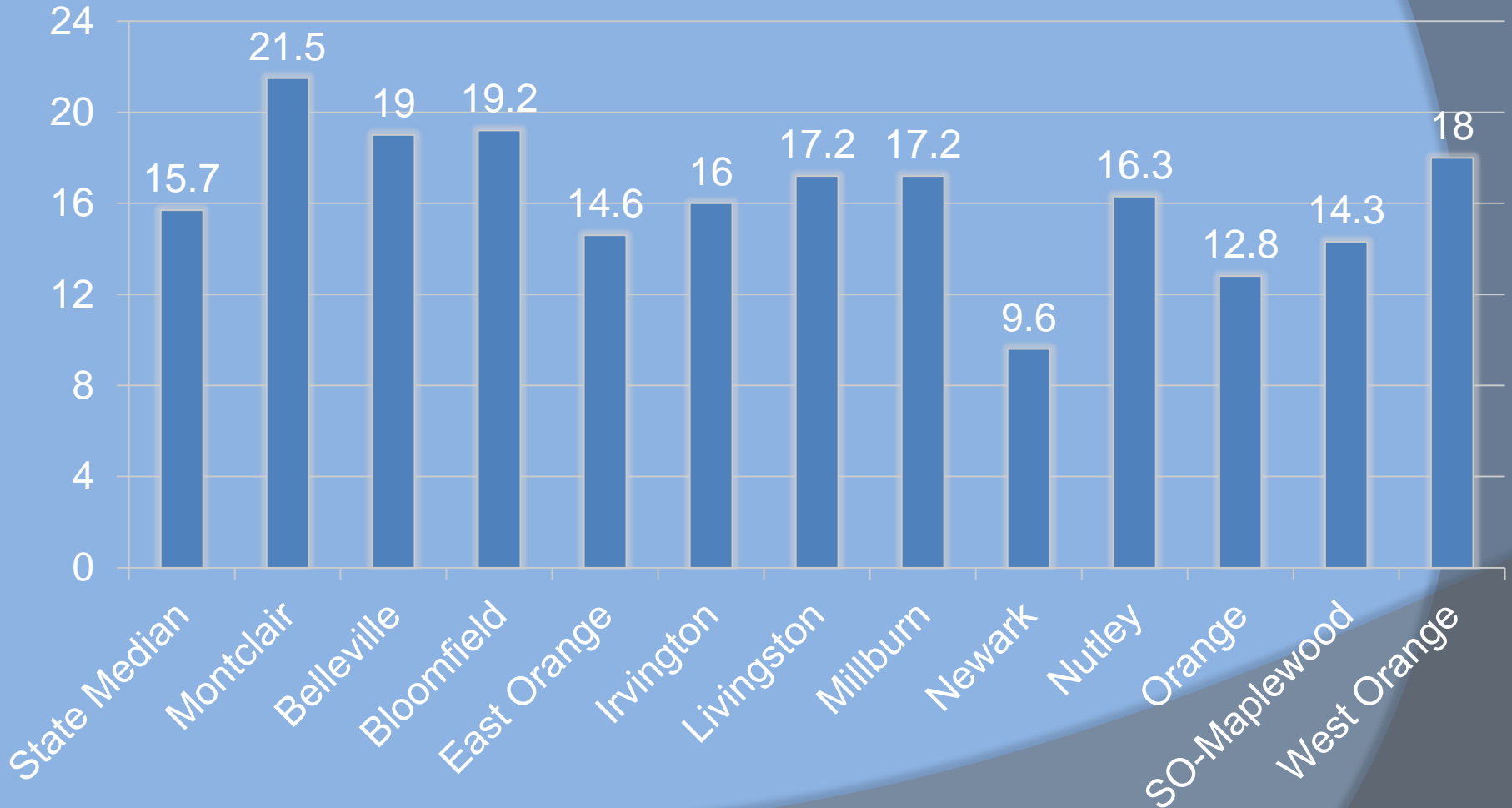
2012-2013



Source: NJDOE Comparison Group Data, SY 2012-2013 Budgeted Expenditures

# Ratio of Faculty to Administration

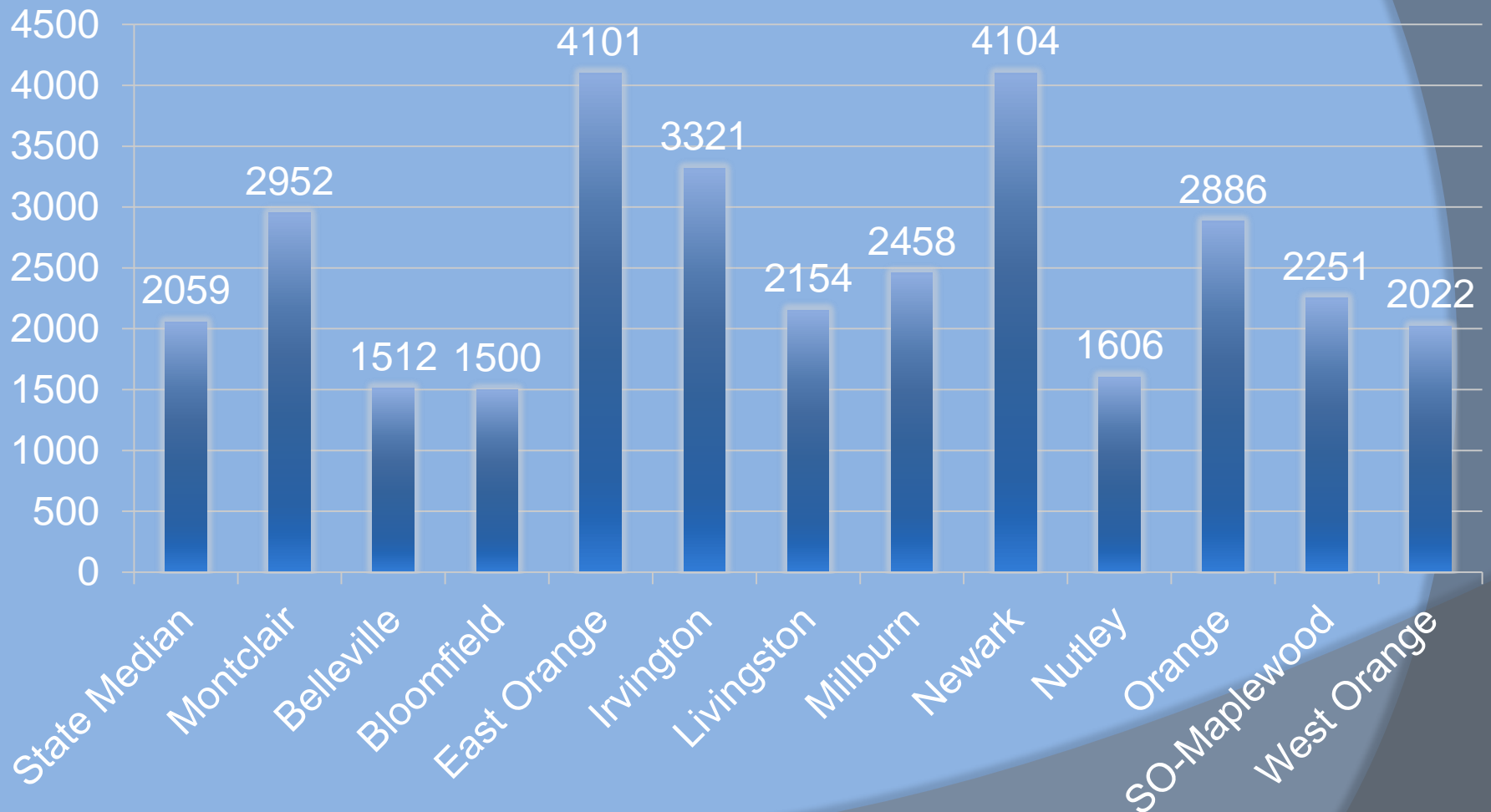
2012-2013



Source: NJDOE Comparison Group Data, SY 2012-2013 Budgeted Expenditures

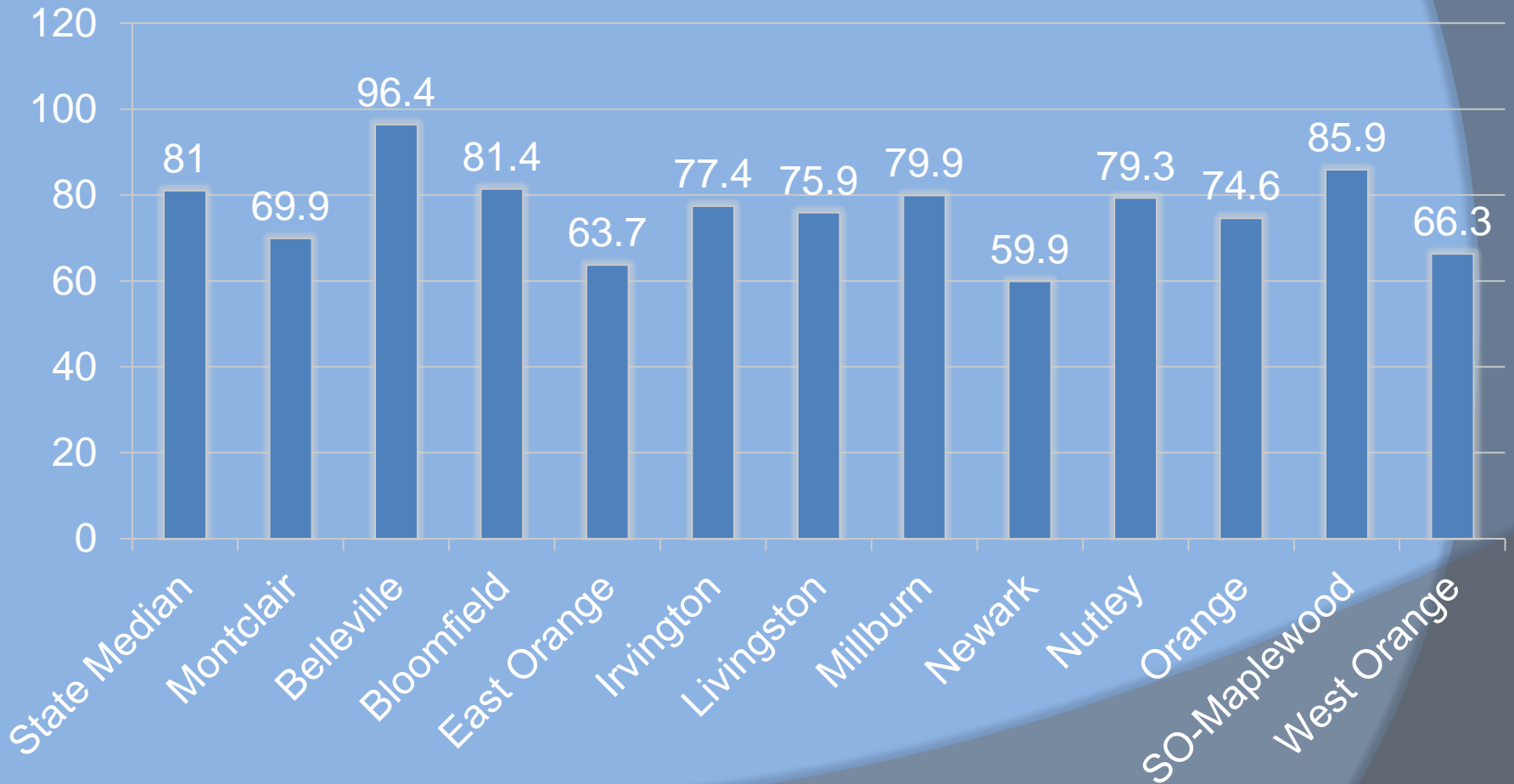
# Total Support Services Costs

2012-2013



# Average Ratio of Students to Educational Support Staff

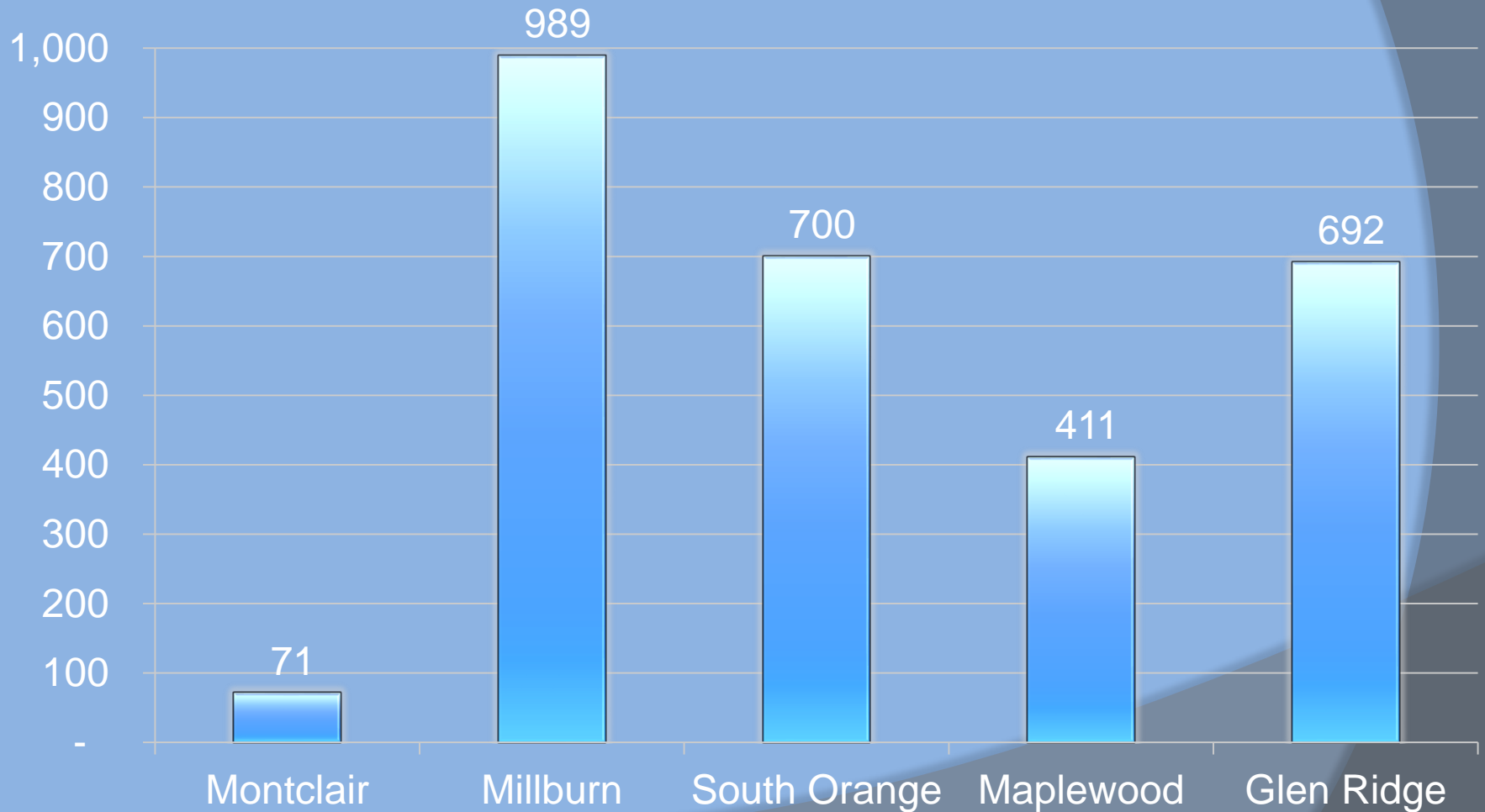
2012-2013



Source: NJDOE Comparison Group Data, SY 2012-2013 Budgeted Expenditures

# Increases in the Average Residential Tax Bill

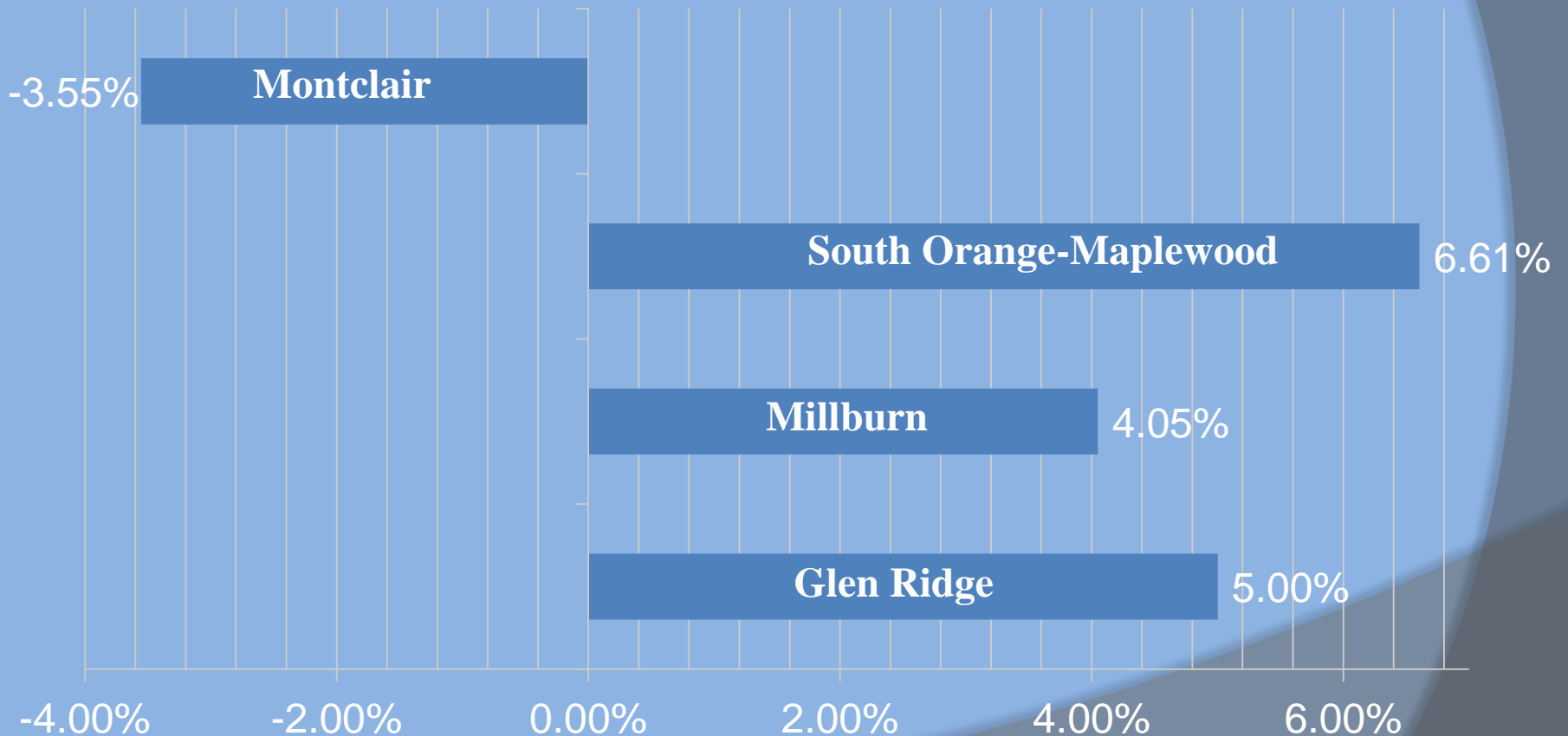
From 2010 to 2012





# Percentage Increase or Decrease in School Tax Levy

From SY 2010-2011 to SY 2013-2014



Source: "User Friendly Budgets" on each district's website.