

BUDGET ADVISORY COMMITTEE

May 6, 2010

The first meeting will provide:




- an introduction to the budget development process,
- information about the current budget situation, and
- issues we will face in preparing for the 2011-2012 school year.

Role of the Committee



- Research
- Report
- Recommend

What is the purpose and authority of this committee?



- To research cost-saving and revenue raising measures and make recommendations to the Board of Education.
- The Board of Education has the final authority for budget decisions.

What Are the Sub-Committees?



- Co-curricular Activities/Athletics
- Activity Fees (“Pay to Play”)
- Busing
- Class Size
- Generation of Revenue

What are the responsibilities and specific tasks of the Co-curricular Activities/Athletics sub-committee?



- Analyze current offerings in athletics and co-curricular areas at Campbell, Edgar, and MHS.
- Recommend a plan to the Board of Education for proposed cuts in the 2011/12 school year.

What are the responsibilities and specific tasks of the Activity Fees (“Pay to Play”) committee?



- Research the pros and cons of a student activity fee.
- Research how other school districts implement student activity fees.
- Make a recommendation to the Board of Education.

What are the responsibilities and specific tasks of the Busing sub-committee?



- Analyze current busing costs.
- Identify areas for proposed reduction of current costs.
- Research subscription busing.
- Recommend proposed cuts and/or increases in busing registration fees to the Board of Education.

What are the responsibilities and specific tasks of the Class Size sub-committee?



- Review current class size at each grade level and/or course offerings.
- Review class size in other districts which have made changes as a result of budget cuts.
- Provide recommendations to the Board of Education based on results of research.

What are the responsibilities and specific tasks of the Generation of Revenue sub-committee?



- Identify potential areas for raising revenue
 - ▣ Leasing (rental) of facilities
 - ▣ Grants/Foundations
 - ▣ Sponsorships
- Provide recommendations to the Board of education.

What is the timeline for this committee?

- Meetings with co-chairs (face-to-face and via e-mail) during:
 - June
 - July
 - August
- Report of sub-committees to the Board of Education
 - September 28
 - December 14

What type of reporting to the Board of Education is expected?



- A template for reports will be provided to all sub-committees.

Committee Volunteers

Allison Inerro	Audrey Hausser	Barbara Rivera
Bill McDuffie	Brenda Redshaw	Daniel Cullinane
Devra Golbe	Eileen Duffy	Eileen Switzer
George Trapp	James Dermody	Jason Bellows
Jim Jaques	JoAnn Sabatino –Falkenstein	Joe Demeo
Kara Harry	Kathryn Rich	Kathy Liss
Kellie & Brian Davedeit	Ken Graf	Lisa Lussier
Marci Berger	Marilyn Silver	Mike Kornitas
Mikhail Falkovich	Paula Stern	Rajesh Sharma
Sharon Taylor	Stephen Beun	

Budget Preparation Timeline



- July/August 2009 - Budget Preparations begin.
- September/October 2009 - Teachers, principals, and supervisors prepared 2010/2011 school budget.
- November 2009 – The Superintendent directed staff to submit flat budget.
- November 2009 – The Superintendent and Business Administrator reviewed the submitted budgets.

Budget Preparation Timeline



- December 2009 – The Superintendent implemented an Austerity Spending Plan.
- January 2010 – The Superintendent and Business Administrator:
 - ▣ reviewed submitted budgets.
 - ▣ reduced school-based budgets.
 - ▣ transferred money out of Reserve Accounts.

Budget Preparation Timeline



- February 11, 2010 – State DOE reduced 2009-2010 State Aid by \$403,505.75.
- February 22, 2010 – BOE submitted waiver to restore \$181,000 from \$403,505.75 (Reserve Accounts/Surplus).
- The State DOE indicated on many occasions that districts should prepare for a “worst case” scenario of a 15% cut in State Aid.

Budget Preparation Timeline



- March 17, 2010 – the district was notified that we will receive an **89% cut** in Fund 10 State Aid.
- **2009-2010** – School District received \$1.7 million in State Aid.
- **2010-2011** – School District will receive virtually **NO** State Aid.

March 17th – March 23rd




- The Superintendent and Business Administrator conducted meetings with Central Office Administrators and Principals to determine how to deal with the district's catastrophic loss in state aid.

In conjunction with the Board of Education, the Superintendent and Business Administrator

determined that one-time revenues and budget reductions could be found in the following areas:

Transferring all remaining monies out of reserve accounts	\$200,000
Not replacing positions of a retiring staff member	\$100,000
Reductions in Personnel lines	\$250,000
Switching custodial assignments to reduce overtime	\$43,000
Reductions in athletic transportation and Freshman coaching positions	\$70,000
Interest/arbitrage	\$200,000
Employer FICA	\$10,000
Sixth Period Stipends	\$25,000
Clubs	\$50,000

and



Voluntary salary freezes for all
associations during the 2010-2011 school
year

\$525,000

TOTAL \$1,473,000

Potential Budget Shortfall – 2011 / 2012

Budgeted Fund Balance*	\$750,000
Change in Cap from 4% to 2.5%*	\$450,000
Salary Freeze*	\$525,000
One year reductions in supplies, textbooks, technology, maintenance, and curriculum development	\$300,000
* Reflective of one-time revenues	\$2,025,000

THE SCHOOL BUDGET INCLUDES:



FUND 10 – The General Fund - or Operating Fund

Provides for:

- support of programs and services.
- day-to-day operations.

2010-2011 Budget Appropriations

Fund 10

\$30,328,193

THE SCHOOL BUDGET INCLUDES:

FUND 20 – The Special Revenue Fund

- federal and restricted state aid.
- legally restricted for special purposes such as Special Education.
- No Child Left Behind monies.
- must be kept separate from general fund.

2010-2011 Budget Appropriations

Fund 20

\$944,551

THE SCHOOL BUDGET INCLUDES:



FUND 30 – The Capital Project Fund

- is used to account for capital projects.

2010-2011 Budget Appropriations

Fund 30

\$ -0-

THE SCHOOL BUDGET INCLUDES:



FUND 40 – The Debt Service Fund

- accounts for money to be set aside to pay the interest and principal on long-term debt such as bond issues.

2010-2011 Budget Appropriations

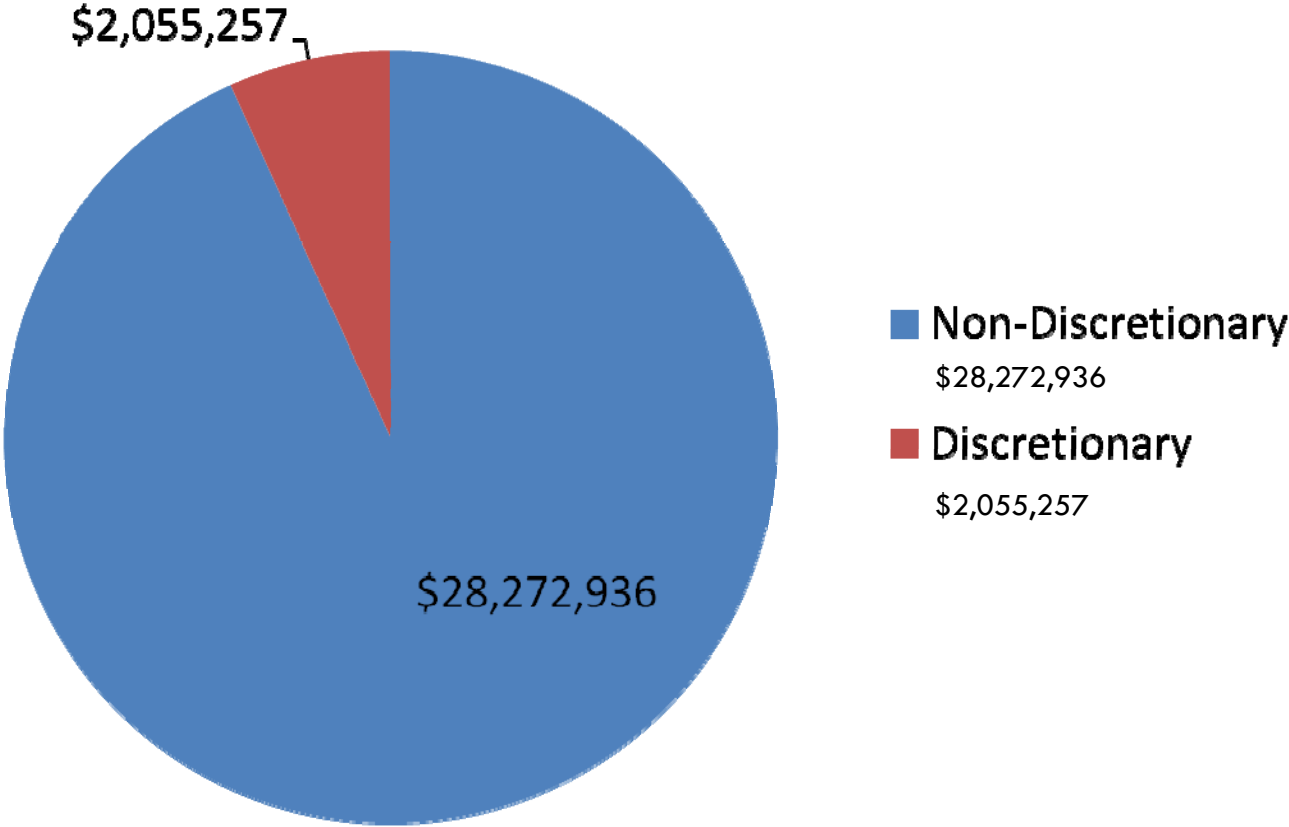
Fund 40	\$2,711,840
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Discretionary vs. Non-Discretionary Spending



Non - Discretionary	\$28,272,936	93%
Discretionary	<u>\$2,055,257</u>	7%
Total	\$30,328,193	

Discretionary vs. Non-Discretionary Spending

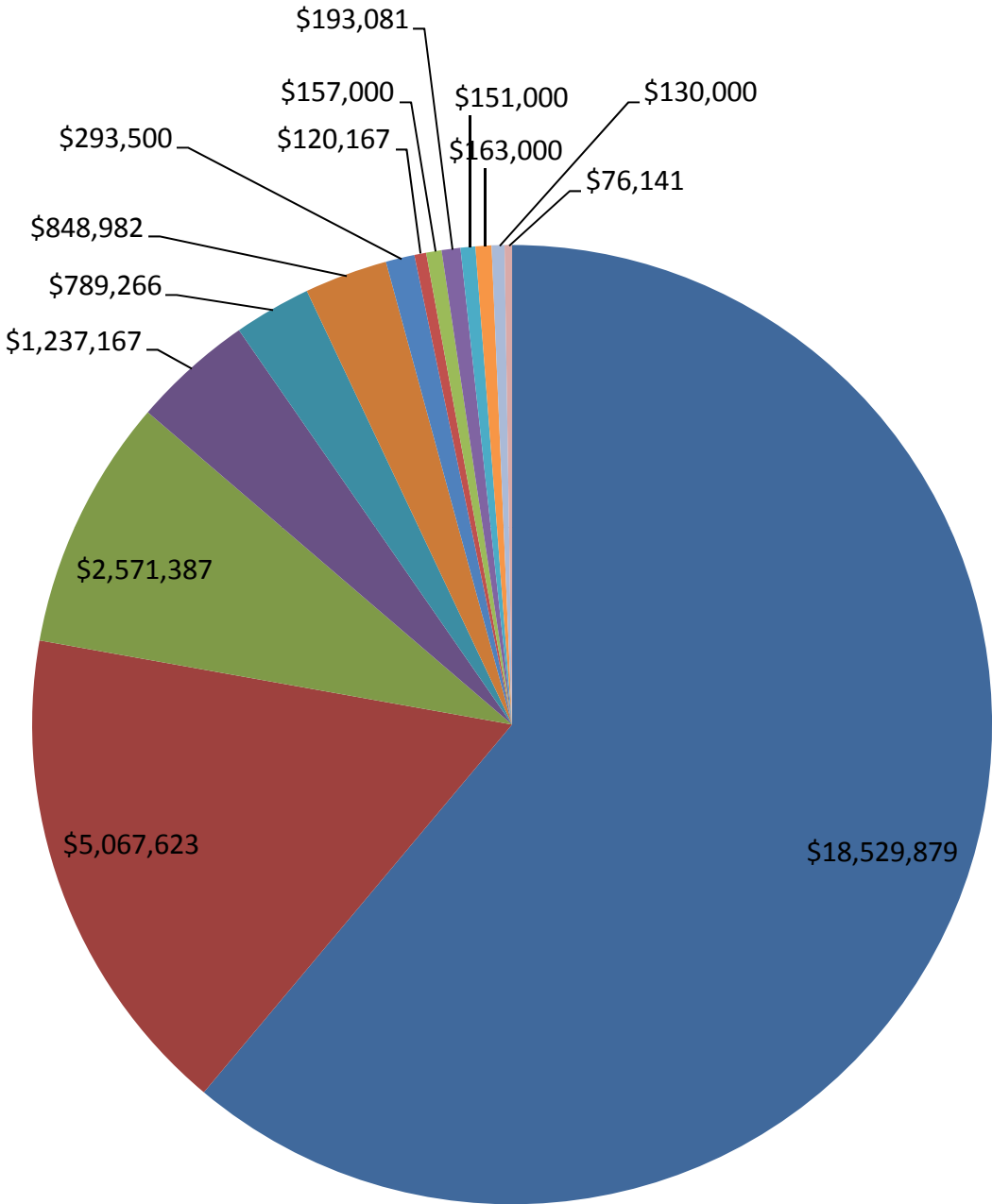


Summary of Appropriations

• Salaries	\$ 18,529,879
• Employee Benefits	\$ 5,067,623
• Out of District Special Education, OT, PT	\$ 2,571,387
• Transportation	\$ 1,237,167
• Instructional Supplies	\$ 789,266
• Utilities	\$ 848,982
• Contracted Services: Building , Equipment, Fields	\$ 293,500
• Capital Facility Improvement	\$ 120,167
• Supplies – Maintenance / Custodial	\$ 157,000
• Insurance	\$ 193,081
• Textbooks	\$ 151,000
• Purchased Technical Services / Lease Purchase Equipment	\$ 163,000
• Professional Services: Legal, Accounting, Architectural	\$ 130,000
• Curriculum Development / FFPI	\$ 76,141
TOTAL	\$ 30,328,193

Total Appropriations

- Salaries
\$18,529,879
- Employee benefits
\$5,067,623
- Out of District Special Education, OT, PT
\$2,571,387
- Transportation
\$1,237,167
- Instructional Supplies
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- Utilities
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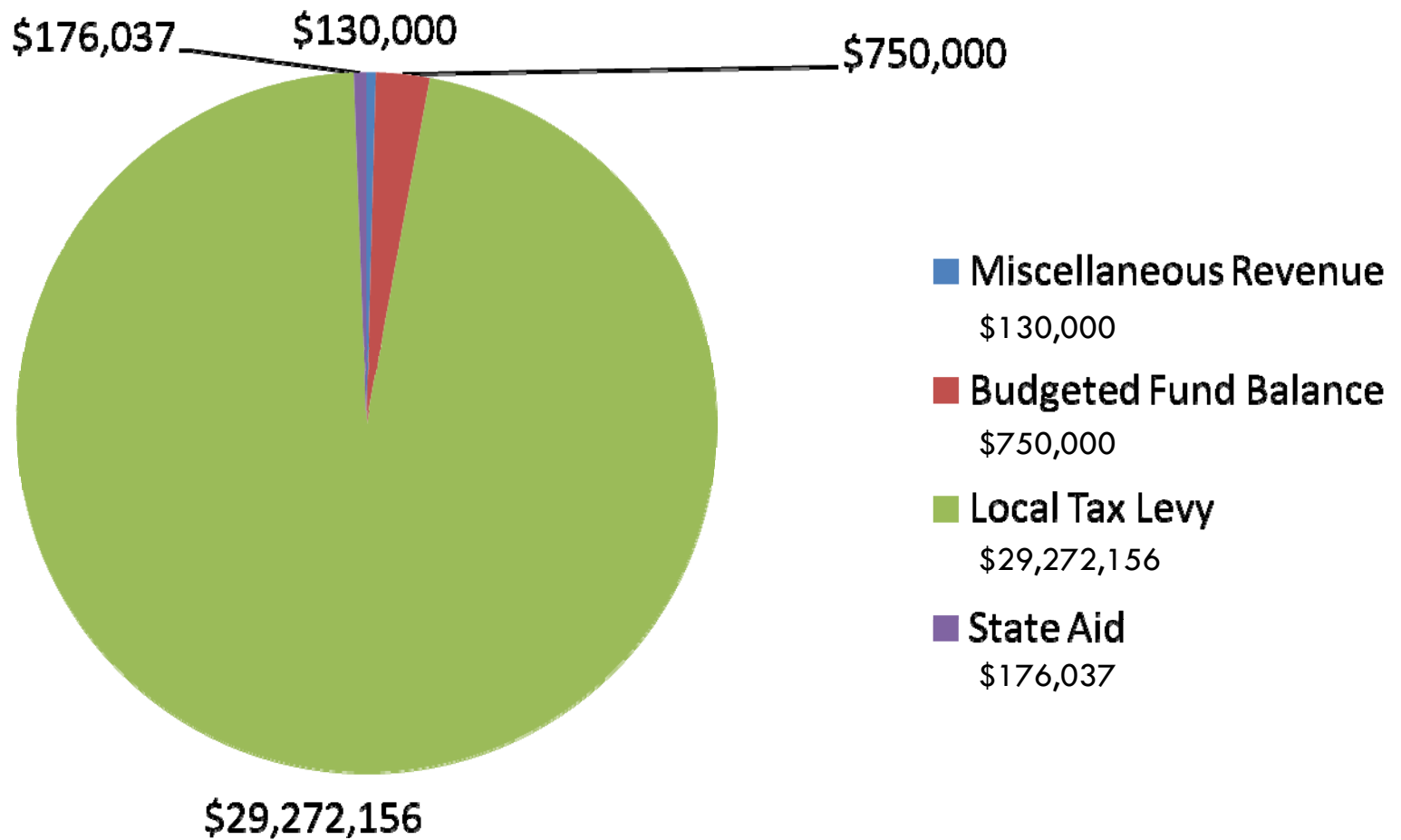


Revenue



Miscellaneous Revenue	\$ 130,000	.4%
Budgeted Fund Balance	\$ 750,000	2.5%
Local Tax Levy	\$ 29,272,156	96.5%
State Aid	\$ 176,037	.6%
Total	\$ 30,328,193	100%

Revenue





The **community votes** only on
the Tax Levy portion of
Fund 10.

The Tax Levy for
the 2010 - 2011 school year is
\$29,272,156.

State Aid



Special Education Aid	\$131,907
Equalization Aid	\$ 44,130
Extraordinary Aid	\$ 0
Categorical Transportation Aid	\$ 0
Categorical Security Aid	\$ 0
Adjustment Aid	\$ 0
Total 2010/11 Aid	\$176,037

State Aid 2010-2011



Fund 10	\$176,037
Amount we are required to budget due to the 2004 referendum	(\$121,167)
Reduction in debt service aid – Fund 40	(\$47,025)
Net State Aid - 2010-2011	\$7,845

TAX IMPACT – Fund 10

Increase in taxes for operating expenses only
Excludes debt service on bonds

Metuchen Ratables	\$974,147,309
School Tax Levy	\$29,272,156
School Tax Rate per hundred (=29,272,156 / 974,147,309 * 100)	\$3.00
School taxes on a house assessed at \$186,600 (=18.66 * 3.0049 * 100)	\$5,607
School tax increase on a house assessed at \$186,600 (5,607 – 5,390)	\$217
Percent increase	4.0%

TAX IMPACT – Fund 10 and Fund 40

Increase in total school taxes per household

Metuchen Ratables	\$974,147,309
School Tax Levy	\$31,721,615
School Tax Rate per hundred (=31,721,615 / 974,147,309 * 100)	\$3.26
School taxes on a house assessed at \$186,600 (=18.66 * 3.26 * 100)	\$6,076
School tax increase on a house assessed at \$186,600 (6076 – 5,851)	\$225
Percent increase	3.85%

Surplus Analysis

	<u>Amount</u>
□ Actual 06/30/2001	\$ 9,559
□ Actual 06/30/2002	\$ 307,698
□ Actual 06/30/2003	\$ 620,187
□ Actual 06/30/2004	\$ 677,110
□ Actual 06/30/2005*	\$ 529,032
□ Actual 06/30/2006*	\$ 579,938
□ Actual 06/30/2007*	\$ 574,858
□ Actual 06/30/2008	\$ 597,677
□ Actual 6/30/09*	\$ 614,899
□ Estimated	\$ 606,563
Proposed Budget 2010 – 2011	\$ 30,328,193
Surplus as a % of our budget	2 %

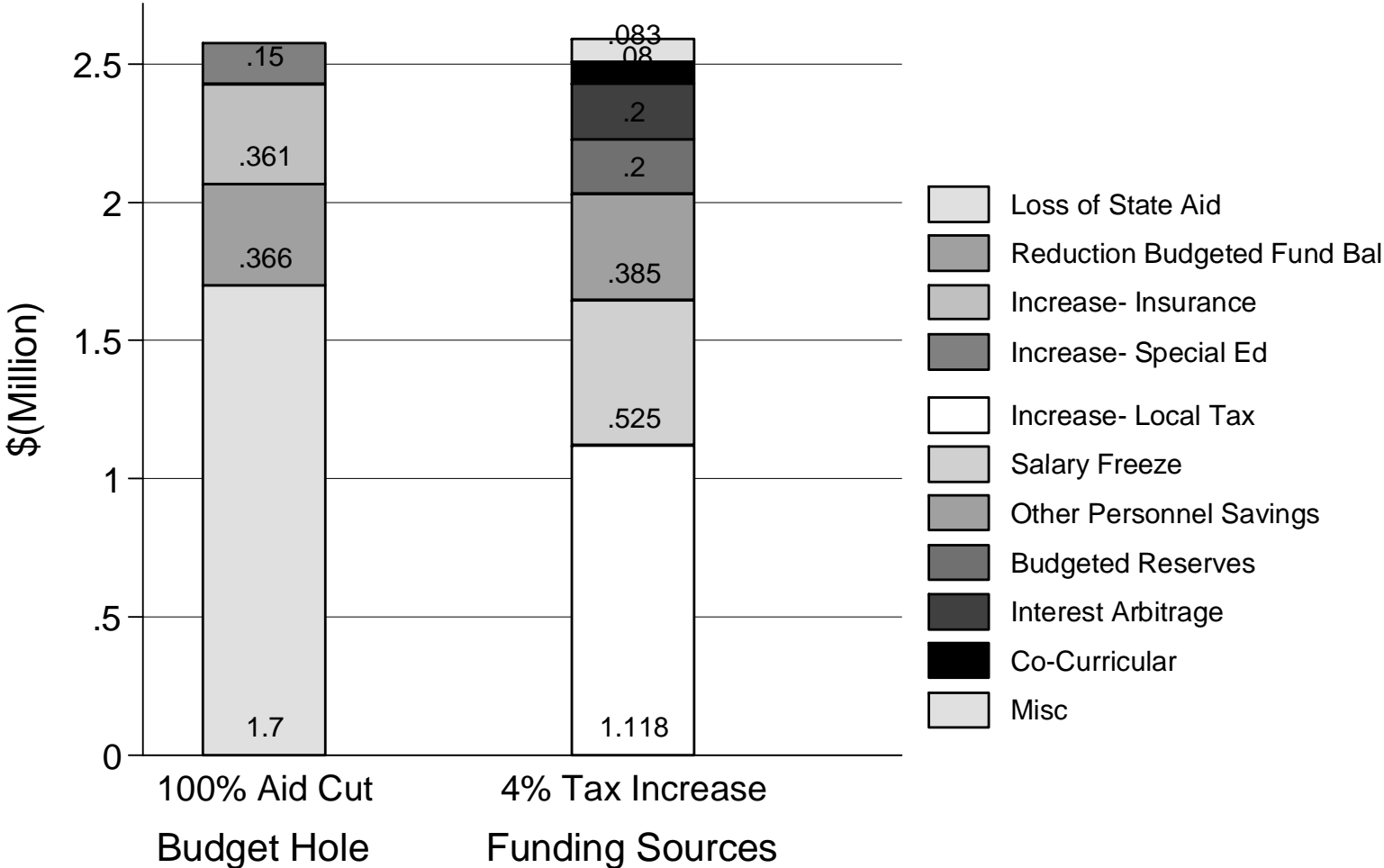
*State Law requires maximum surplus to be no more than 2% of school's operating budget.

Surplus Used for Tax Relief



<i>2004 – 2005</i>	\$ 39,702
<i>2005 – 2006</i>	\$475,888
<i>2006 – 2007</i>	\$312,374
<i>2007 – 2008</i>	\$485,939
<i>2008 – 2009</i>	\$352,477
<i>2009 – 2010</i>	\$665,613
<i>2010 – 2011</i>	\$750,000

2010-2011 Budget Gap



Budget Efficiencies

- Participation in an energy audit 75% funded through the Board of Public Utilities
- Cooperative purchasing with other school districts
- Natural gas and electricity consortia with other high volume users
- Gasoline purchases through the borough
- Opting out of state health plan
- Transportation jointures with other school districts
- Participation with the Middlesex County Regional Educational Services Commission for mandated services to non-public schools, transportation jointures, and out-of-district special education placements.
- Implementation of an austerity spending plan.