

WEST MILFORD TOWNSHIP PUBLIC  
SCHOOLS  
PRELIMINARY BUDGET  
PRESENTATION  
2017-2018

Dr. Alex Anemone, Superintendent  
Barbara Francisco, Business Administrator  
March 16, 2017

“There’s no such thing as a free lunch”  
- Milton Friedman

# Board of Education

- Jim Foody, President
- Teresa Dwyer, Vice President
- Greg Bailey
- Will Cytowicz
- Steven Drew
- Nicole Fritz
- Glenn Huber
- Debbie O'Brien
- Rodney Robbins

# Fiscally Conservative Budget

- Total Budget increases by only 1.68%
- General Fund increases by only 1.92%
- Administrative costs lower than Regional Limit
  - *Northern Regional Limit \$2,191 per pupil*
  - *West Milford \$1,877 per pupil*
- Addresses capital needs of the district

# 2016-2017 District Goals

- Improve academic performance using differentiated instruction.
  - Develop and implement an effective communication plan.
  - Develop partnerships with parents, community, students, and staff.
- 
- The 2017-2018 budget will support yet to be developed goals for the 2017-2018 school year.

# Budget Timeline

Timeline	
November 2016	Budget Guidelines developed
November/December 2016	Administrative budget meetings (schools, departments, etc.)
March 2, 2017	State Aid figures released to districts
March 16, 2017	Preliminary budget approved by BOE
March 20, 2017	Preliminary budget due to Executive County Superintendent
April 25, 2017	Public Hearing on the Budget
June 30, 2017	Fiscal year 16/17 ends
July 1, 2017	Fiscal year 17/18 begins

# Budget Guidelines/Parameters

- Developed by Budget and Finance Committee in November 2016.
- Lists fiscal principles and goals for BOE.
  - *Stay within tax levy cap*
  - *Maintain staffing configuration*
  - *Spend taxpayer money conservatively*
  - *Use zero-based budgeting principles*
  - *Develop a budget that supports district goals*

# 2017-2018 Budget

- A statement, in financial terms, of the district's educational priorities.
- A management tool that projects and balances the district's revenues and expenses.
- A process that gauges efficiency.
- A reflection of the community's values
  - *Neighborhood schools*
  - *Small class size*
  - *Technology*
  - *Co-curricular activities*
  - *Capital projects*
  - *Facility maintenance*

# 2017-2018 Budget

- NOT developed by increasing each line by a certain percentage. Rather, the budget development is a process that involves considerable time and effort. Zero-based budgeting strategies are employed.
- Current (FY 16/17) spending patterns are reviewed and analyzed for trends.
- Projections are made up to 18 months in advance; 17/18 fiscal year ends on June 30, 2018!



# Budget Basics

- Budget split into two parts: Revenues and Expenses
- Fundamental problem: revenues are declining or static and expenses are rising
- Revenues
  - *Local tax levy – capped by State*
  - *State aid – flat; underfunded by \$1,600,000/year (per Ed. Law Center)*
  - *Federal aid - declining*
- Expenses
  - *Salaries, benefits, etc. – rising at greater rate than revenues.*

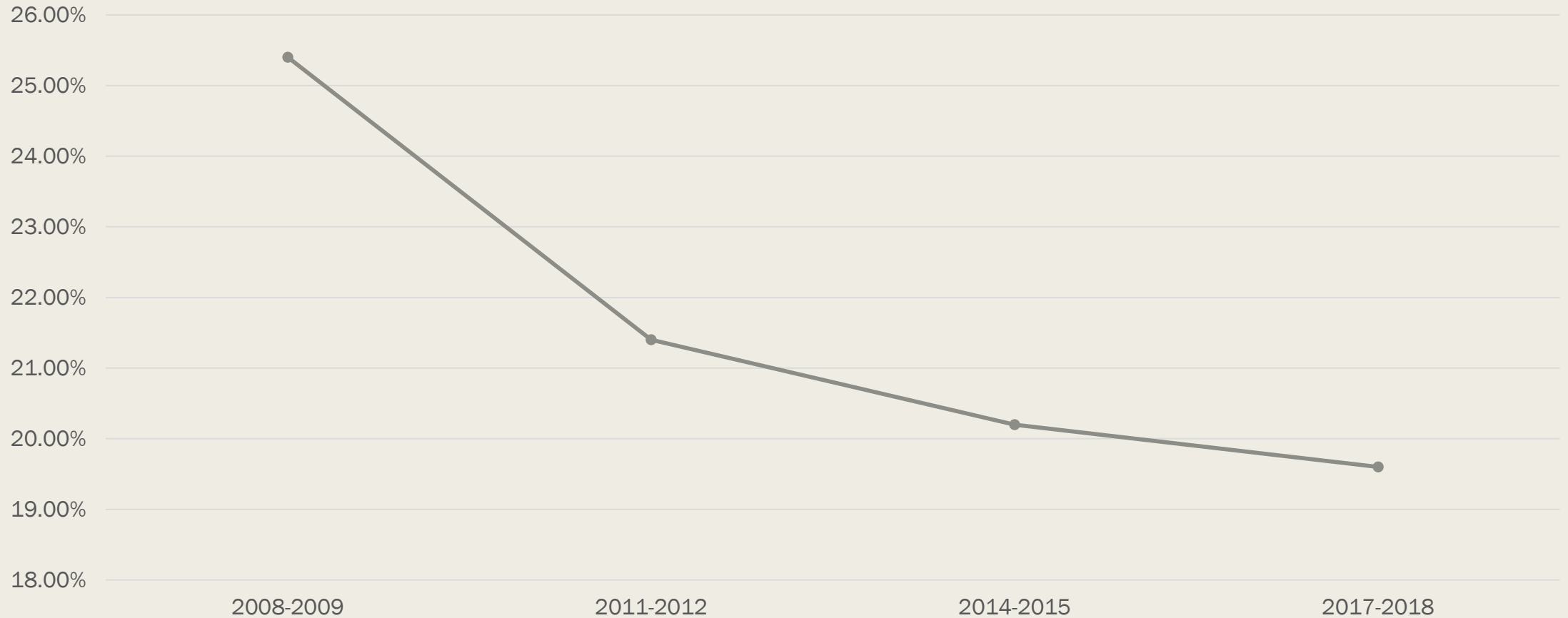
# State Aid

- “Flat Funding to districts is a cut, let’s be honest. Flat funding at a time when all costs are going up creates distress on districts. The cost of living, everything else goes up and you still get the same pool of money.”
  - Senator M. Teresa Ruiz, Chairperson of the Senate Education Committee

# State Aid

Year	State Aid (user friendly budget)	General Fund	State Aid as a Percentage of General Fund
2008-2009	\$16,215,630	\$63,907,211	25.4%
2011-2012	\$13,590,053 + <u>\$657,380</u> \$14,247,433	\$66,560,388	21.4%
2014-2015	\$14,597,029	\$72,416,277	20.2%
2017-2018	\$14,631,509	\$74,715,036	19.6%

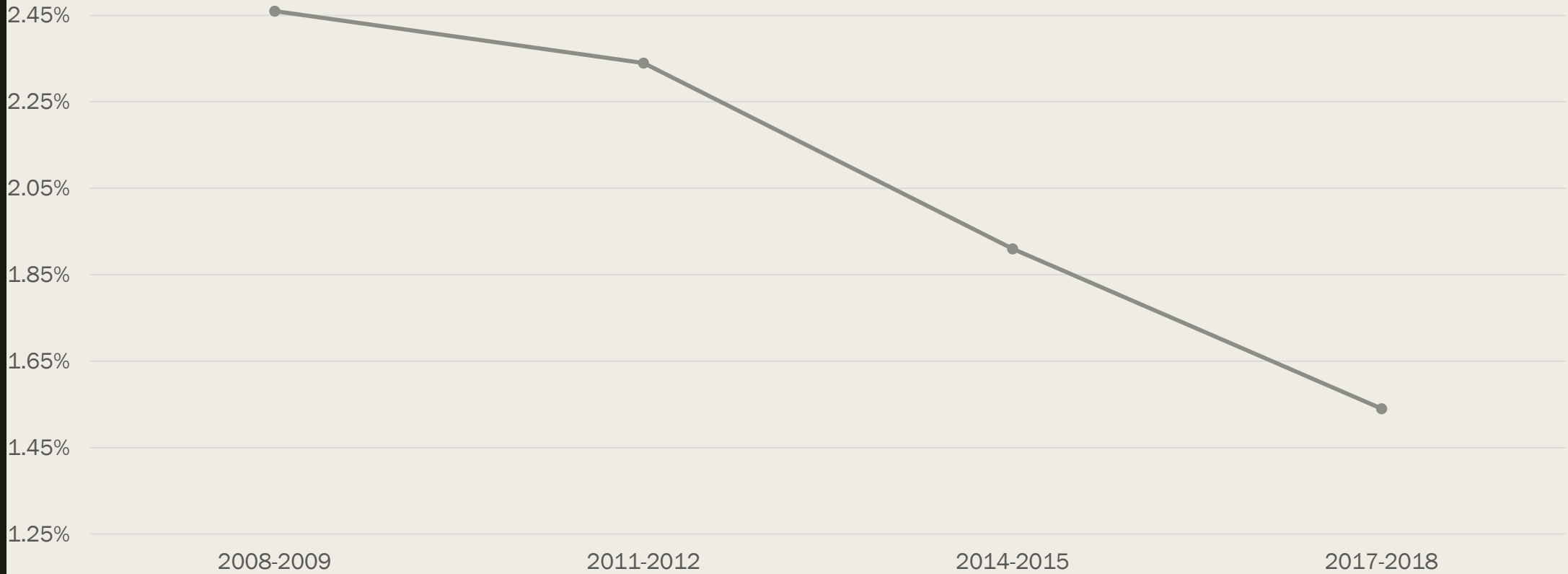
# State Aid as a Percentage of Budget



# Federal Aid (IDEA and NCLB)

Year	Federal Aid (user friendly budget)	General Fund	Federal Aid as a Percentage of General Fund
2008-2009	\$1,572,134	\$63,907,211	2.46%
2011-2012	\$1,557,019	\$66,560,388	2.34%
2014-2015	\$1,385,439	\$72,416,277	1.91%
2017-2018	\$1,149,663	\$74,715,036	1.54%

# Federal Aid (IDEA and NCLB) as a Percentage of Budget



# Local Tax Levy

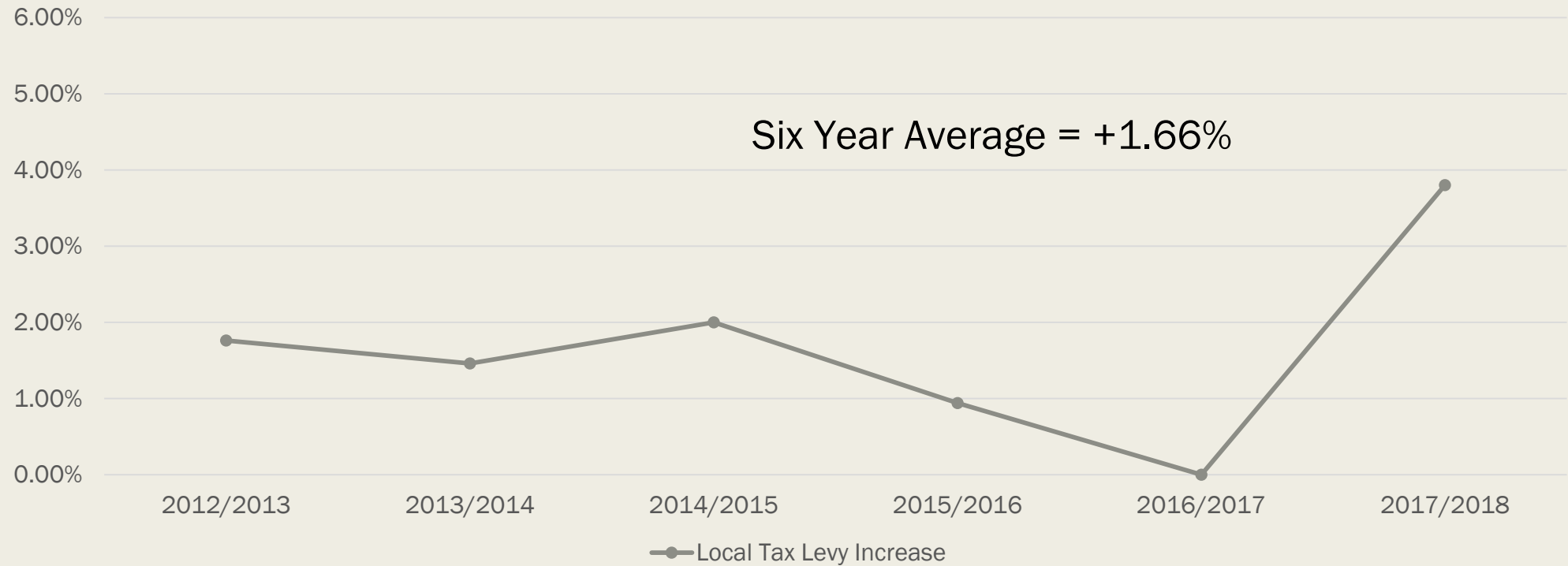
- Cap is on the local tax levy, not the overall budget.
- Cap is +2% plus allowable exemptions such as health benefits, banked cap, etc.
- In West Milford, approximately 70% of our revenues are from our local tax levy. Thus, a tax levy increase of 2% only increases our revenues by approximately 1.4%!
- If taxes are increased less than the cap, the difference is “banked” and can be used in future budgets, for up to three years.

# Banked Cap

Budget Year Generated	Amount	Budget Year Expired
2011-2012	\$659,372	Expired
2012-2013	\$121,629	Expired
2013-2014	\$275,056	Expired
2014-2015	\$321,554	2017/2018
2015-2016	\$852,617	2018/2019
2016-2017	\$1,084,139	2019/2020
TOTAL	\$3,314,367	



# Local Tax Levy Increases



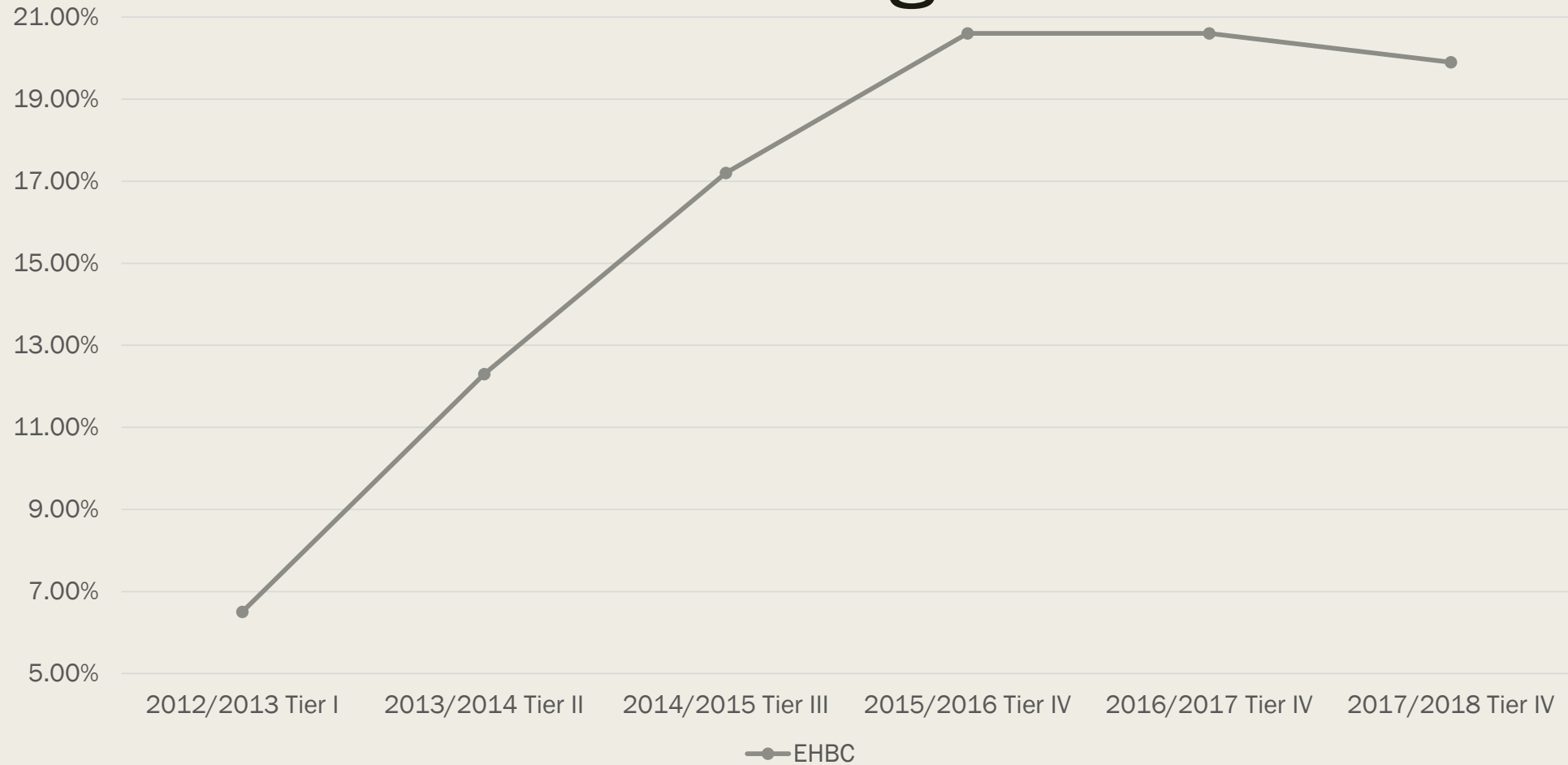
# Budgeted Fund Balance

- Identified on June 30 of every year; in CAFR (audit)
- The BFB identified on June 30, 2015 was added to the 2016-2017 budget as tax relief
- The BFB identified on June 30, 2016 will be added to the 2017-2018 budget as tax relief
- The BFB that will be identified on June 30, 2017 will be added to the 2018-2019 budget as tax relief
- Ideally, this figure is stable from year to year. Large decreases will lead to a “hole” in the budget the following year
- BFB should not be used to fund re-occurring expenses such as salaries/benefits. BFB should be used for one-time expenses such as capital projects/repairs
- BFB trending downward

# Employee Health Benefit Contribution

Year	Tier	Contribution	Health Benefits Cost	Contributions as a Percentage
12/13	1	\$616,242	\$9,416,259	6.5%
13/14	2	\$1,137,060	\$9,258,033	12.3%
14/15	3	\$1,748,059	\$10,191,455	17.2%
15/16	4	\$2,440,654	\$11,865,126	20.6%
16/17	4	\$2,610,018 (est)	\$12,642,007 (est)	20.6%
17/18	4	\$2,800,000(est)	\$14,078,136 (est)	19.9%

# Employee Health Benefit Contribution as a Percentage of Costs



# 2017-2018 Budget

	\$ Amount	\$ Change	% Change
Local Tax Levy	\$55,577,811	\$2,034,974	3.80%
General Fund	\$74,715,036	\$1,408,601	1.92%

# General Fund Revenues

	2016-2017	2017-2018	\$ Change	% Change
State Aid	\$14,631,509	\$14,631,509	\$0	0%
Extraordinary Aid	\$850,000	\$650,000	(\$200,000)	(23.5%)
Budgeted Fund Balance	\$3,228,171	\$2,967,431	(\$260,740)	(8.01%)
Medicaid Reimbursement	\$61,118	\$73,285	\$12,167	+19.9%
Tuition	\$275,000	\$275,000	\$0	0%
Transportation Fees	\$400,00	\$40,000	\$0	0%
Misc. Revenue	\$400,000	\$400,000	\$0	0%
W/drawal from Capital Reserve	\$227,800	\$0	(\$227,800)	(100%)
Withdrawal from Mt. Reserve	\$50,000	\$100,000	\$50,000	+100%
Tax Levy	\$53,542,837	\$55,577,811	\$2,034,974	+3.80%
<b>TOTAL</b>	<b>\$73,306,435</b>	<b>\$74,715,036</b>	<b>\$1,408,601</b>	<b>+1.92%</b>

# General Fund Expenses

	2016-2017	2017-2018	\$ Change	% Change
General Education	\$20,401,187	\$20,578,882	\$177,695	.87%
Special Education	\$8,135,746	\$8,682,276	\$546,530	6.72%
Encore/Bilingual	\$354,657	\$321,429	(\$33,228)	(9.37%)
Student Support	\$10,744,847	\$11,055,921	\$311,074	2.90%
Co-Curricular	\$1,116,117	\$1,201,739	\$85,622	7.67%
Transportation	\$5,528,491	\$5,148,164	(\$380,327)	(6.88%)
Operations and Maintenance	\$6,112,363	\$6,614,377	\$502,014	8.21%
Administration	\$4,901,656	\$4,923,795	\$22,139	.45%
Benefits	\$13,984,620	\$14,349,830	\$365,210	2.61%
Capital Outlay	\$2,026,751	\$1,838,623	(\$188,128)	(9.28%)
<b>TOTAL</b>	<b>\$73,306,435</b>	<b>\$74,715,036</b>	<b>\$1,408,601</b>	<b>1.92%</b>

# Tax Levy Impact

	2016-2017	2017-2018	Change
General Fund	\$53,542,837	\$55,577,811	\$2,034,974
Debt Service	\$542,720	\$514,393	(\$28,327)
Average Assessed Home	\$247,000	\$247,000	N/C
Average Tax Levy Increase	\$7.44	\$206.37	\$198.93

- The average increase of school taxes on the median assessed home is only \$17.20 per month



# Curriculum Highlights

- Year I implementation of the prestigious AP Capstone Program @ WMTHS
- Year II implementation of the Pre-AP Program @ Macopin School and NJDOE Seal of Bi-literacy program @ WMTHS
- Continued collaboration with Character.org and NJASECD.org
- Continue with regularly scheduled technology purchases including Chromebooks, SmartBoards, and infrastructure
- New online, formative math assessment program

# Budget Efficiencies

- Reduction of one administrator @ WMTHS
- Reduction of one class section @ Westbrook School
- Continued reduction in number of students placed in private schools for students with disabilities
- Continued shared services with Township (snow removal, shared equipment and repair services, etc.)
- Continued use of cooperative purchasing programs

# Capital Projects

- Greenhouse Renovations – Macopin and WMTHS
- Window Replacement – Upper Greenwood Lake
- Roof Replacement – Maple Road

# What Does The Future Look Like?

- Declining budgeted fund balance
- Flat state aid/revised funding formula
- Declining extraordinary aid
- Declining federal aid
- Expenses rising
  - *Salaries, health benefits, special education costs, building maint., capital projects, etc.*
- Pressure on local taxes
- Limited ability to fund capital reserve, maint. reserve, etc.)