



***2012-2013
PRELIMINARY BUDGET
DISCUSSION***

FEBRUARY 8, 2012

BUDGET FACTS

- NJ school districts must have a balanced budget.
- Expenditures cannot exceed anticipated revenues.
- Revenues are derived from four primary sources, local tax levy, state aid, budgeted fund balance and miscellaneous sources.
- State aid was reduced in 2009-2010 by approximately \$2.0 million, from \$7.6 million to \$5.6 million forcing the district to use surplus funds to cover the reduction.
- State aid was further reduced in 2010-2011 from \$5.6 million to \$3.1 million.
- State aid was increased in 2011-2012 to \$4.9 million but still remains less than the 2009-2010 amount, which was the last year the state aid formula was fully funded under the School Funding Reform Act (SFRA).

BUDGET PROCESS

- The process began in November with a memo to principals, directors and supervisors to prepare budgets and justifications for new initiatives.
- Budgets were submitted for review after Thanksgiving.
- In early January, the budgets were reviewed and adjustments were made by the Superintendent, Assistant Superintendent and Business Administrator.
- Budget initiatives were reviewed by the Superintendent and determinations made as to which to include in the budget.
- The budget was reviewed with the board's Finance Committee at a meeting held on January 23, 2012.

2012-2013 REVENUES

- Proposed Tax Levy increase is only .44%, less than one-half of one percent.
- Assumes an increase to State Aid of \$903,934, which represents 20% of the amount reduced in 2010-2011.
- Surplus from 2010-2011 in the amount of \$4,793,849 as Budgeted Fund Balance.
- Extraordinary Aid based on 2010-2011 amount.
- Miscellaneous Revenue based on 2010-2011 amount.
- Nonpublic Transportation Aid based on 2010-2011 amount.
- SEMI Revenue based on state mandated amount.
- Education Jobs Aid eliminated as funding was not renewed.

REVENUE ANALYSIS

Revenues		2012-2013	2011-2012	\$ Change	%Change
Tax Levy	85.81%	\$ 77,790,645	\$ 77,452,263	\$ 338,382	0.44%
Budgeted Fund Balance	5.29%	\$ 4,793,849	\$ 2,842,539	\$ 1,951,310	68.65%
State Aid	6.42%	\$ 5,816,127	\$ 4,008,259	\$ 1,807,868	45.10%
Extraordinary Aid	1.87%	\$ 1,695,053	\$ 1,800,513	\$ (105,460)	-5.86%
Miscellaneous Revenue	0.35%	\$ 320,000	\$ 432,848	\$ (112,848)	-26.07%
Nonpublic Transportation Aid	0.19%	\$ 170,000	\$ 175,300	\$ (5,300)	-3.02%
SEMI Aid	0.07%	\$ 63,776	\$ 48,094	\$ 15,682	32.61%
Education Jobs Fund	0.00%	\$ -	\$ 252,486	\$ (252,486)	-100.00%
	100.00%	\$ 90,649,450	\$ 87,012,302	\$ 3,637,148	4.18%
<i>Does not include transfer from Capital Reserve to Capital Outlay</i>					

2012-2013 EXPENDITURES

- There are no layoffs, outsourcing or reductions to currently operating staff or programs.
- There are additional funds for a new high school special education class and for staff previously paid with grant funds that have expired.
- An increase for Charter Schools tuition for the projected opening of the Shalom Academy.
- Medical insurance includes a 10% increase, offset by approximately \$1,000,000 received from employee deductions. Prescription insurance includes a 4% increase. There is no change to the cost of Dental insurance.
- Funds restored for Technology Equipment/Supplies removed from 2011-2012 budget.
- Funds included for media center upgrades.

2012-2013 EXPENDITURES

- Courtesy busing for grades preschool through four is included however, mileage eligibility may be increased from the current .9 miles to 1.2 miles. Potential cost reductions for non-public busing identified by the district's Transportation Consultant will be reviewed in collaboration with non-public school administrators. Non-public bus stops may be consolidated but only after a safety review by the Teaneck Police Traffic Bureau and after consultation with non-public school administrators.
- New initiatives include a K-2 Math program, SmartBoards, Social Studies textbooks, Summer Program for Special Education Students for HSPA Exam Preparation, HSPA Academy for General Education Students, AccuPlacer Test Preparation Course, Curriculum Writing for Social Studies, Technology and Health.
- Projects will be funded from Capital Reserve include upgrades to wireless internet at Teaneck High School, media center air conditioning at Thomas Jefferson Middle School, renovations to the tunnel at Benjamin Franklin Middle School and security upgrades to card reader door locks district-wide.

EXPENDITURE ANALYSIS

EXPENDITURES		2012-2013	2011-2012	\$ Change	% Change
Athletics/Cocurricular	0.36%	\$ 322,975	\$ 312,925	\$ 10,050	3.21%
Capital Outlay	0.47%	\$ 428,014	\$ 206,713	\$ 221,301	107.06%
Charter Schools	6.75%	\$ 6,121,098	\$ 5,500,671	\$ 620,427	11.28%
Health Benefits	9.83%	\$ 8,913,185	\$ 8,791,621	\$ 121,564	1.38%
Operations/Maintenance/Security	3.61%	\$ 3,269,988	\$ 3,287,661	\$ (17,673)	-0.54%
Other Employee Benefits/Taxes	3.04%	\$ 2,752,200	\$ 2,767,620	\$ (15,420)	-0.56%
Other Expenses	3.59%	\$ 3,258,077	\$ 2,807,829	\$ 450,248	16.04%
PERS Pension	1.33%	\$ 1,205,000	\$ 1,252,701	\$ (47,701)	-3.81%
Related Services	1.43%	\$ 1,294,000	\$ 1,201,370	\$ 92,630	7.71%
Salaries	53.26%	\$ 48,282,255	\$ 46,755,375	\$ 1,526,880	3.27%
Supplies/Textbooks	1.57%	\$ 1,419,443	\$ 1,342,422	\$ 77,021	5.74%
Transportation	5.99%	\$ 5,427,550	\$ 5,247,202	\$ 180,348	3.44%
Tuition	8.78%	\$ 7,955,665	\$ 7,538,192	\$ 417,473	5.54%
	100.00%	\$ 90,649,450	\$ 87,012,302	\$ 3,637,148	4.18%
<i>Does not include Transfer from Capital Reserve to Capital Outlay</i>					

2012-2013 PROPOSED TAX INCREASE

General Fund Tax Levy Increase	\$26.17
Debt Service Tax Levy Increase	<u>\$.23</u>
Total Annual Increase	\$26.40
Per Month	\$ 2.20

Notes: Calculations based on average assessed value of \$465,300

The value of township tax rateables has decreased \$49 million as a result of successful tax appeals. The proposed tax increase reflects the decrease and presumes that the average assessed value will be reduced to \$461,516, the same percentage as the reduction in rateables. If the average assessed value is not adjusted by the township, the tax increase would be approximately \$76.22.

Even without an increase to the tax levy, taxes will increase \$49.82 unless the assessed value is adjusted by the township.

TAX LEVY COMPARISON

	2010-2011	2011-2012	2012-2013	Total
General Fund	\$ 77,452,263	\$ 77,452,263	\$ 77,790,645	\$ 232,695,171
Year to Year Change	\$ 68,089	\$ -	\$ 338,382	\$ 406,471
Debt Service Fund	\$ 1,441,802	\$ 1,782,863	\$ 1,785,784	\$ 5,010,449
Year to Year Change	\$ (316,814)	\$ 341,061	\$ 2,921	\$ 27,168
Total Year to Year Change	\$ (248,725)	\$ 341,061	\$ 341,303	\$ 433,639
Tax Increase/(Decrease)	\$ (19.08)	\$ 26.16	\$ 26.39	\$ 33.47

BUDGET CALENDAR

- State Aid amounts will be released on February 22, 2012, the day after the Governor's Budget Address to the legislature.
- A Special Public Meeting will be held on February 29, 2012 to introduce the budget and approve it for submission to the County Superintendent of Schools.
- Budgets are due at the county office on March 5, 2012.
- Presentations of department budgets will be held at each workshop and regular meeting of the board during the months of March and April.
- A Special Board Meeting for the Budget Public Hearing will be held on March 28, 2012.
- There will be no election in April as the board has approved to change the election date to November. In addition, there will be no vote on the budget.
- The election for board members will be held Tuesday, November 6, 2012.

BUDGET PRESENTATIONS

- February 29, 2012 Special Public Meeting – Approve Preliminary Budget for Submission to the County Superintendent of Schools and Budget for Transportation
- March 7, 2012 Workshop Meeting – Budget for Technology
- March 14, 2012 Regular Public Meeting – Budget for Operations & Maintenance
- March 28, 2012 Special Public Meeting – Public Hearing on 2012-2013 Budget
- April 4, 2012 Workshop Meeting – Budgets for Personnel and Special Services
- April 11, 2012 Regular Public Meeting – Budget for Curriculum & Instruction

NEW ELECTION LAW

- On January 17, 2012, Governor Chris Christie signed into law P.L. 2011, c. 202 which offers the option of changing the date of the school election from April to November. The provisions of the law allow for three methods to change the date of the election:
 - A school board may approve by resolution to change the date of the election without voter approval.
 - A town council may approve by resolution to change the date of the election without voter approval.
 - A petition may be filed with the board to submit the question of changing the date to the voters at the next General Election in November.
- Once the date of the election is changed to November, it must remain so for four school elections.
- The new law also provides that a vote on the school budget will no longer be required as long as the annual tax increase is no more than 2% from the previous year. Should a board need a tax increase greater than 2%, the question must be submitted to the voters for approval at the November election.

NEW ELECTION LAW

- In previous years when voters defeated a budget it did not change the budget, only the amount to be raised for the general fund tax levy. The defeated budget was sent to the township council for review and for a decision on the amount of the tax levy and budget lines to be reduced.
- By removing the requirement for a budget vote, school district budgets are treated the same as municipal and county budgets which never required voter approval.
- At the January 18, 2012 Regular Public Meeting, the board voted unanimously to change the date of the annual school election to Election Day in November. There will be no vote on the budget for the 2012-2013 school year; however, voters will cast their ballots for three candidates to serve on the board.
- The Reorganization Meeting of the board, previously held in May will now be held during the first week of January.

TAX LEVY CAP

- The tax levy cap is the maximum amount that school property taxes can increase from one year to the next. It is not the amount of increase for the budget. The budget can increase by more than 2% if there are other revenue sources, such as state aid, federal aid or additional surplus.
- In Teaneck, the 2% cap equals \$1,549,045, which would be approximately an annual \$120.00 increase in property taxes for a home assessed at the adjusted township average of \$461,516 or an increase of approximately \$10.00 per month. If assessments are not adjusted the increase would be approximately \$170.00.
- The Township of Teaneck also has a 2% tax levy cap. That means that in addition to school property taxes increasing by no more than 2% each year, the municipal property tax can also increase by no more than 2% each year. Your property tax bill has the breakdown of the amounts for the school and the township.

GLOSSARY

Budgeted Fund Balance – Surplus funds from prior year budgets used as revenue in future budget years.

Courtesy Busing – Busing provided to students that do not meet the state mandated mileage of more than 2.0 miles from school for Grades K-8 and more than 2.5 miles from school for Grades 9-12. The district does not receive state aid for Courtesy Busing.

Debt Service – Funds for payment of principal and interest on outstanding bonded debt previously approved by the voters.

Extraordinary Aid – State aid for special education costs that exceed \$40,000 per year per student.

HSPA – High School Proficiency Assessment exam.

GLOSSARY

Nonpublic Transportation Aid – State aid received annually in June for the cost of transporting nonpublic students.

SEMI Aid – Federal aid for services provided to special education students eligible for Medicaid reimbursement.

Surplus Funds – Excess revenue or unused expenditures in a budget year.

Tax Levy – The amount of revenue raised from property taxes. This includes the amount to operate the schools (General Fund) and the amount needed to pay for bonded debt previously approved by the voters at a referendum (Debt Service Fund).

QUESTIONS???

