

The Public School Budget Budget Creation



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Why we do what we do . . .



The Budget Calendar

July

- Opening of current year budget

August

- Preparation and distribution of budget data collection tools to budget managers

September through January

- Board creates and approves formal budget goals and calendar
- Collection and review of departmental budgets
- Discussion of departmental budgets with budget managers
- Public discussion of budget issues as appropriate

February

- Preparation of tentative budget for submission to the Board
- DOE release of state aid figures

The Budget Calendar (Cont.)

March through May

- Board adoption and transmission of tentative budget to County Office
- County Office approval of tentative budget for public advertising
- Preparation of final budget for submission to the Board
- Public Budget Hearing at which the final budget is adopted
- Submission of final budget to County Office and Department of Education

July/August

- Monthly budget meetings between the BA and budget managers

Basic Budget Terms

Budget

“PLAN” for the appropriation, encumbrance and expenditure of revenue

Appropriation

Revenue budgeted for a particular purpose

Encumbrance

Legal commitment of all or part of an appropriation

Expenditure

Payment of all or part of an encumbrance

Revenue

Funds the district expects to receive during the year

“Fixed” vs. “Variable”

“Fixed” (Non-discretionary) Appropriation

An appropriation over which the district has no control and which remains the same from period to period

Examples of a Fixed Appropriation

- Debt
- Contractual obligations
- Regulatory Requirements

“Fixed” vs. “Variable” (Cont.)

“Variable” (Discretionary) Appropriation

An appropriation over which the district has at least some control and which may change from period to period

Examples of a Variable Appropriation

- Employee wages (increase or decrease number of employees)
- Employee benefits (increases or decreases with change in employees)
- Supplies (increase or decrease number of classes)
- Professional development (increases or decreases with change in employees)

Budget Creation

3 Steps

Step #1

Estimate total **revenue**

Step #2

Estimate total **appropriations**

Step #3

Estimated total revenue must = estimated total appropriations

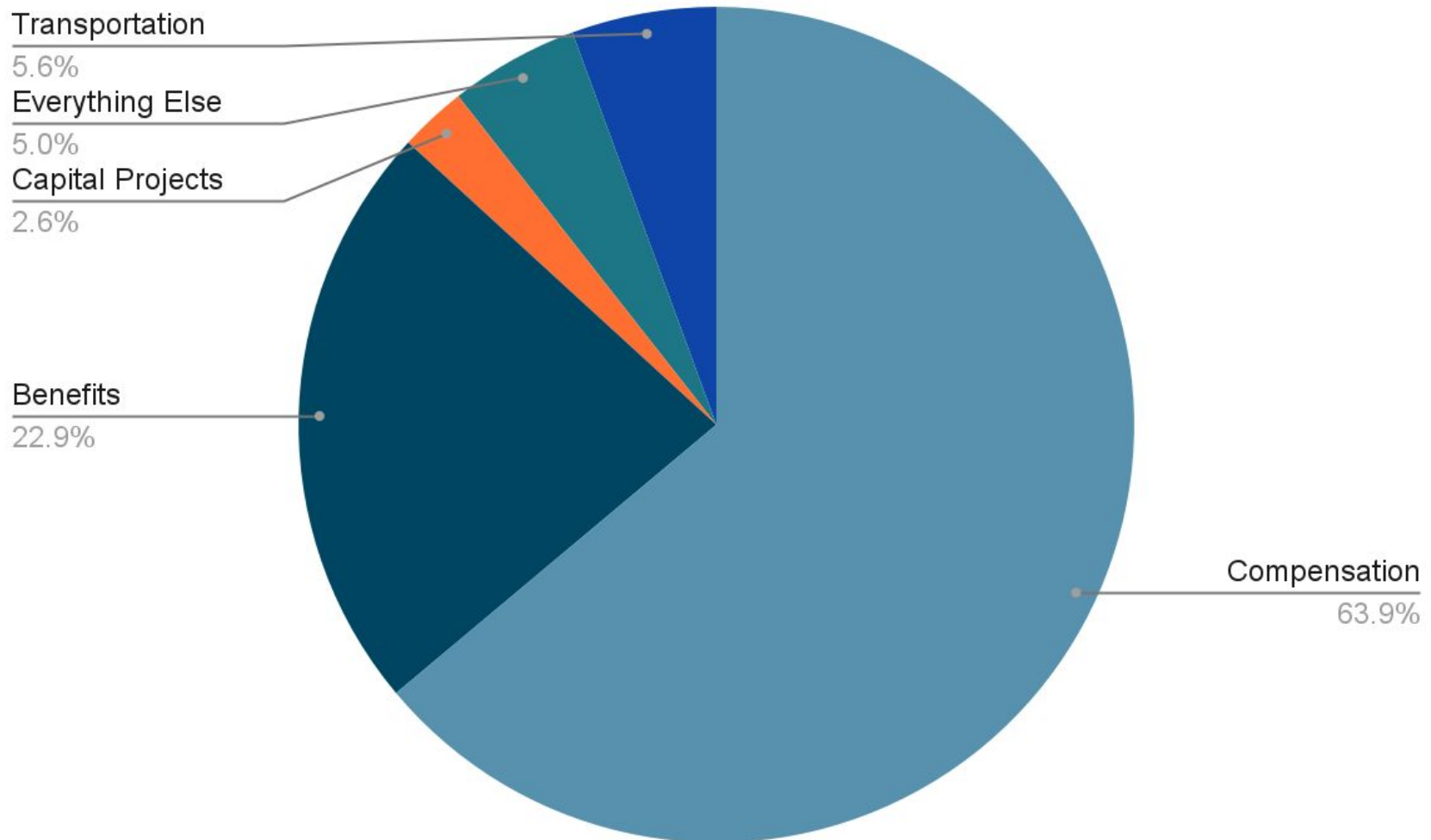
The 2023-2024 Budget

Step #1: Revenue

	\$	%
General Operations		
Local Tax Levy	\$53,192,929	
State Aid	10,470,890	
Extraordinary Aid	635,482	
Transfer from Cap Reserve	813,401	
Transfer from Maint Reserve	500,000	
Budgeted Fund Balance	3,723,894	
Miscellaneous (Incl. E-Rate & SEMI)	<u>1,371,562</u>	
Subtotal	70,708,158	89.21%
Grants	5,167,136	6.52%
Debt Service	<u>3,388,850</u>	<u>4.27%</u>
Total Revenue	\$79,264,144	100.0%

Source: 2022-2023 District Budget

The Breakdown



Step #2: Appropriations

	\$	%
Regular Programs - Instruction	\$ 18,704,472	26.05%
Special Education - Instruction	9,761,134	13.60%
Bilingual - Instruction	195,050	.27%
Co-curricular & Athletics	1,402,955	1.95%
Tuition	2,269,494	3.16%
Attendance & Health	1,066,474	1.48%
Related Services & Other Support	1,282,515	1.79%
Guidance	1,527,815	2.13%
Child Study Team	1,505,981	2.10%
Other Instruction & Library	2,081,230	2.90%

Appropriations (Cont.)

	\$	%
Staff Training	56,397	.08%
Administration (Building & CO)	3,397,238	4.73%
Information Technology	702,344	.98%
Operations, Maint. & Security	5,885,108	8.20%
Transportation	3,605,230	5.02%
Benefits (Net)	16,448,905	22.91%
Capital Outlay	<u>1,902,010</u>	<u>2.65%</u>
Total	\$ 71,794,352	100.0%

Source: 2023-2024 District Budget

Step #3: Revenue = Appropriations

The Board's Role

- Understand how the district operates
 - Governance
 - Policies
 - Curriculum and programs
 - Staffing
- Understand the budget process
- Establish clear and realistic budget goals – aligned with the district's mission to instruct
- Remain informed on the development of the district budget through periodic updates from district administration
- Offer meaningful and constructive comments and questions
- Review and approve preliminary and final budgets for submission to the Executive County Superintendent

Senate Bill 2 - Also Called S-2

Why is “S-2” a Problem?

- S-2 was created to restructure the way the State of New Jersey distributes funds to school districts.
- S-2 intentionally redistributes state aid toward communities which are identified to have been “overpaying” local school taxes. Further, S-2 reduces state aid from communities which are identified to have been “underpaying.” Districts, like Lacey, that have been deemed by the State to be “underpaying” are considered to be *under adequacy* regarding school tax contributions.
- Aside from being unfair, these determinations allow no procedural method for LTSD to meet its financial obligations to provide a thorough and efficient education. With the permitted tax levy increases maximized for the 2024-2025 school budget and in order to be within the 2% state-imposed cap, we cannot make up the millions of dollars lost to our district.

The Challenge We Face

2018-2019 = \$586,536

2019-2020 = \$623,156

2020-2021 = \$1,310,170

2021-2022 = \$1,345,629

2022-2023 = \$3,251,565

2023-2024 = \$1,349,457

2024-2025 = \$1,200,000 (est)

\$10.0 million
will be lost in
state aid over
7 years

The Impact of S-2 to the Lacey Township School District

STATE AID CUTS

2018-2019 = \$586,536

2019-2020 = \$623,156

2020-2021 = \$1,310,170

2021-2022 = \$1,345,629

2022-2023 = \$3,251,565

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The maximum increase in the tax levy is 2%

To put this into perspective:

- State aid reductions were more than double the amount of the taxes able to be raised by the levy.
- The District's State Aid in 2018-2019 was \$21,556,936.
- The District's State Aid in 2023-2024 is \$10,470,890.
- The District reduced over 102 positions since the inception of S2.

AND there is still a need to address the following issues:

- Contractual responsibilities that rise above 2%
- Increased insurance premiums
- Tuition increases outside of our local control
- Transportation cost increases
- Inflation - rising costs for just about everything

Budget Impact

Before State Aid reductions, the District has calculated an almost \$6 million deficit:

- Increase in salaries of approximately \$1.6 million
- Increase in health benefits of \$1.8 million
- Increase in property & casualty insurance of approximately \$350,000
- Expiration of ESSER funding of approximately \$2 million

What's Next

Proposed budget cuts:

- Staff reductions which will result in larger class sizes
- Aggressive negotiations with health carriers
- Supply cuts across all schools/departments
- Impacts to athletics and co-curriculars
- Line by line analysis for additional reductions

What Is Our Plan?

- Regular budget meetings with the Finance Committee of the Board with regular communications with the entire Board.
- Regular budget meetings with administration to address reductions.
- Meetings with Township Committee and the 9th Legislative District to collaborate.
- Meet with local union representatives to discuss impact.
- Outreach to NJ Legislature Senate Education Committee Chaired by Senator Vin Gopal.

Thank you!