

# **Lacey Township School District**

## **Tentative Budget**

**2023 - 2024**



**March 16, 2023**

# 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 2023-2024 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 = \$3,968,990

2024-2025 = \$2,000,000 (est)

*\$13.1 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**

2023-2024 = **\$3,968,990**

2024-2025 = **\$2,000,000 (est)**

The maximum increase in the tax levy is 2%

To put this into perspective:

- State aid reductions are currently double the amount of the taxes able to be raised by the levy.
- In the past two years, state aid has been cut in half.
- For the 2023-2024 school year, **LTSD is losing another \$4 million**, which is **\$2 million more than expected**.

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

- Contractual responsibilities rise above 2% in many areas
- Higher gasoline prices
- Increased insurance premiums
- Tuition increases outside of our local control
- Transportation cost increases
- Inflation - rising costs for just about everything

# Budget Impact

**In ADDITION to the State Aid reductions, the District has other financial obligations that contribute to the almost \$10 million deficit :**

- Increase in salaries of approximately \$2.5 million
- Increase in health benefits of \$971,943
- Increase in special education of approximately \$2 million
- Increase in transportation of approximately \$900,000

# Prepayments & Reductions

Prepayments	\$
Bus Leases Due 2023-2024	\$218,595

# Prepayments & Reductions

Reductions	\$
● 2 Part-time Secretaries	\$42,784
● 6 Full-time Positions through Attrition	632,045
● 1 Part-time Nurse	37,206
● 1 Custodian	45,310
● 2 New Bus Drivers	61,210
● 73 Certificated Positions	4,610,990
● Health Aides Full-time to Part-time	69,482
● Paraprofessionals Full-time to Part-time	675,000
● Projected Cost of Health Insurance (73 Certificated Positions)	1,595,856
● Reduction in Extra Compensation (Overtime and Trips)	210,457
● Reduction in Substitutes	17,250

# Prepayments & Reductions

Reductions	\$
● Instructional Supplies	254,980
● Non-Instructional Supplies	317,624
● Special Education	212,600
● Professional Development	29,450
● Contracted Services	498,375
● Co-Curricular	73,758
● Field Trips	18,400
● Athletics	<u>150,000</u>
<b>Total</b>	<b>\$9,771,372</b>



# 2023-2024 Tentative Budget

	<b>2023-2024 Tentative</b>	<b>2022-2023 Revised</b>	<b>\$</b>	<b>%</b>
Operating Budget	\$66,669,473	\$75,362,869	\$(8,693,396)	(11.54)%
Grants and Entitlements (1)	2,122,721	7,523,899	(5,401,178)	(71.79)%
Debt Service (2)	<u>3,388,850</u>	<u>3,573,100</u>	<u>(184,250)</u>	<u>(5.16)%</u>
Total	\$72,181,044	\$86,459,868	\$(14,278,824)	(16.51)%

- 1) Please see “Major Grant Revenue” slides for detailed information related to the net decrease.
- 2) The annual repayment of the district’s outstanding debt continues to decrease over time.

# Grants Budget

# Major Grant Revenue

	2023-2024 Tentative	2022-2023 Revised	\$	%
ESEA	\$806,095	\$1,069,315	\$(263,220)	(24.62)%
IDEA	950,000	1,076,569	(126,569)	(11.76)%
ESSER I	0	0	0	0%
ESSER II	0	582,432	(582,432)	(100.00)%
ESSER III	0	4,246,290	(4,246,290)	(100.00)%
Local and Other	<u>366,626</u>	<u>549,293</u>	<u>(182,667)</u>	<u>(33.25)%</u>
Total	\$2,122,721	\$7,523,899	\$(5,401,178)	(71.79)%

Note: The district typically budgets between 85% of current year revenue for both ESEA and IDEA grants. The rollover portion of ESSER grant revenue is recognized on the 2022-2023 school year. However, a portion of that grant will be appropriated into the 2023-2024 school year via the encumbrance process.

# Operating Budget

# Revenue

# Operating Revenues

	2023-2024 Tentative	2022-2023 Revised	\$	%
Property Tax Levy	\$53,025,063	\$51,985,356	\$1,039,707	2.00%
Categorical State Aid	10,470,890	14,439,880	(3,968,990)	(27.49)%
Extraordinary Aid	635,482	620,000	15,482	2.50%
Fund Balance	645,582	757,099	(111,517)	(14.73)%
Encumbrances	0	2,532,240	(2,532,240)	(100.00)%
Withdrawal from Reserves	1,313,410	4,416,810	(3,103,400)	(70.26)%
Miscellaneous	<u>579,046</u>	<u>611,484</u>	<u>(32,438)</u>	<u>(5.30)%</u>
Total	\$66,669,473	\$75,362,869	\$(8,693,396)	(11.54)%

# Property Tax Levy

	2023-2024 Tentative
<i>2022-2023 Operating Budget Property Tax Levy</i>	\$51,985,356
Statutory 2.0% Increase	<u>1,039,707</u>
2023-2024 Operating Budget Property Tax Levy	\$53,025,063
Actual Pct. Increase on Preadjusted 2022-2023 Levy	2.00%
<i>2023-2024 Debt Service Budget Property Tax Levy</i>	<u>\$2,827,986</u>
Pct. Decrease	-6.19%
<i>Total 2023-2024 Property Tax Levy</i>	\$55,853,049
Net Pct. Increase	1.55%

# Categorical State Aid

	<b>2023-2024 Tentative</b>
Special Education Aid	\$2,504,516
<b>Equalization Aid</b>	<b>7,254,061</b>
Security Aid	483,794
Transportation Aid	<u>228,519</u>
Total	\$10,470,890



# Fund Balance

	<b>2023-2024 Tentative</b>
Budgeted Fund Balance	\$0
Excess Surplus (2)	<u>645,582</u>
Total	\$645,582

- (1) Per the 2021-2022 audit, the district is obligated to use these funds in the 2023-2024 budget. The district normally uses these funds for one time purchases but unfortunately need these funds to help balance the budget.

# Withdrawal from Reserves

	<b>2023-2024 Tentative</b>
Capital Reserve (1)	\$813,401
Maintenance Reserve (2)	<u>500,000</u>
Total	\$1,313,401

- (1) Per N.J.A.C. 6A:23A-14.1(h) funds withdrawn from this reserve account are restricted to capital projects included in the district's Long Range Facilities Plan (LRFP). Specifically, these funds will be used to renovate the STEM classroom and replace an HVAC unit at the High School.
- (2) Per N.J.A.C. 6A:23A-14.2(d) funds withdrawn from this reserve account are restricted to required maintenance appropriations; 11-0000-261-420.

# Per Pupil Costs

Projected 2023-2024 Total Resident Enrollment	3,840
2023-2024 LTSD Budgetary Per Pupil Cost	\$15,771
<b>\$2,062 <u>below</u> the 2021-2022 statewide median of \$17,833 (1)</b>	
2023-2024 LTSD Administrative Per Pupil Cost	\$ 1,398
<b>\$1,036 <u>below</u> the 2022-2023 southern region limit of \$2,434 (2)</b>	

**Lacey Township School District is the 3rd lowest in administrative costs per pupil amongst all K-12 districts in the State of New Jersey.**

1. Source: 2022 Taxpayers Guide to Education Spending for K-12 Districts – Indicator #1.
2. Source: NJDOE 2023-2024 Budget Guidelines - Southern Region.

# Property Taxes

# Property Taxes

Two Components:

- 1) Operating Budget Component
- 2) Debt Service Budget Component

# Property Taxes (cont.)

## *“School Year” Tax Rate <sup>(1)</sup>*

$$\begin{aligned} \text{Total Current Taxes (2)} & \quad \div \quad \text{Total Current Assessed Valuation} \\ & \quad \times 100 \\ & = \text{Current Tax Rate} \end{aligned}$$

- 1) The “School Year” tax rate is from July 1st through June 30th.
- 2) Total taxes includes the levy on the operating budget + debt service.

# Property Taxes (cont.)

Total Taxes to be Raised (Operating Budget)	\$53,025,063
Total Taxes to be Raised (Debt Service Budget)	<u>2,827,986</u>
	\$55,853,049
Divided by Total Current Assessed Valuation(1)	\$4,007,466,300
	.01394
Multiplied by 100 = 2023 School Tax Rate	1.394

- 1) According to the Municipal Tax Assessor the total assessed valuation increased \$26,458,700 or .66% from 2022.

# Property Taxes (cont.)

## *Your School Property Taxes*

Assessed Value of Your Property

÷ 100

x Current School Tax Rate

= Your School Property Taxes



# School Year Property Tax

## July 2023 – June 2024

Year	Average Home Value *	School Tax Rate *	School Taxes
2023	\$285,601	1.394	\$3,981.28
2022	<u>\$283,417</u>	<u>1.382</u>	<u>\$3,916.82</u>
Change	+\$2,184	+0.012	+\$64.45
	Less Than 1 “Tax Penny”		\$5.37 Per Month

\* Source: Municipal Tax Assessor.

# District Planning

# District Realignment

- Lanoka Harbor School grades 1-5
- Cedar Creek School grades 1-5
- Forked River School grades 1-5
- Mill Pond School grades PreK - K
- Lacey Township Middle School grades 6-8

# Preschool Expansion Aid

- PEA is a separate source of funding and is not able to be combined with the local budget
- Funds allocated to the PEA must be spent exclusively on Preschool education
- Aid application opens in August with accepted proposals announced in September
- Classrooms may open beginning in October

# Next Steps

- March 20<sup>th</sup> = Deadline for submission of tentative budget to the Executive County Superintendent.
- Continue to explore opportunities to increase revenue.
- Continue to explore opportunities to decrease appropriations.
- April 6<sup>th</sup> = Public budget workshop @ 5:00 pm.-Tentative
- May 4<sup>th</sup> = Public hearing on and adoption of final budget.
- May 15<sup>th</sup> = Deadline for submission of final budget.

**Thank You!**

**This presentation will be  
on our website at  
[laceyschools.org](http://laceyschools.org)**