

South Orange-Maplewood School District Budget Analysis

**Prepared by SOM SEPAC
December, 2014**

SOMASD Budget Analysis 2014-2015

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This presentation was prepared by SOMA SEPAC based on its interpretation of materials from the SOMA district website and other sources.

SEPAC Perspectives

- Special Education is about real people with real aspirations along with unique needs. It is not simply a cost center
- All students (and their families) should be respected, regardless of how and where they are educated
- Parents and caregivers should have a voice in determining how to meet the challenges facing the district in the coming years

SEPAC Budget & Finance Goals

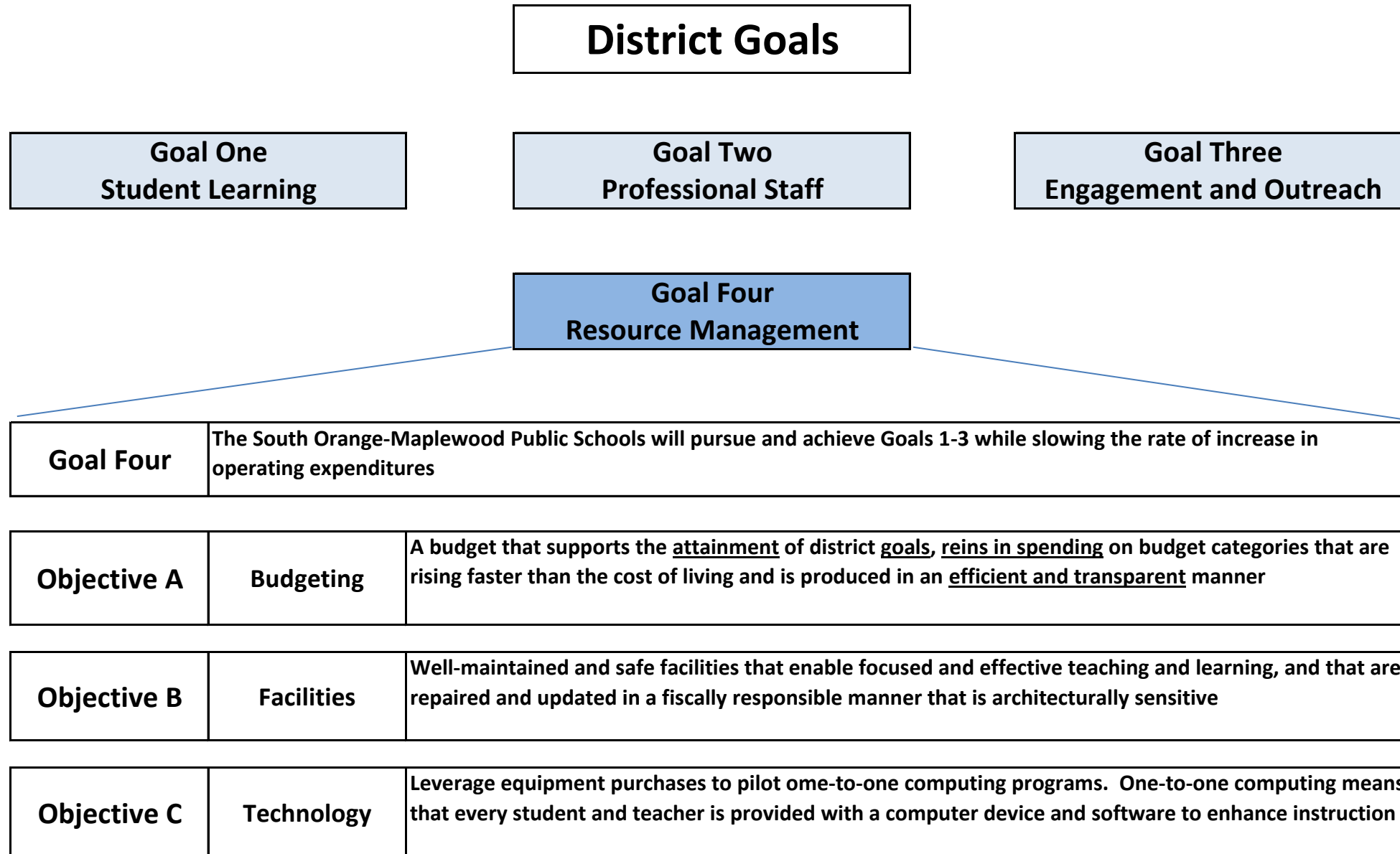
- An informed Community, prepared and empowered to advise and advocate on budget and finance matters impacting special education
- More open and productive dialog between the Community, the District and the BOE, beginning with a common understanding of District and special education finances
- Appropriate resources budgeted for special education and verification that such resources are actually used to serve special needs students

DISTRICT BUDGET OVERVIEW

**SOMASD Budget Analysis
2014-2015**

District Goal Four

(Source: District Goals 2014-2017 approved August 2014)



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**SOMASD Budget Analysis
2014-2015**

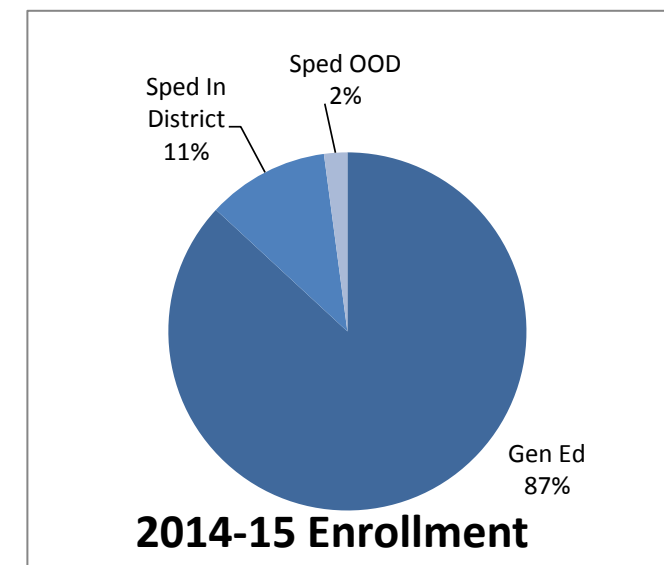
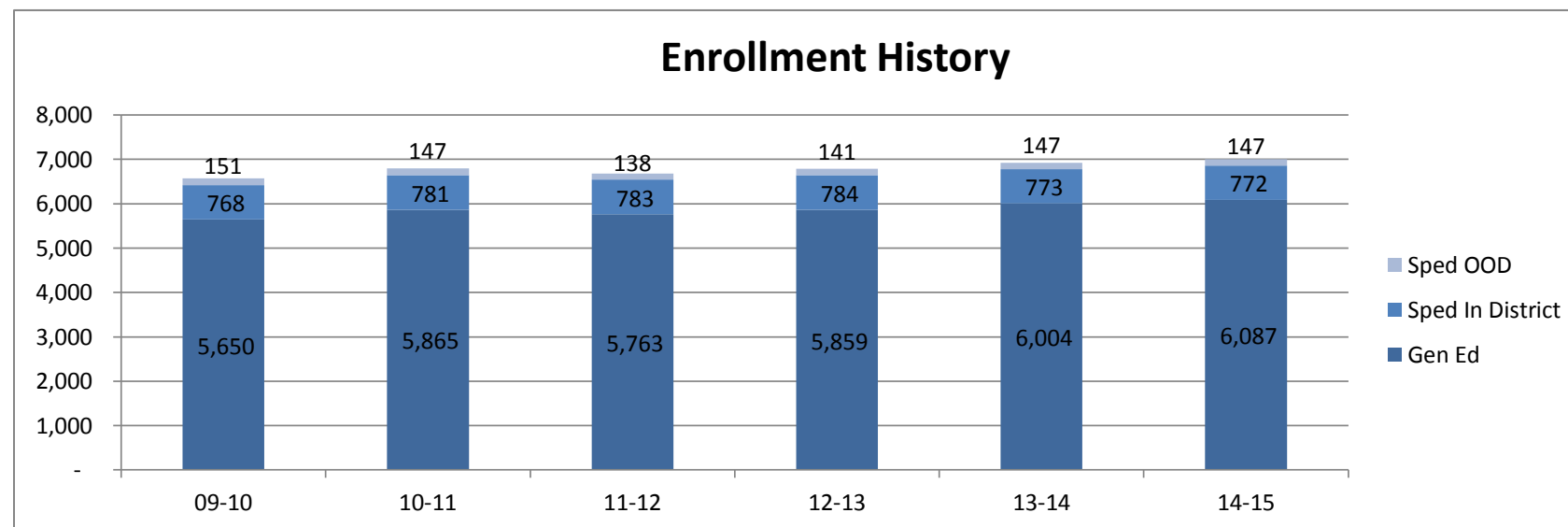
Enrollment

(Source: District Advertized Budgets)

Enrollment

	09-10	10-11	11-12	12-13	13-14	14-15
In-District						
Regular in-district	5,647	5,864	5,759	5,856	6,003	6,087
<i>Growth</i>		3.8%	-1.8%	1.7%	2.5%	1.4%
Sped in-district	768	781	783	784	773	772
<i>Growth</i>		1.7%	0.2%	0.2%	-1.4%	-0.1%
Total in-district	6,415	6,645	6,541	6,640	6,776	6,859
<i>Growth</i>		3.6%	-1.6%	1.5%	2.0%	1.2%
% Sped in district	12.0%	11.8%	12.0%	11.8%	11.4%	11.3%
Out-of-District						
General Ed	3	1	4	3	1	0
<i>Growth</i>		-66.7%	300.0%	-25.0%	-66.7%	-100.0%
Special Ed	151	147	138	141	147	147
<i>Growth</i>		-2.6%	-6.1%	2.2%	4.3%	0.0%
Total OOD	154	148	142	144	148	147
Total Students	6,569	6,793	6,683	6,784	6,924	7,006
% Sped total	14.0%	13.7%	13.8%	13.6%	13.3%	13.1%

5 Year	
Change	%
440	7.8%
4	0.5%
444	6.9%
(3)	-100.0%
(4)	-2.6%
(7)	-4.5%
437	6.7%



*** NOTE re 2011-12 Data**

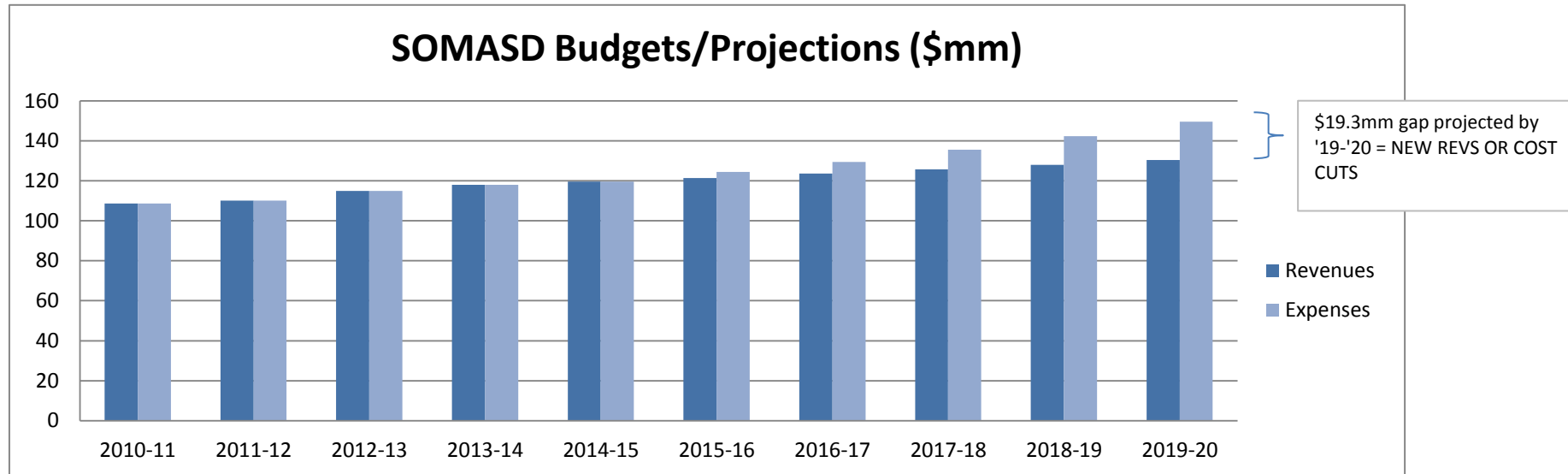
2011-12 data reported on certificated headcount reports appear incorrect. Sped rolls reported as 835, well out of line with years before and after. Also, Gen Ed numbers appear to partly offset this. This report uses the avg sped # from years before and after, and the diff is included in gen ed

**SOMASD Budget Analysis
2014-2015**

Budget History & Projection

(Source: District Revenue and Expense Projections 4/28/14 and prior year Preliminary Budgets)

Projections



	Budgets					Projections				
	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20
Revenue	\$ 108.7	110.1	114.9	118.0	119.7	121.4	123.6	125.8	128.1	130.4
Revenue Growth Rate		1.3%	4.4%	2.7%	1.4%	1.4%	1.8%	1.8%	1.8%	1.8%
Expense	108.7	110.1	114.9	118.0	119.7	124.4	129.4	135.6	142.3	149.7
Expense Growth Rate		1.3%	4.4%	2.7%	1.4%	3.9%	4.0%	4.8%	4.9%	5.2%
GAP						3.0	5.8	9.8	14.2	19.3

Key Projection Assumptions

- Local base tax levies forecast at + 2% of prior year.
- Banked Cap is not utilized.
- State & Federal aid and grants remain constant through the period.
- Current expenses rise 4.1% to 5.5% annually through the period.
- Special revenues and debt service remain fairly constant

This presentation was prepared by SOMA SEPAC based on its interpretation of materials from the SOMA district website and other sources.

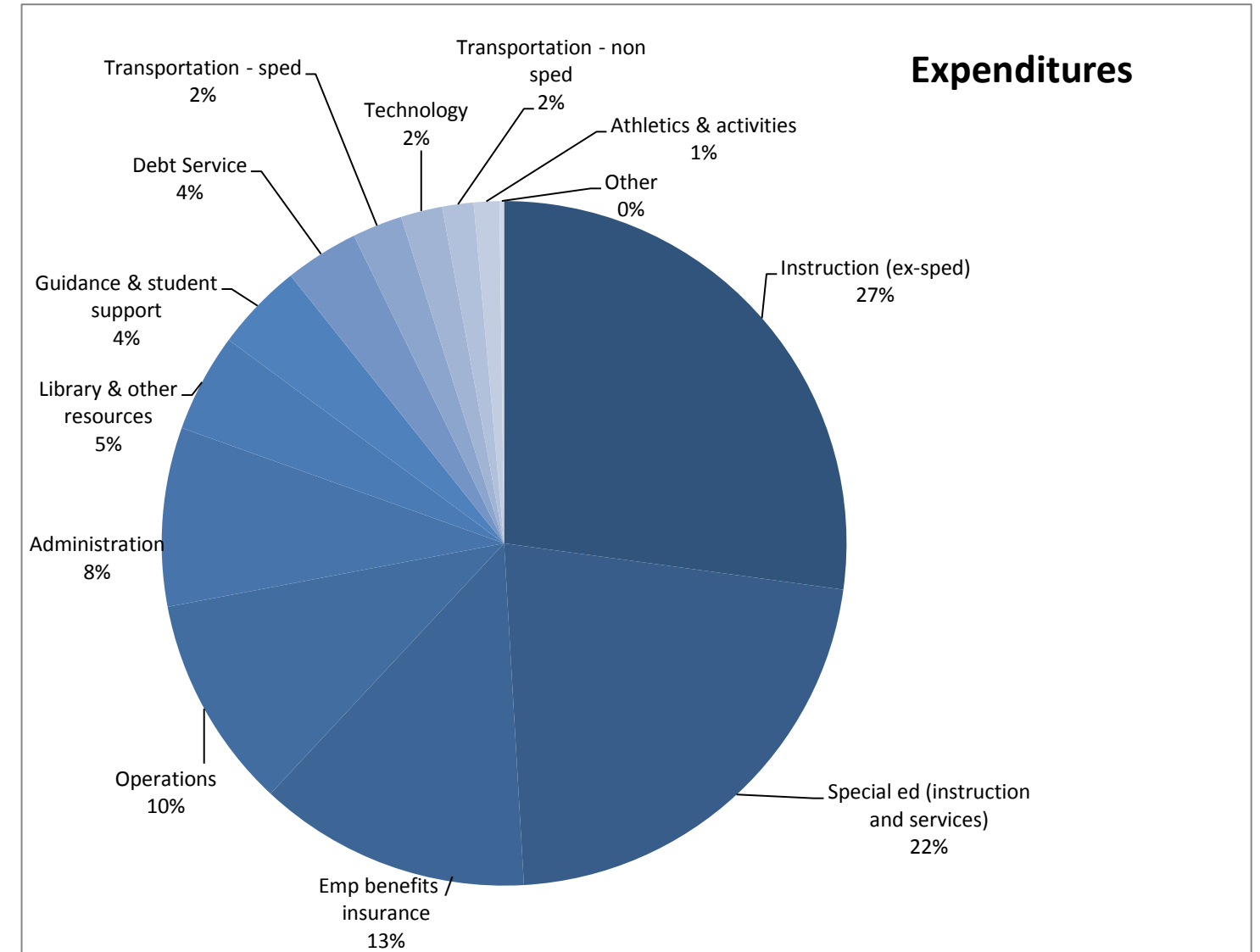
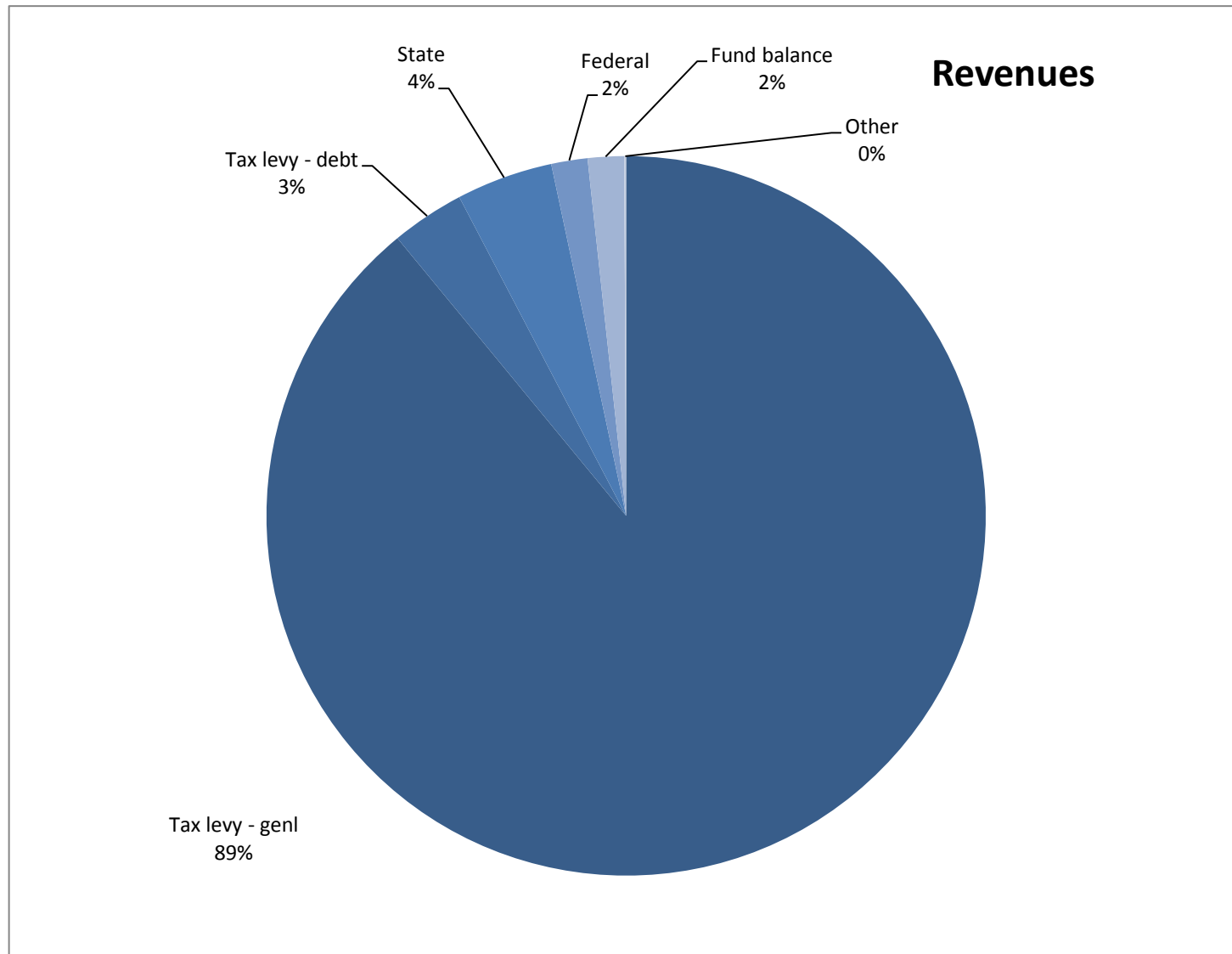
SOMASD Budget Analysis

2014-2015

District-Wide Sources & Uses

(Source: District Advertized Budget 4/30/14 and Cost Center Analysis 4/28/14)

Sources & Uses



Revenue	\$mm	%
Tax levy - genl	106.56	89.0%
Tax levy - debt	3.94	3.3%
State	5.19	4.3%
Federal	1.95	1.6%
Fund balance	1.95	1.6%
Other	0.1	0.1%
Total	119.69	100.0%

Expenditures	\$mm	%
Instruction (ex-sped)	32.51	27.2%
Special ed (instruction and services)	26.23	21.9%
Emp benefits / insurance	15.40	12.9%
Operations	12.07	10.1%
Administration	10.11	8.4%
Library & other resources	5.57	4.7%
Guidance & student support	4.98	4.2%
Debt Service	4.17	3.5%
Transportation - sped	2.83	2.4%
Technology	2.35	2.0%
Transportation - non sped	1.77	1.5%
Athletics & activities	1.44	1.2%
Other	0.26	0.2%
Total	119.69	100.0%

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Local Taxes

(Source: preliminary school budget analyses)

Statutory Rate Cap

- The budgeted tax levy increase cannot exceed 2% of the prior year levy, adjusted for:

- Enrollment changes
- Healthcare cost increases

(Note: Debt service is not covered by the cap)

Banked Cap

- If a district stays below the statutory cap, it can "bank" the difference and apply it to a subsequent budget within 3 years.

- Banked cap used becomes part of the base budget and is available in all subsequent years.
- If not used within 3 years, it expires permanently.

SOMASD History

	11-12	12-13	13-14	14-15B	15-16B
Prior year tax levy	\$ 98,000,243	\$ 99,960,248	\$ 101,959,453	\$ 104,473,642	\$ 106,563,115
2% increase allowed	\$ 1,960,005	\$ 1,999,205	\$ 2,039,189	\$ 2,089,473	\$ 2,131,262
Pre-adjustment tax levy allowed	\$ 99,960,248	\$ 101,959,453	\$ 103,998,642	\$ 106,563,115	\$ 108,694,377
Enrollment adjustment	\$ 332,006	\$ -	\$ -	\$ 544,210	
Health Care adjustment	\$ 643,322	\$ -	\$ 884,103	\$ 426,037	
Post-adjustment tax levy allowed	\$ 100,935,576	\$ 101,959,453	\$ 104,882,745	\$ 107,533,362	
Available banked cap:					
2011-2012		\$ -	\$ 989,763	\$ 989,763	
2012-2013	N/A, waiver system, no waivers requested	\$ -	\$ 506,833	\$ 506,833	
2013-2014		\$ -	\$ -	\$ 409,103	
Total banked cap available	\$ -	\$ -	\$ 1,496,596	\$ 1,905,699	
Maximum allowable tax levy	\$ 100,935,576	\$ 101,959,453	\$ 106,379,341	\$ 109,439,061	
Maximum allowable % increase in levy	3.00%	2.00%	4.33%	4.75%	
Actual budgeted tax levy	\$ 99,960,248	\$ 101,959,453	\$ 104,473,642	\$ 106,563,115	
Actual budgeted % increase in levy	2.00%	2.00%	2.47%	2.00%	
Statutory adjustments used	\$ -	\$ -	\$ 475,000	\$ -	
Banked cap used	\$ -	\$ -	\$ -	\$ -	
Banked cap carried forward	\$ -	\$ -	\$ 1,496,596	\$ 915,936	
Banked cap expired	\$ -	\$ -	\$ -	\$ 989,763	
Statutory adj's and banked cap forfeited	\$ 975,328	\$ -	\$ 409,103	\$ 1,960,010	\$ 3,344,441

**SOMASD Budget Analysis
2014-2015**

Government Funding

Government Funding

(Source: District Advertized Budget 4/30/14)

<u>State</u>	12-13 Actual	13-14 Revised	14-15 Anticipated
Transportation aid	\$ 259,803	\$ 282,031	\$ 282,031
Extraordinary aid	\$ 2,028,028	\$ 750,000	\$ 750,000
Special Ed aid	\$ 3,667,370	\$ 3,630,949	\$ 3,630,949
Security aid	\$ 148,725	\$ 162,918	\$ 162,918
Preschool aid	\$ 59,400	\$ 59,400	\$ 65,255
Other	\$ 175,827	\$ 154,858	\$ 295,178
Total State Aid	\$ 6,339,153	\$ 5,040,156	\$ 5,186,331
% of SOMA budget	5.52%	4.27%	4.33%

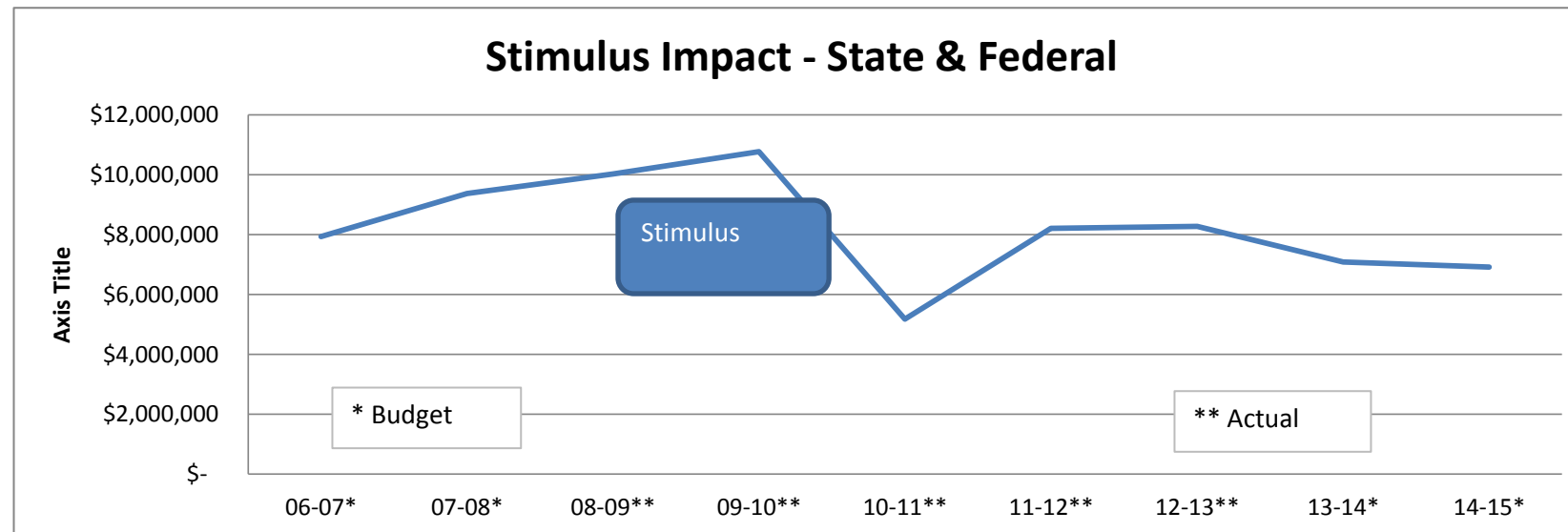
Federal

NCLB

Title I (disadvantaged students)	\$ 526,594	\$ 436,089	\$ 370,676
Title II (recruiting & training)	\$ 67,854	\$ 173,756	\$ 147,693
Title III (limited english proficiency)	\$ 25,347	\$ 24,319	\$ 20,122
Total NCLB grants	\$ 619,795	\$ 634,164	\$ 538,491
Vocational Ed	\$ 33,223	\$ -	\$ -
IDEIA part B (special ed)	\$ 1,284,076	\$ 1,404,516	\$ 1,193,838
Total Federal Grants	\$ 1,937,094	\$ 2,038,680	\$ 1,732,329
% of SOMA budget	1.69%	1.73%	1.45%

Total Government Funding	\$ 8,276,247	\$ 7,078,836	\$ 6,918,660
% of SOMA budget	7.20%	6.00%	5.78%

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Budget Timeline Highlights

(Source: 2015-16 Baseline Memo)

Date	Activity
Nov 24	BOE Meeting - Baseline Budget Presentation
Dec 3	SEPAC Meeting - Budget Presentation
Dec 15	BOE Meeting - Enrollment Projections; Budget Analysis Presentation
Jan 20	SEPAC Meeting - Budget Update
Jan 26	BOE Meeting - Budget Discussion
Feb 23	BOE Meeting - Budget Discussion
Feb 24-26	Governor's Budget Message and State Aid Notices
Mar ??	Special BOE Meeting - Community Budget Forum
Mar 16	BOE Meeting - Discuss and Adopt Preliminary Budget
Mar 20	County Budget Submission Deadline
Apr ??	Special BOE Meeting - Community Budget Forum
Apr 16	Budget Advertised in News Record

SPEL BUDGET OVERVIEW

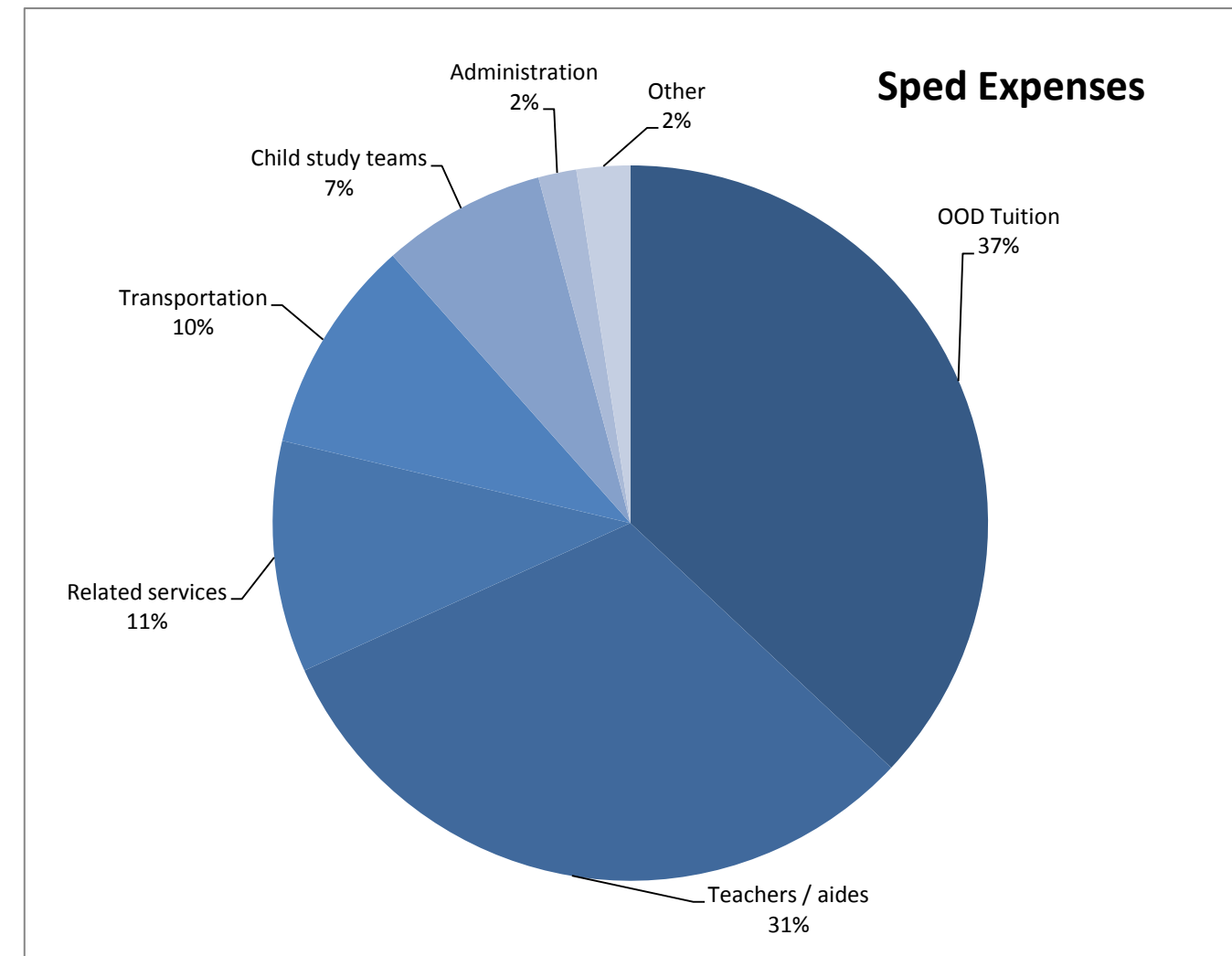
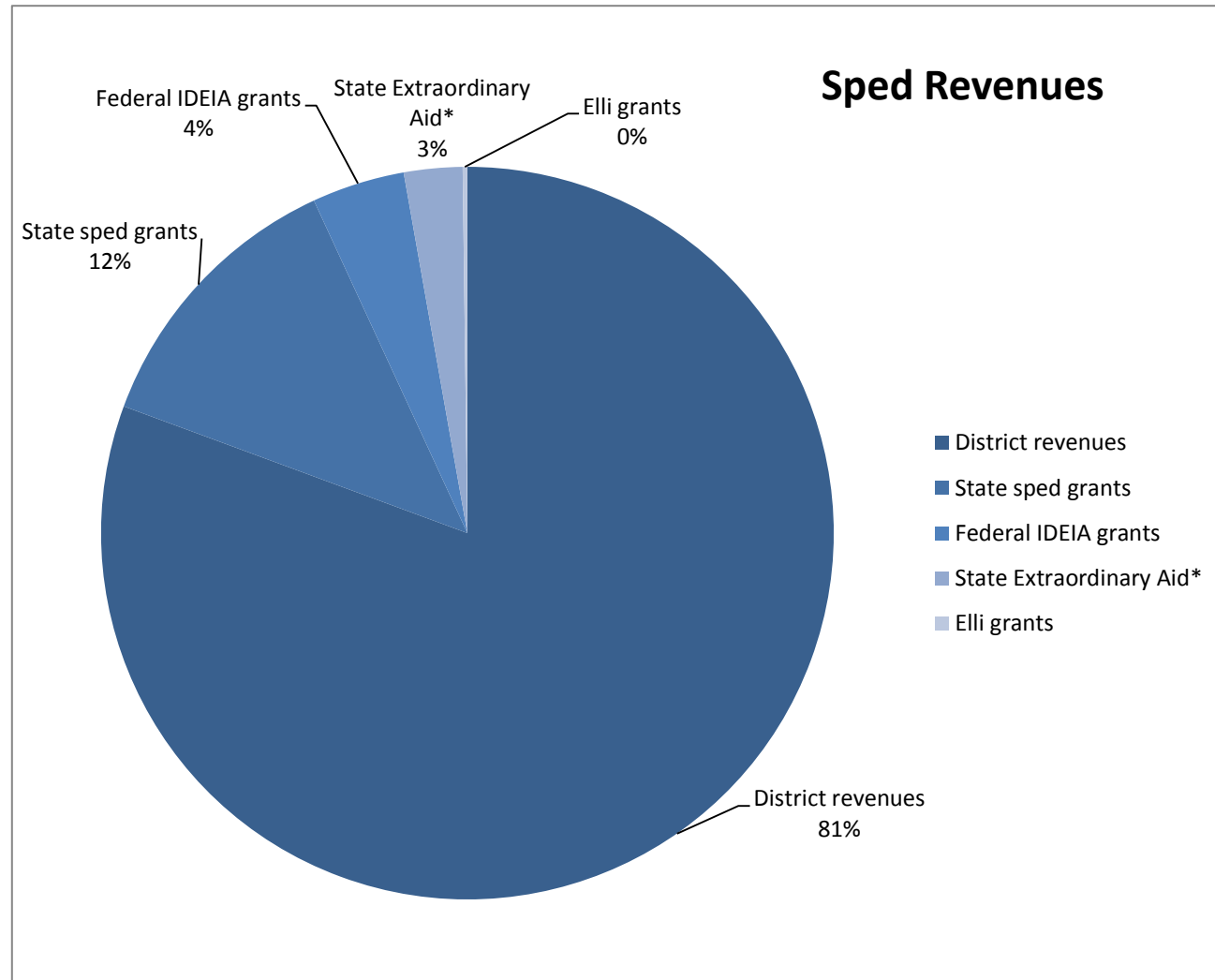
SOMASD Budget Analysis

2014-2015

SPED Sources and Uses

(Source: District Advertized Budget 4/30/14 and Cost Center Analysis 4/28/14)

SPED Sources & Uses



Revenue	\$mm	%
District revenues	23.43	80.6%
State sped grants	3.63	12.5%
Federal IDEIA grants	1.19	4.1%
State Extraordinary Aid*	0.75	2.6%
Elli grants	0.06	0.2%
Total	29.06	100.0%

*OOD tuition assistance

Expenditures	\$mm	%
OOD Tuition	10.75	37.0%
Teachers / aides	9.08	31.2%
Related services	3.04	10.5%
Transportation	2.83	9.7%
Child study teams	2.16	7.4%
Administration	0.50	1.7%
Other	0.70	2.4%
Total	29.06	100.0%

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CHALLENGES

SOMASD Budget Analysis

2014-2015

Federal Aid (IDEIA)

(Source: SOMA data is from advertized budgets)

Federal Funding

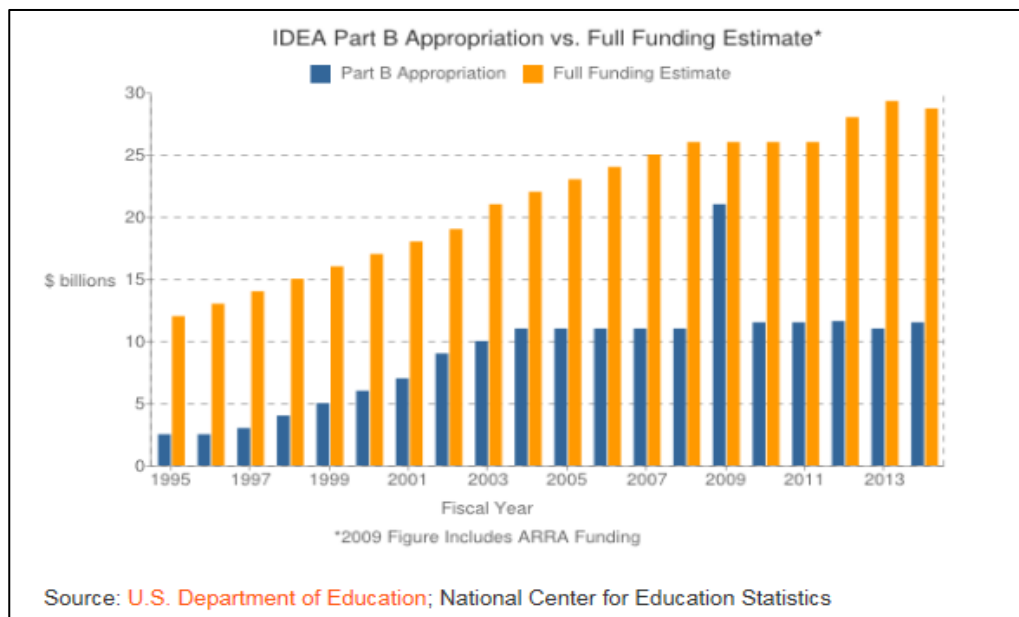
Individuals with Disabilities Education Improvement Act (IDEIA)

- Originally enacted in 1975; re-authorized in 2004
- Provides funding to states which provide a 'Free Appropriate Public Education' (FAPE) in the 'Least Restrictive Environment' (LRE)
- The law sets out standards for evaluations, eligibility determinations, IEPs, educational placements, etc...
- Part B (elementary and secondary grants) originally set out a 7-year target for full funding (~\$26B by 2011)

High-Level Federal Aid to States Formula

# Sped students in state (2004-2005 actuals adj for est annual population changes)	XXX	<i>not to exceed 12% of statewide student body</i>
National average cost of elementary/secondary education per student	\$YYY	
% of cost to be federally funded	x 40%	
\$ per student to be federally funded	x <u>\$ZZZ</u>	
\$ Total federal funding to state	<u><u>\$\$\$\$</u></u>	

Note: actual state funding formulas maintain baseline 1999 levels per state, and 15% of increases are based on poverty, not Sped, data



Full funding has NOT been achieved.

- 2014 Part B funding is ~ \$11.5B compared to ~\$29B at full funding

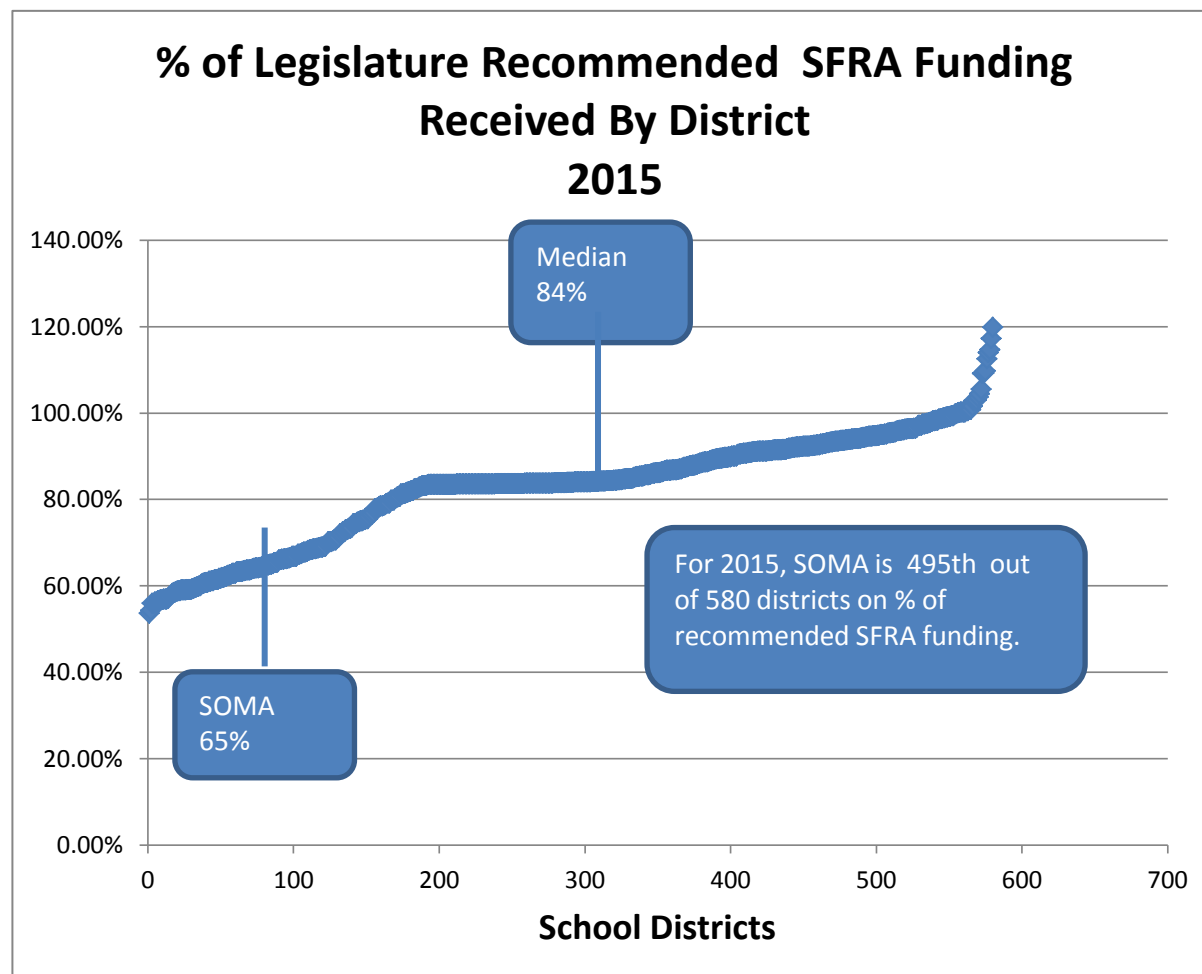
SOMSD History (IDEIA Part B)

	09-10	10-11	11-12	12-13	13-14	14-15 B	15-16
\$\$ (millions)	\$ 1.37	\$ 1.42	\$ 1.44	\$ 1.42	\$ 1.40	\$ 1.19	
% of Sped Costs	4.9%	5.6%	5.6%	5.1%	5.0%	4.1%	

As designed, IDEIA should be providing about 20% of Sped costs

SFRA (School Funding Reform Act of 2008)

- State to provide a formula-based portion of core education costs, plus funds for:
 - Poor (at risk students)
 - Limited English Proficiency (LEP) students
 - Disabled Students (Sped)
- Maintains baseline funding, with state aid increases allocated according to the SFRA formula
- In 2010, NJ Supreme Court validated the law and required full funding at least for 11-12 thru 13-14 school years
- Immediately in FY 2011 state budget, 15% was cut from full SFRA funding.
- Inconsistent funding methods since that time (last budget: + \$20 per student statewide)



SOMA vs. Legislature Recommendation

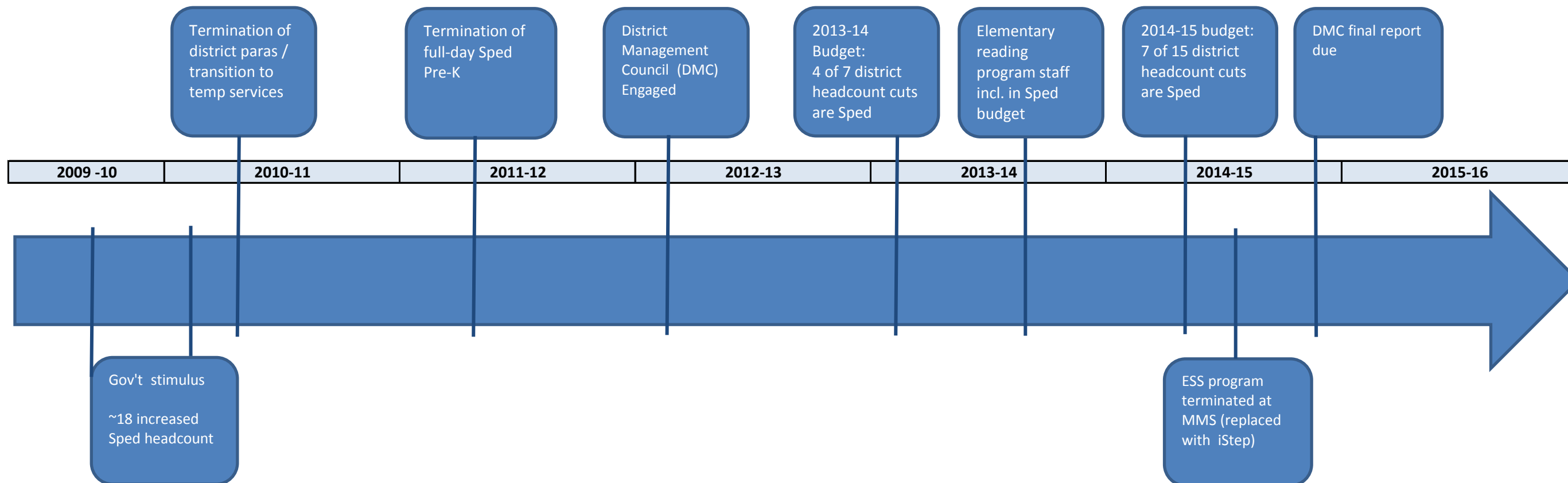
SOMA Aid	\$	4,216,218
Legislature Recommendation	\$	6,486,960
Funding Shortfall	\$	(2,270,742)
% of Full Funding		65%

SOMA vs. "Full Funding"

Full SOMA "Capped" Funding*	\$	7,135,656
% Received		59%
Full SOMA "Un-Capped" Funding*	\$	20,039,913
% Received		21%
SOMA is in bottom 15% of districts in terms of % of full capped funding		

*Source: Education Law center via SOMA BOE

District Special Ed - Recent History



District Management Council (DMC)

- Engaged by the district with Board approval in 2012-13. 3 year engagement (\$450k) ending in 2014-15.

Goals

- Improve student outcomes
- Reduce the student achievement gap

Projects

- Implement reading program and refine intervention programs
- Refine inclusion models
- Implement special education financial management system
- Project management for creation of special needs school on district property (Montrose)

Update: at the November 24 BOE meeting, Director of Special Services Dr. Pat Barker informed the Board that the several of the goals were NOT achieved.

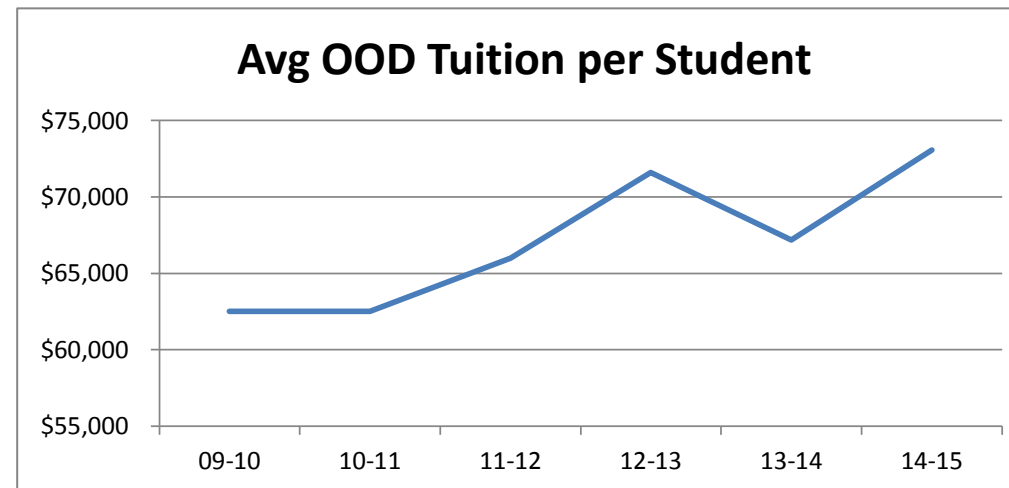
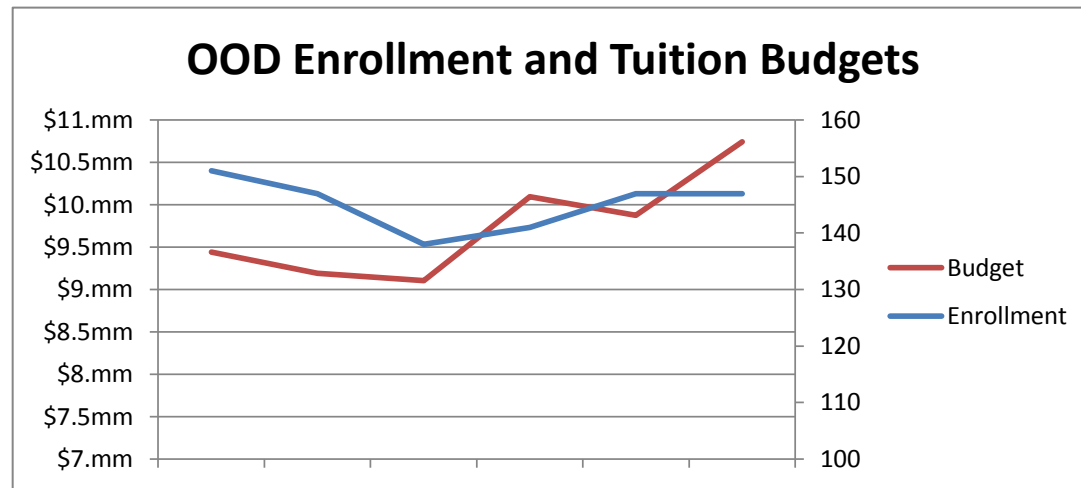
**SOMASD Budget Analysis
2014-2015**

Out of District Tuition

(Source: Advertized budgets [enrollment] and cost center analyses [budgets])

Out-of-District

	09-10	10-11	11-12	12-13	13-14	14-15	5 Year	
							Change	%
Sped OOD placements	151	147	138	141	147	147	(4)	-2.65%
OOD tuition budget	\$ 9,440,569	\$ 9,191,446	\$ 9,107,224	\$ 10,096,388	\$ 9,876,738	\$ 10,740,800	\$ 1,300,231	13.77%
Avg cost per placement	\$ 62,520	\$ 62,527	\$ 65,994	\$ 71,606	\$ 67,189	\$ 73,067	\$ 10,546	16.87%
% change avg cost		0.01%	5.55%	8.50%	-6.17%	8.75%		



Special education is a service, not a place. The location of a student's service varies in many ways, not only by LRE requirements, but also by where services are available, since it is not feasible for any district to provide services for all possible needs. - Maplewood Special Needs Parent

"Bring them back" will not be fair, effective or legal without appropriate in-district programs

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OPPORTUNITIES

Opportunities - Revenue

State Funding

2013-2014 Board Goals

Board Goal #9:	Effectively advocate at the state level on policy and legislative issues of concern to the district, joining with other districts and the New Jersey School Boards Association to make a concerted effort to influence key decisions by the governor and the legislature
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Tuition

Montrose School	Pre-K program anticipated opening September 2015. What are the revenue projections, if any?
Other Opportunities?	What other opportunities exist to provide services to non-district students?

Grants

Opportunities?	What grants are available, and what is the district's strategy around grant writing?
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Other?

Make Your Voice Heard

In SOMA

- Be informed: attend SEPAC / PTO meetings and attend/watch Board of Ed meetings

<http://somatv.pegcentral.com/> *for past board meetings*

- Share information and ideas / ask questions

<http://somsepac.org/contacts/sepac-contacts/>

- Let our elected Board members know how you feel

boemembers@somsd.k.12.nj.us

Participate in BOE public speaks

- Let our administration know how you feel

See the district's website for contacts:

<http://www.somsd.k12.nj.us/site/default.aspx?PageID=1>

State & Federal Contacts

- Let our state and federal officials know how you feel

See the attached contact lists on pages 20 & 21

See the accompanying sample letter to state officials

State Budget

Our Governor
<p>Chris Christie PO Box 001 Trenton, NJ 08625 Phone: (609) 292-6000</p> <p>To contact via website: http://www.state.nj.us/governor/contact/</p>

Our State Senator
<p>Richard J. Codey 66 W. Mount Pleasant Ave Livingston, NJ 07039 Phone: (973) 535-5017</p>

Our State Assembly Reps	
<p>Mila M. Jasey 511 Valley Street Maplewood, NJ 07040 Phone: (973) 762-1866</p>	<p>John F. McKeon 250 Main Street Madison, NJ 07940 Phone: (973) 377-1606</p>

State Senate Committee Chairs	
<p><u>Budget & Appropriations</u></p> <p>Paul A. Sarlo 496 Columbia Blvd. 1st Floor Wood-Ridge, NJ 07075 Phone: (201) 804-8118</p>	<p><u>Education</u></p> <p>Teresa M. Ruiz 166 Bloomfield Ave Newark, NJ 07104 Phone: (973) 484-1000</p>

State Assembly Committee Chairs					
<p><u>Budget</u></p> <p>Gary S. Schaer 1 Howe Avenue Suite302 Passaic, NJ 07055 Phone: (973) 249-3665</p>	<p><u>Appropriations</u></p> <p>John J. Burzichelli 935 Kings Highway Suite 400 West Deptford, NJ 08086 Phone: (856) 251-9801</p>	<p><u>Education</u></p> <p>Patrick J. Diegnan 908 Oak Tree Ave. Unit P South Plainfield, NJ 07080 Phone: (908) 757-1677</p>	<p><u>Joint Committee on the Public Schools</u></p> <table> <tr> <td> <p>Mila M. Jasey 511 Valley Street Maplewood, NJ 07040 Phone: (973) 762-1866</p> </td> <td> <p>Ronald L. Rice 1044 South Orange Ave. Newark, NJ 07106 Phone: (973) 371-5665</p> </td> </tr> </table>	<p>Mila M. Jasey 511 Valley Street Maplewood, NJ 07040 Phone: (973) 762-1866</p>	<p>Ronald L. Rice 1044 South Orange Ave. Newark, NJ 07106 Phone: (973) 371-5665</p>
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Electronic mail may be sent to State Senators and Assembly members at South Orange and Maplewood are in Legislative District # 27

<http://www.njleg.state.nj.us/>

Federal Budget / IDEIA Funding

Our Congressman
<p>Donald M. Payne Jr. 60 Nelson Place Newark, NJ 07102 Phone: (973) 645-3213 Fax: (973) 645-5902 To contact via website: http://payne.house.gov/contact</p>

Our Senators	
<p>Cory Booker One Gateway Center 23rd floor Newark, NJ 07102 Phone: (973) 639-8700 Fax: (973) 639-8723 To contact via website: http://www.booker.senate.gov/?p=contact</p>	<p>Robert Menendez One Gateway Center Suite 1100 Newark, NJ 07102 Phone: (973) 645-3030 Fax: (973) 645-0502 To contact via website: http://www.menendez.senate.gov/contact/</p>

Senate Committees	
<p><u>Budget</u></p> <p>Senator Patty Murray, Chairwoman Senate Budget Committee 624 Dirksen Senate Office Building Washington, DC 20510 Phone: (202) 224-0642 Fax: (202) 228-2007</p>	<p><u>Appropriations (sub-committee on Labor, HHS & Education)</u></p> <p>Senator Tom Harkin, Subcommittee Chairman Committee on Appropriations Room S128, The Capitol Washington, DC 20510 Phone: (202) 224-7363</p>

House of Representatives Committees			
<p><u>Budget</u></p> <p>Rep. Paul Ryan, Chairman Committee on the Budget 207 Cannon House Office Building Washington, DC 20515 Phone: (202) 226-7270</p>	<p><u>Appropriations (sub-committee on Labor, HHS & Education)</u></p> <p>Rep. Jack Kingston, Subcommittee Chairman Committee on Appropriations Room H-305, The Capitol Washington, DC 20515 Phone: (202) 225-2771</p>	<p><u>Education and the Workforce</u></p> <p>Rep. John Kline Committee on Education and the Workforce 2181 Rayburn House Office Building Washington, DC 20515 Phone: (202) 225-4527</p>	<p><u>Education and the Workforce (Subcommittee on Early Childhood, Elementary and Secondary Education)</u></p> <p>Rep. Todd Rokita Committee on Education and the Workforce 2181 Rayburn House Office Building Washington, DC 20515 Phone: (202) 225-4527</p>