

# MONTCLAIR PUBLIC SCHOOLS

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PRELIMINARY BUDGET PRESENTATION

FEBRUARY 23, 2015

Dr. Penny MacCormack  
*Superintendent*

Mr. Brian Fleischer  
*Chief Operating Officer*

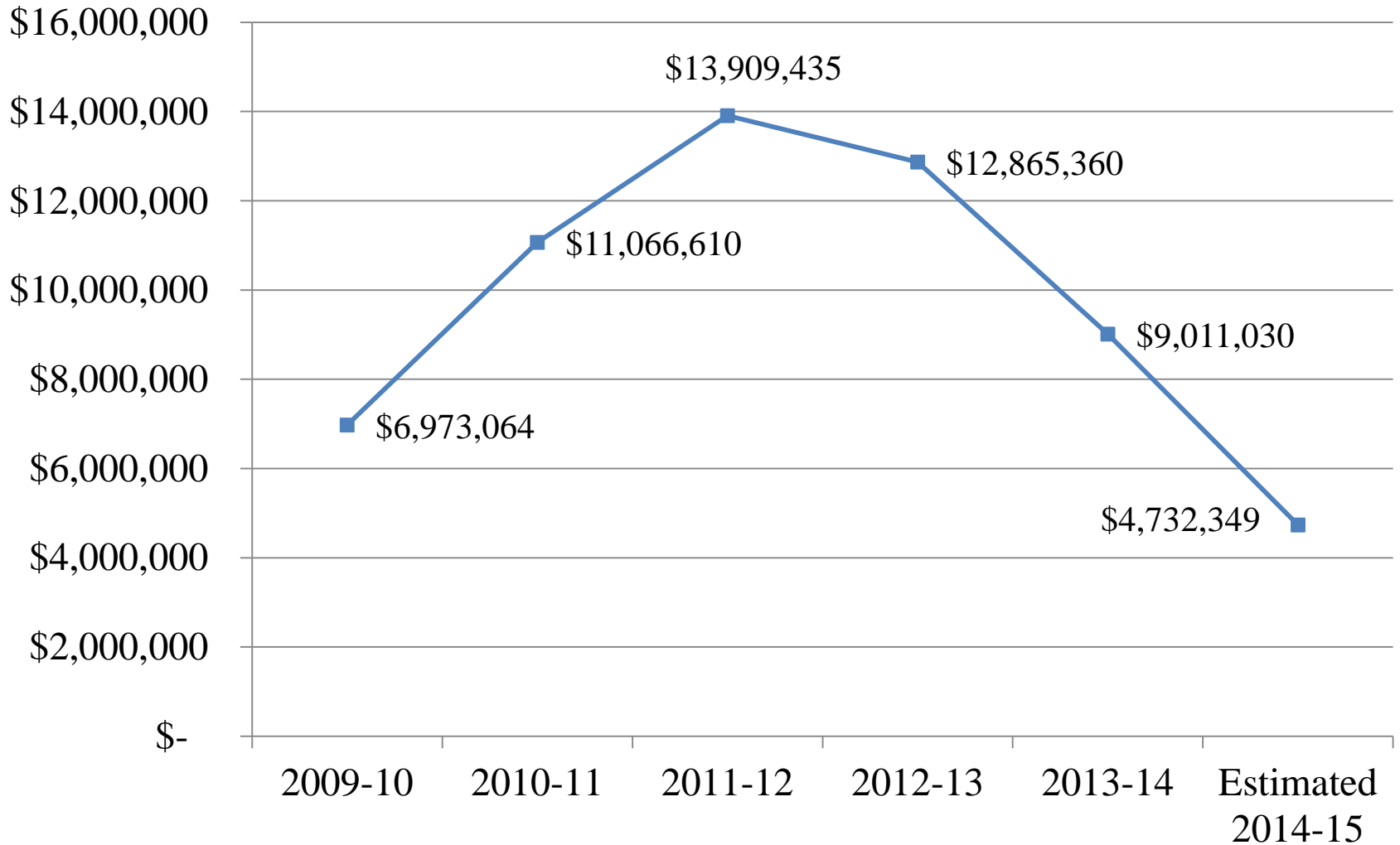
# BUDGET CALENDAR

Date	Day	Time	Agenda & Location
March 2, 2015	Monday	6:30 pm	Public Budget Workshop Meeting George Inness Annex Atrium
March 5, 2015	Thursday	6:30 pm	Public Budget Workshop Meeting (Tentative Adoption of the 2015-16 Budget) George Inness Annex Atrium
March 9, 2015	Monday		Due Date for the Submission of Tentative Budget to the Essex County Superintendent of Schools
March 16, 2015	Monday	6:30 pm	Public Meeting (Adoption of the 2015-16 Budget) High School Auditorium
March 23, 2015	Monday	6:30 pm	Board of School Estimate Budget Workshop and Public Hearing George Inness Annex Atrium
March 30, 2015	Monday	6:30 pm	Board of School Estimate Budget Review and Public Hearing George Inness Annex Atrium
April 7, 2015	Tuesday	6:30 pm	Board of School Estimate Budget Adoption and Public Hearing George Inness Annex Atrium
April 8, 2015	Wednesday		Last Day to Provide Budget Statement Certification to the Essex County Superintendent of Schools

# GENERAL OPERATING BUDGET

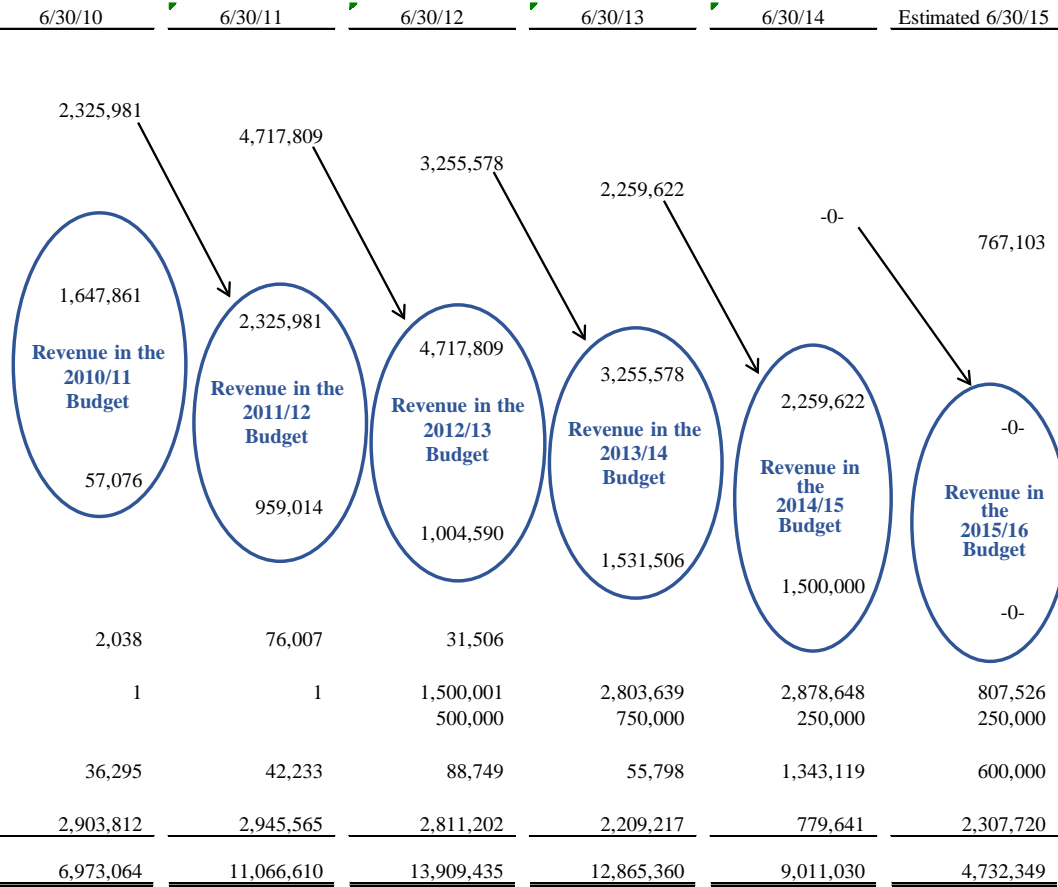
- Includes:
  - Revenue:
    - Local tax levy, State aid, Federal special education Medicaid initiative reimbursement, budgeted fund balance and miscellaneous revenue such as facility rentals, tuition from individuals and interest on investments
  - Expenditures:
    - Salaries and benefits, instructional and non-instructional supplies and materials, Textbooks, general liability insurance, professional services such as attorneys, therapists, etc.
- Does Not Include:
  - Capital project funds such as projects funded through Township ordinances or with Capital Reserve funds
  - Restricted grant funds such as MFEE grants, NCLB and IDEA

# FUND BALANCE TRENDS



# FUND BALANCE

	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14	Estimated 6/30/15
<b>Designated for:</b>						
<b>Restricted - Excess Surplus</b>						
2011/12 Budget						
2012/13 Budget						
2013/14 Budget						
2014/15 Budget						
2015/16 Budget						
2016/17 Budget						
<b>Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures</b>						
2010/11 Budget						
2011/12 Budget						
2012/13 Budget						
2013/14 Budget						
2014/15 Budget						
2015/16 Budget						
<b>Assigned - Designated for Subsequent Year's Expenditures</b>						
2010/11 Budget						
2011/12 Budget						
2012/13 Budget						
2013/14 Budget						
2014/15 Budget						
2015/16 Budget						
<b>Restricted - Adult School</b>						
<b>Future Capital Projects and Maintenance of Facilities</b>						
Restricted - Capital Reserve						
Restricted - Maintenance Reserve						
<b>Goods and/or Services Ordered Before June 30th and to be Paid in the Next School Year</b>						
Assigned for Year-End Encumbrances						
<b>Maximum Fund Balance Allowed to be Held for Future Purposes and Cash Flow Purposes</b>						
Unassigned Fund Balance						
<b>Total General Fund Fund Balance</b>						



Fund Balance Used in the Following Budgets as Revenue:

2010/11 Budget	1,647,861	+	57,076	=	1,704,937
2011/12 Budget	2,325,981	+	959,014	=	3,284,995
2012/13 Budget	4,717,809	+	1,004,590	=	5,722,399
2013/14 Budget	3,255,578	+	1,531,506	=	4,787,084
2014/15 Budget	2,259,622	+	1,500,000	=	3,759,622

# RECURRING EXPENDITURES FUNDED WITH SURPLUS

2011-2012

- \$3.3 Million budgeted use of surplus
- Reduction in tax levy of 3.6% = \$3,594,146

# RECURRING EXPENDITURES FUNDED WITH SURPLUS

(Continued)

2012-2013

- \$5.7 Million budgeted use of surplus
- \$1,901,617 – MEA salary increase of 2.85% (retroactive pay)
- \$920,885 – Other programs and salaries such as Mandarin teachers (no longer funded with a grant); middle school literacy, math and science teachers/coaches; elementary school SACs; MHS small learning community teachers; special education inclusion supervisor; MHS nursing staff; part-time elementary physical education teacher; IMANI; middle school after-school programs; summer programs; sister to sister; Excellent Educators for NJ (teacher evaluation)
- Total funded with surplus = \$2,822,502

# RECURRING EXPENDITURES FUNDED WITH SURPLUS

(Continued)

2013-2014

- \$4.8 Million budgeted use of surplus
- \$2,822,502 – Recurring expenses from SY 2012-2013
- \$1,852,876 – MEA salary increase of 2.7%
- \$1,500,000 – Estimated cost of health benefits for Paraprofessionals
- \$270,000 – Elementary school deans
- \$118,000 – Supervisor of Professional Development
- Total funded with surplus = \$6,563,378 (exceeds budgeted use of surplus)



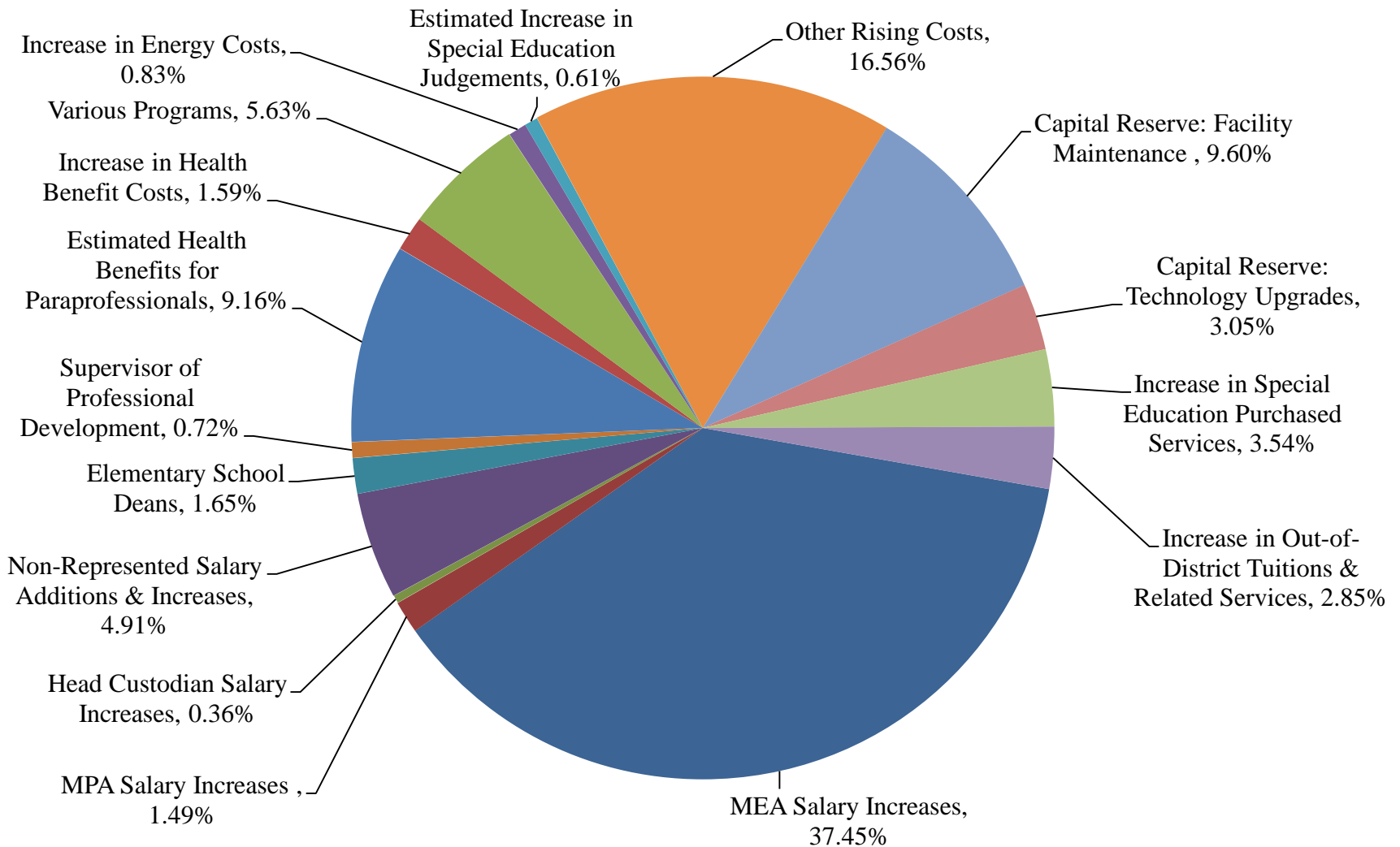
# RECURRING EXPENDITURES FUNDED WITH SURPLUS

(Continued)

2014-2015

- \$3.8 Million budgeted use of surplus
- \$6,563,378 – Recurring expenses from SY 2013-2014
- \$1,761,948 – MEA salary increase of 2.5%
- \$93,000 – Estimated MPA and MHCA salary increases
- \$218,000 – Estimated increase in employee benefits other than health care
- \$260,000 – Estimated increase in transportation costs
- \$136,000 – Estimated increase in energy costs
- \$100,000 – Estimated increase for special education judgments
- Total = \$9,132,326 (including \$5,516,441 in cumulative MEA salary increases)

# HOW HAVE WE INVESTED THE FUND BALANCE?



# CRITICAL FACTOR

- Health Benefits

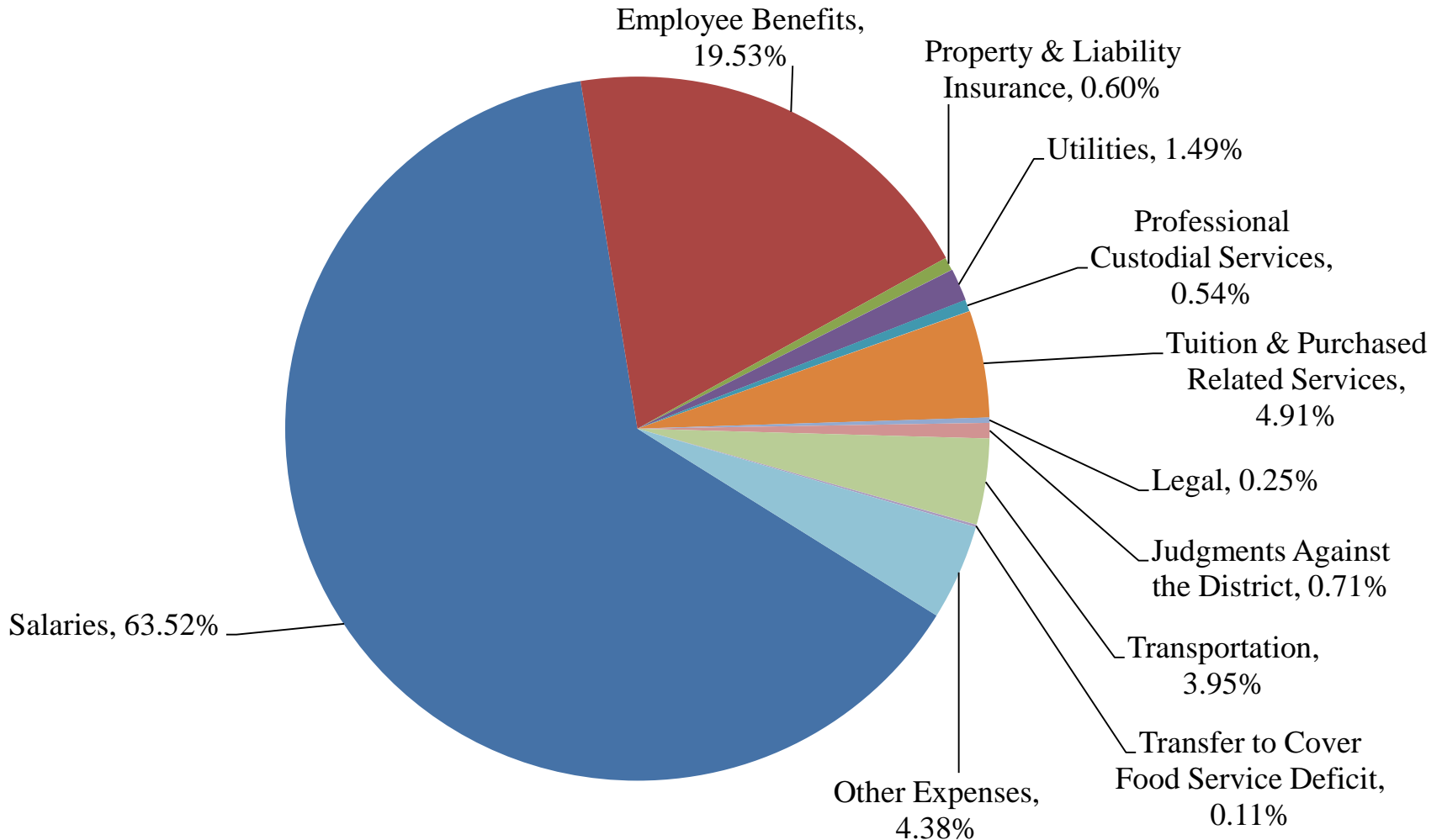
- Horizon BCBS renewal proposal was an increase of 9% on the 2013-2014 premium cost
- Cigna & Aetna proposals were a decrease of 2% on the 2013-2014 premium cost
- Increased total medical services with in-network providers in 2014-2015
- Increased total medical claims paid in 2014-2015
  - Loss ratio of 112% as of the end of January 2015 compared to 78% in 2013-2014
- Overall increase in the amount of medical services provided in the current year will result in a health benefit cost increase for the 2015-2016 year, whether or not the district renews with Cigna
- Additional cost to be in compliance with the Affordable Care Act will need to be factored into the 2015-2016 budget
- Total projected increase in the cost for medical benefits will be approximately \$5 million for the 2015-2016 budget

# **BROWN & BROWN BENEFIT ADVISORS**

# 2015-2016 PROJECTED RISING COSTS

- Health Benefits
- Salaries
- Out-of-District Tuition
- Special Education Settlements and Judgments
- Speech, Occupational Therapy and Physical Therapy Services
- Property and Liability Insurance
- Gas and Electric
- Transportation Contracts
- Supplemental Custodial Services

# 2015-2016 ESTIMATED COSTS



# NEW TECHNOLOGY SPENDING

- Capital Ordinance \$500,000
  - District-wide technology upgrades
- Capital Reserve \$500,000
  - Chromebooks, MacBooks, Carts
- 2013-2014 Budget \$800,000
  - Projectors and whiteboards for the high school
  - MacBooks for all teachers in Grades 6 through 12
- 2014-2015 Budget \$126,394
  - Additional MacBooks, Chromebooks, iPads, carts, mice, keyboards, cables, wireless AirPorts, headsets and headset wipes

# 2015-2016 BUDGET

- Tasked with a decision on what combination of tax increases and expenditure reductions to close the \$10.9 million budget gap
- REVENUE
  - Banked tax levy cap adjustments available to increase the tax levy to a maximum of 7.3%
  - Every 1% increase in the tax levy = Approximately \$89\* in increased school taxes
  - Every 1% reduces the budget gap by slightly over \$1 million
  - Fund balance contribution of \$300,000

\* 2014 Average Residential Assessment for Montclair is \$504,047 as reported by the State of NJ & Net Taxable Value derived from the 2014 Essex County Abstract of Ratables as reported by the State of NJ ([www.state.nj.us/treasury/taxation/lpt/statdata.shtml](http://www.state.nj.us/treasury/taxation/lpt/statdata.shtml)). Calculation is based upon a calendar year not a school fiscal year.



# 2015-2016 BUDGET

(Continued)

- EXPENDITURES

- Several options have been presented to the board
  - Staffing reductions in Central
  - Staffing reductions in Schools
  - Reduction of other than salary accounts district-wide whenever possible
  - Move to a third party employment model for per diem, long-term substitute and paraprofessional staff
  - Reductions to athletics and student activities

# CONCLUSION