

Roger León
Superintendent

Newark Board of Education

Where Passion Meets Progress



Budget Hearing: FY 2020-21

March 26, 2020

5:00 pm

NPS Clarity 2020

&

The Next Decade 2020-2030

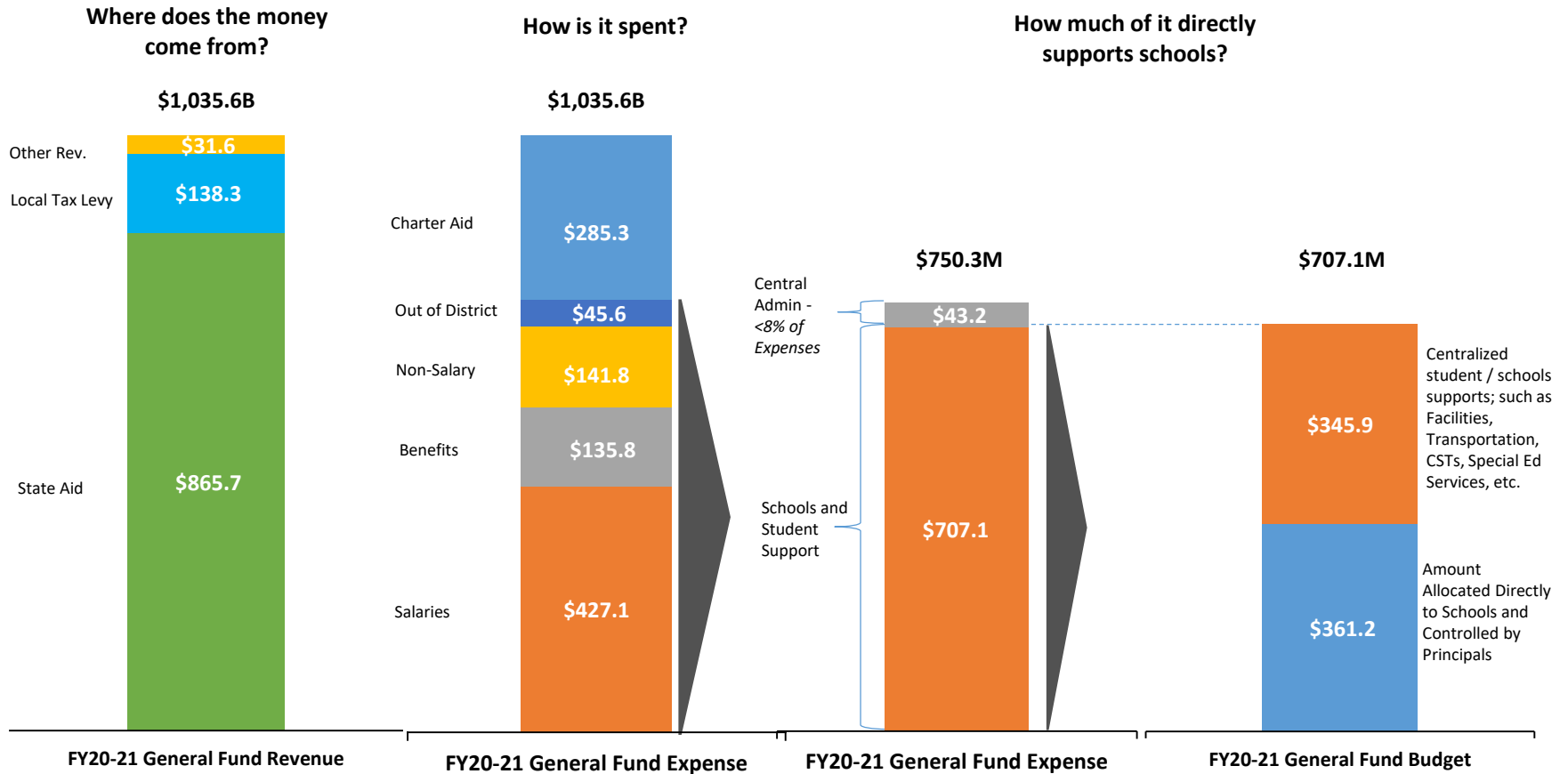
Budget Overview

School budgets have increased as a result of aggressive budget management and additional state aid which directly benefits schools and academic programs.

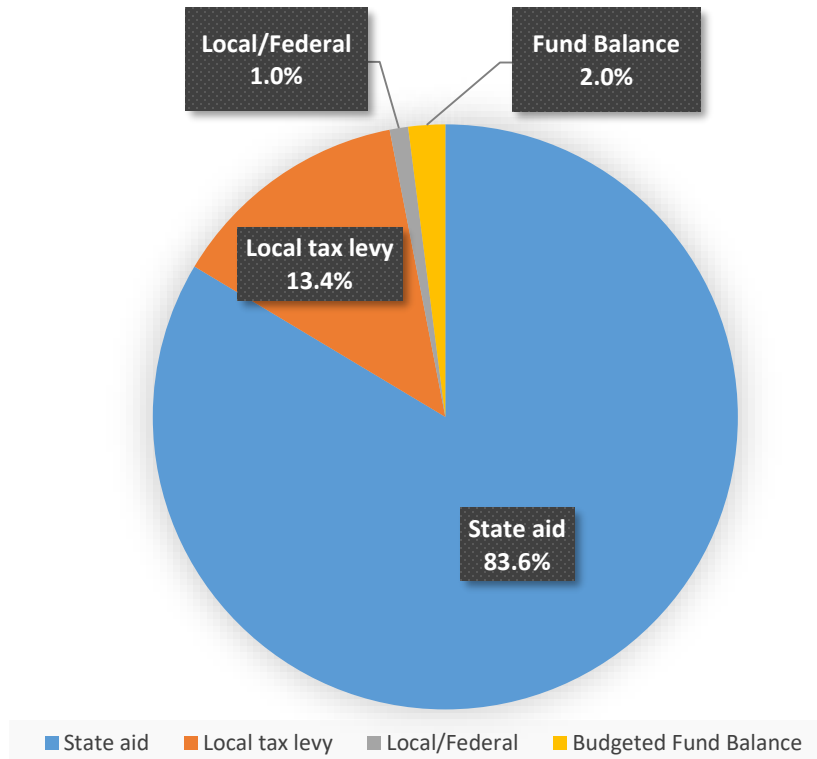
Fund Sources (Revenue)			
Dollars in Millions	FY19-20 Original Budget	FY20-21 Original Budget	Variance
State Aids	\$812.4	\$865.7	\$53.3
Local tax levy	\$135.6	\$138.3	\$2.7
Other Local/Federal	\$10.2	\$10.6	\$0.4
Budgeted Fund Balance	\$57.3	\$21.0	(\$36.3)
Total General Fund Revenue	\$1,015.5	\$1,035.6	\$20.1
Fund Uses (Expenses)			
Charter payment	\$264.8	\$285.3	\$20.5
NPS total			
NPS: Central Office	\$36.7	\$43.2	\$6.5
School Supports (Centrally budgeted)	\$362.0	\$345.9	(\$16.1)
NPS Contribution to Schools (General Fund)	\$352.0	\$361.2	\$9.2
Total General Fund Expenses	\$1,015.5	\$1,035.6	\$20.1
Title I (Blended funds)	\$14.9	\$14.9	\$0.0
Total Original Budget	\$1,030.4	\$1,050.5	\$20.1

Note: The table above includes the General Fund and a portion of Special Revenue Fund budgets. The Special Revenue Fund also includes additional funding for student programs. In FY20-21, NPS Federal Funding is \$136.5M and includes funding for Pre-K programs (State and federal \$102.4M), IDEA (\$10.0M) and other Title and School Improvement funds (\$24.1M).

Where does the revenue come from & where does it go?



General Fund Revenue for FY 20-21



- The State provides 83.6% of NPS general funds.
 - General State Aid consists primarily of Equalization Aid, Categorical Special Ed Aid, Categorical Security Aid
- Local Tax Levy funds contribute an additional 13.4%
- Excess fund balance accounts for 2.0% of the Budget that is available to cover FY20-21 expenses.
- Local/Federal includes Extraordinary Aid, Medicaid Reimbursement and Other Local

Changes in State Revenue

Year-Over-Year Comparison of State Aid

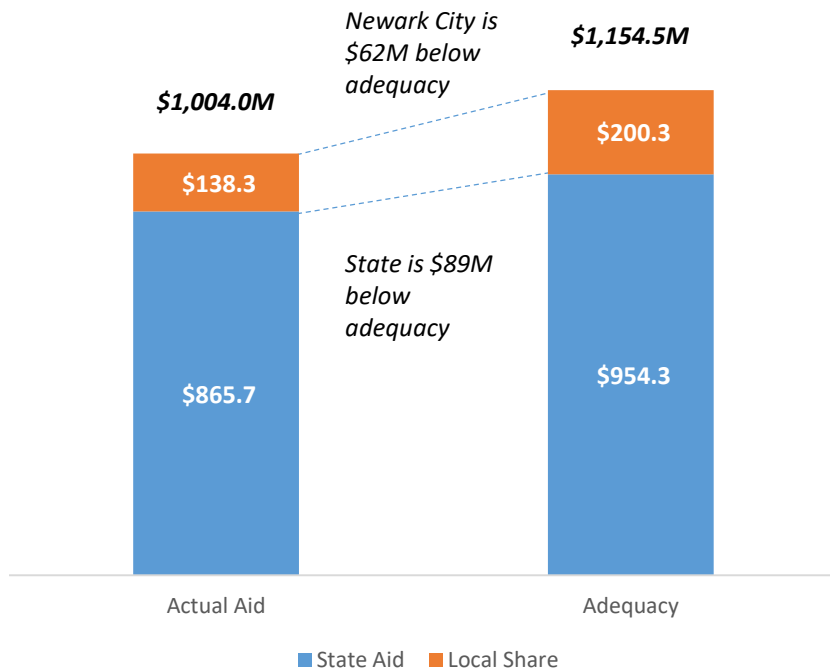
(\$ in millions)

	State Revenue		YoY Change
	FY19-20 Budget	FY20-21 Budget	FY20-21 v. FY19-20
General State Aid			
Equalization Aid	\$ 720.6	\$ 773.9	\$ 53.3
Categorical Special Ed Aid	45.8	45.8	-
Categorical Security Aid	24.6	24.6	-
Adjustment Aid	12.8	12.8	-
Categorical Transportation Aid	8.5	8.5	-
Total State Aid	\$ 812.4	\$ 865.7	\$ 53.3

**Funding from the State increased
\$53.3M in FY20-21**

Newark's Adequacy Status

Newark FY20-21 Adequacy Calculation



Newark is by far the most underfunded of any of the school districts according to the School Funding Reform Act (SFRA).

State Adequacy

- For FY 20-21, the State has increased funding by 6.6%, and over the next three years, the Governor has committed to move New Jersey districts toward their SFRA adequacy calculations.
- Despite this effort for FY 20-21, Newark remains \$89M below adequacy according to SFRA.

Local Adequacy

- Prior to 2007, Newark did not increase its local tax levy for 20 years.
- In the last 10 years, the district has on average raised its local taxes by approximately 2.9%.
- Newark remains \$62M below the local fair share adequacy calculation according to SFRA.

Note: Adequacy figures here are according to the State of New Jersey School Funding Reform Act. The 'actual' numbers used above have been adjusted to reflect most recent budget and tax levy.

Tax Levy Analysis

- Property taxes (school portion) were not raised for 20 years (1987-2006).
- Since 2009 Newark Public Schools has increased taxes by \$39.2M

YEAR	PROPERTY TAXES	Increase year over year	% Increase
2009	\$ 100,213,266	\$ 3,854,356	4.0%
2010	\$ 100,213,266	\$ -	0.0%
2011	\$ 104,221,797	\$ 4,008,531	4.0%
2012	\$ 106,842,876	\$ 2,621,079	2.5%
2013	\$ 108,979,733	\$ 2,136,857	2.0%
2014	\$ 111,159,328	\$ 2,179,595	2.0%
2015	\$ 113,382,515	\$ 2,223,187	2.0%
2016	\$ 115,650,165	\$ 2,267,650	2.0%
2017	\$ 123,185,636	\$ 7,535,471	6.5%
2018	\$ 130,337,259	\$ 7,151,623	5.8%
2019	\$ 132,944,004	\$ 2,606,745	2.0%
2020	\$ 135,602,884	\$ 2,658,880	2.0%
2021	\$ 138,314,942	\$ 2,712,058	2.0%

Change in Local Tax Levy

- The Local Tax Levy contributes only 13.4% of revenues for NPS.
- Newark has historically undertaxed residents when compared to State allowed increases.
- Newark has increased the Local Tax Levy by the 2.0% minimum required by the state.
- Local Tax Levy revenue will increase by \$2.7M in FY20-21.

Comparison of Local Tax Levy

(\$ in millions)	FY19-20 Budget	FY20-21 Budget	FY20-21 v. FY19-20
Local Tax Levy	\$ 135.6	\$ 138.3	\$ 2.7
Total Local Tax Levy	\$ 135.6	\$ 138.3	\$ 2.7

Portion of Property Tax Levy for NEWARK Schools

Property taxes (attributable to Newark schools) will increase \$28.53 annually for the average homeowner.

Average Newark Homeowner	
Average Property Assessed Value	\$175,000
Tax Levy: 2019-20	\$1,952.83
Tax Levy: 2020-21	\$1,981.35
Average Annual Increase	\$28.53

Guiding Principles

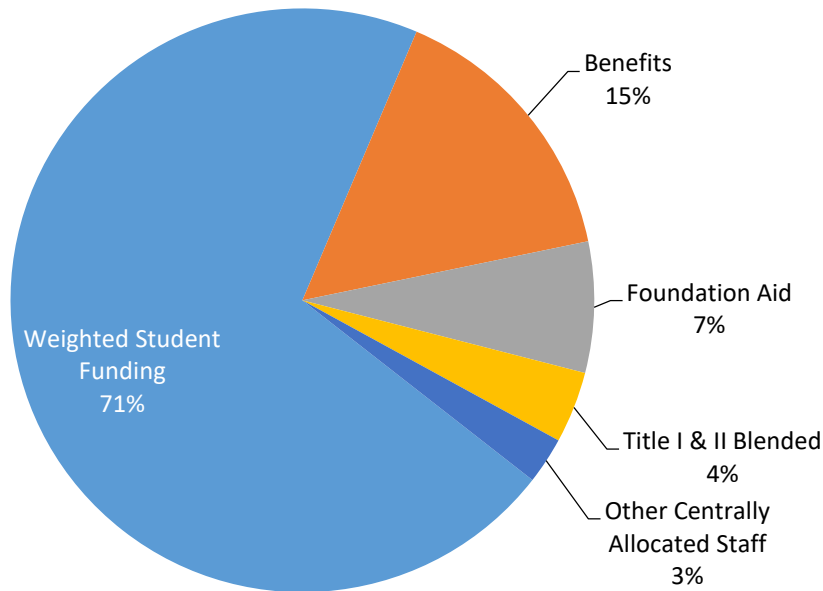
- **Stability**: Keep schools stable while adjusting for programmatic changes.
- **Equity**: Increase equity across schools by ensuring dollars follow the student.
 - Allocate resources to students based on need as defined by grade level and unique programs at the schools.
 - Allocate funding to schools based on a per pupil formula that allows equity across the district in school budgets
 - Bilingual Programs: Staffing and Curriculum
 - Special Education Programs: IEP requirements and unique programs at a school.
- **Transparency**: Provide transparency in school allocations; methodology used to calculate per pupil is clear and based on the cost to educate a student in Newark Public Schools.

School Allocations

- **Enrollment Projections** – Projections were modeled using actual enrollment adjusted for programmatic changes in schools across the district.
- **Weighted Student Formula** – The funding model was re-built to determine per pupil amounts based on: (1) current/historical school spending levels and (2) the actual cost to educate an NPS student based on appropriate section sizes and staffing ratios.
- **Floor Plan** – Designed a floor plan that ensured each school had district-mandated positions for consistency in academic and supportive services.
- **Smaller Schools** – Small schools with lower enrollment numbers that do not generate sufficient funding that allows equity in program offerings, as compared to larger schools, will receive an additional allotment from District funds.

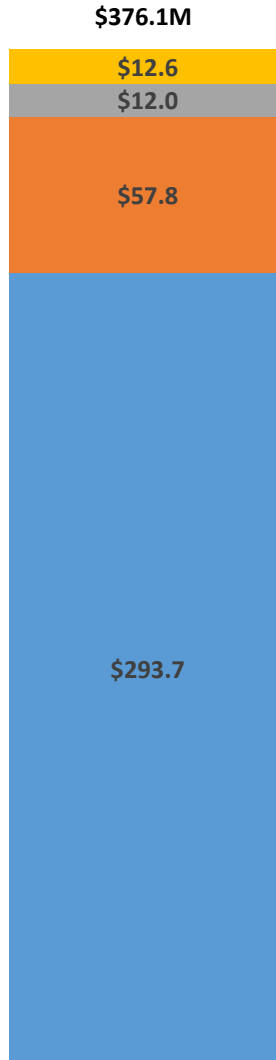
Weighted Student Funding for School Budgets

- A school budget is comprised of five key components.
- The five components are based on school need and other policy considerations
- Weighted Student Funding is the largest source of funding, contributing 71% of a school’s total allocation.



School Budget Components	
1. Weighted Student Funding (WSF)	<ul style="list-style-type: none"> • Projected enrollment multiplied by the per pupil funding amounts for each grade span and program type • Funding is intended to cover the associated cost for each classroom (e.g.: teacher and materials)
2. Foundation Aid	<ul style="list-style-type: none"> • Fixed allocation per school (eventual floor plan)
3. Benefits	<ul style="list-style-type: none"> • Allocation per FTE intended to cover the cost of employee benefits for personnel in the school.
4. Centrally-allocated Support Staff (i.e.: Nurses, Security, HS Athletics)	<ul style="list-style-type: none"> • Allocation specific to each school intended to cover the cost of school-based support staff, who are determined centrally
5. Title I/II Blended Funds	<ul style="list-style-type: none"> • Blended Title funds allocated based on % of students that are eligible for free and reduced lunch • This is the core discretionary pot of funds for schools.

How schools spend their FY20-21 Budget?



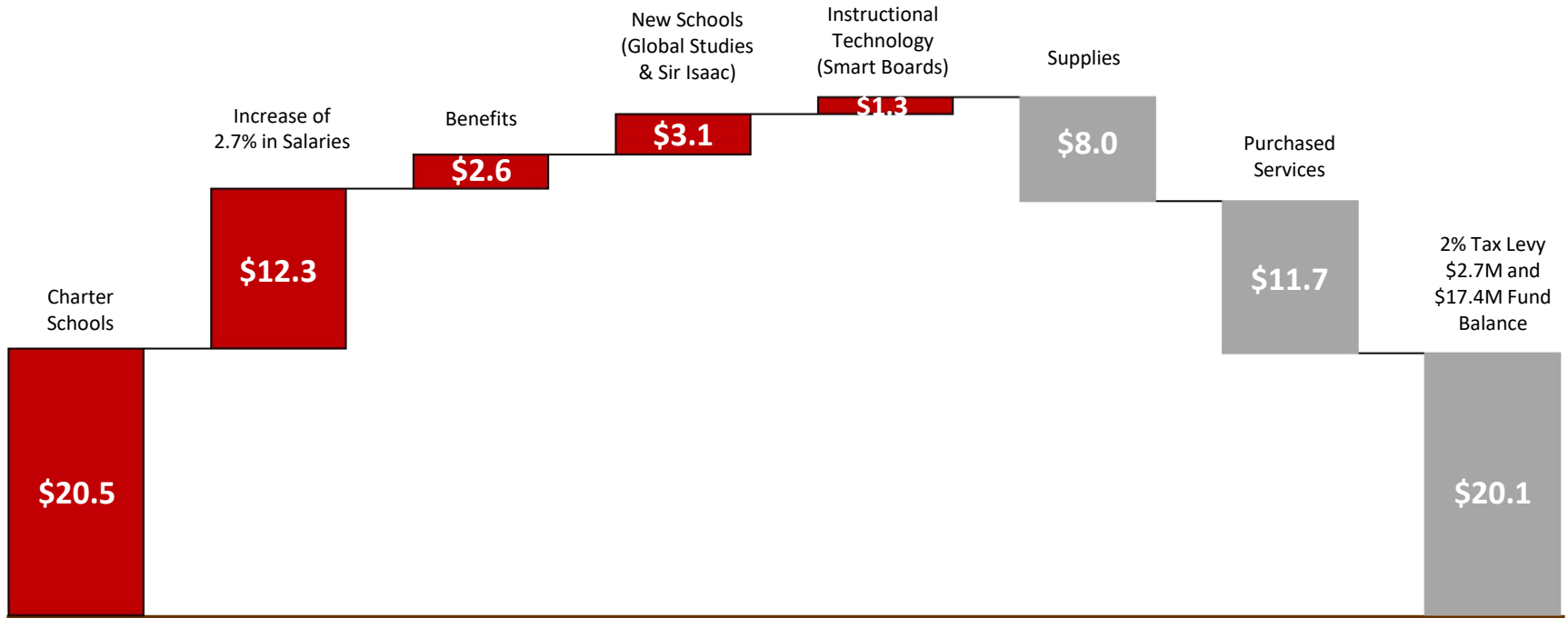
FY20-21 Budget

■ Salaries ■ Benefits ■ Non-Salary ■ Extra Pay / Stipends

- 78% of School budgets are spent on salaries and benefits
- Schools will have 158 new teaching positions with a net increase of 23 total positions compared to FY19-20 Original Budget.

Schools (Fund 15)	FY19-20 Original Budget FTE's	FY20-21 Original Budget FTE's	FTE Change
Teachers	2,717	2,747	30
Aides	239	254	15
Administration	221	194	(27)
School Support	764	769	5
	3,941	3,964	23

\$39.8M Bridge to a Balanced Budget



Investments & Anticipated Cost Increases

Actions to Balance the Budget

Investments & Anticipated Cost Increases

Description	Cost	Comments
Salaries	\$12.3M	Salaries and contractual increases
Benefits	\$2.6M	Increase in premiums
Equipment	\$1.3M	Increase in Smartboards
New Schools	\$3.1M	Newark School of Global Studies; Sir Isaac Newton Elementary School
Charter Schools	\$20.5M	Charter expansion and increase in per pupil cost
Total	\$39.8M	

How We Balanced

Description	Cost	Comments
Fund Balance Budgeted	(\$57.3M)	Budgeted in FY 19-20
Additional Fund Balance Budgeted	\$21.1M	Used to balance FY 20-21
State Aid	\$53.3M	6.6% increase in Equalization Aid
Local Tax Levy	\$2.7M	2.0% increase in property tax
SEMI	\$0.3M	Increase SEMI Medicaid Reimbursement
Supplies	\$11.7M	Reduction in Supplies
Purchased Services	\$8.0M	Reduction in Purch Svcs
Grand Total	\$39.8M	Schools & Central Office

Charter Schools

Charter Schools	FY 20-21 Projected Charter Costs as of 2/27/20	FY 19-20 Anticipated Charter Costs as of 10/15/19	FY 20-21 Projected Charter Variance as of 2/27/20
Achieve Community Charter	6,242,544	3,260,291	2,982,253
Barack Obama Green Charter	17,156	16,702	454
Beloved	61,652	57,481	4,171
Discovery Charter	1,603,759	1,576,879	26,880
East Orange Community	216,576	225,902	(9,326)
Empowerment Academy	22,552	23,796	(1,244)
Gray Charter	4,842,573	4,277,330	565,243
Great Oaks Legacy Charter	32,824,893	22,076,664	10,748,229
Hatikvah International CS	17,598	17,128	470
Hoboken CS	17,156	16,702	454

Charter Schools

Charter Schools	FY 20-21 Projected Charter Costs as of 2/27/20	FY 19-20 Anticipated Charter Costs as of 10/15/19	FY 20-21 Projected Charter Variance as of 2/27/20
Hudson Arts and Science	371,399	179,761	191,638
Jersey City Global Charter	29,084	28,316	768
Lead Charter	5,476,152	4,484,844	991,308
Link Community	1,925,254	1,838,030	87,224
M E T S Charter School		2,539,155	(2,539,155)
Maria L. Varisco-Rogers	8,576,928	8,384,696	192,232
Marion P. Thomas	24,455,678	22,125,667	2,330,011
New Horizons	10,692,608	7,309,598	3,383,010
Newark Educators	3,494,861	3,158,586	336,275
North Star	94,353,287	84,643,190	9,710,097

Charter Schools

Charter Schools	FY 20-21 Projected Charter Costs as of 2/27/20	FY 19-20 Anticipated Charter Costs as of 10/15/19	FY 20-21 Projected Charter Variance as of 2/27/20
Paterson CS for Sci/Tech	14,542	14,158	384
People's Preparatory	6,907,934	6,866,710	41,224
Phillips Academy	4,777,877	4,088,231	689,646
Pride Academy	\$ 251,737	\$ 226,349	\$ 25,388
Robert Treat Academy	9,404,274	8,965,637	438,637
Roseville Community	4,481,222	3,630,867	850,355
Team Academy	75,274,149	68,588,650	6,685,499
The Ethical Community	42,837	58,554	(15,717)
Unity	37,094	37,954	(860)
University Heights	\$ 11,078,057	\$ 10,402,923	\$ 675,134
Total Cost	\$ 307,511,433	\$ 269,120,751	\$ 38,390,682

Looking Ahead

FY20-21 Risks:

- Five Legal Matters
 - Mastriani Decision
 - Affordable Care Act
 - OCR: Special Education
 - DOJ: Bilingual Education
 - Civil Service Commission
- Needs Assessments
 - Complete Works in Progress
 - Analyze Findings
 - Implement Recommendations
- Charter Schools \$18M
 - District is required to pay if Charters achieve their projected enrollment

FY21-22 Risks:

- Fund Balance Appropriated in FY20-21 (\$21.0M)
 - District must have available at the end of FY19-20
 - If the \$21.0M is not available, the district will be required to make significant budget reductions
 - Opening new schools in FY21-22

CDS Updates for SY 2020-21

- Sir Isaac Newton Elementary School: Opens with Prekindergarten, Kindergarten, and First Grade; Will expand one grade per year thereafter
- Newark School of Global Studies: Opens with grade nine; Will expand one grade per year thereafter
- East Ward Elementary School: Will expand to Grade 3
- Expanding to Grade 6: Clemente, Franklin, Salome Ureña
- Expanding to Grade 7: Harriet Tubman School
- Newark Vocational: Will expand to Grade 10

New Departments

- Gifted & Talented
- Alternative Education
- Adult Education

**** Pending Availability of Funds ****

Newark School Board Election

May 12, 2020

Polls Open (6 am - 8 pm)

Vote for your preferred candidate(s)!

Vote YES on the Ballot Budget Question!



CONCLUSION

In review, highlights of the FY20-21 Budget include:

1. **Increased Funding** – The district received additional aid of \$53.3M (6.6% increase over 2019-20).
2. **Academic Investments** - We are investing \$19.6 million more directly to schools than 19-20, which will help us better support our students who need it most. Funding will support additional teachers, bilingual programming, special education, curriculum adoptions, academic interventions, and restoration of underutilized and off-line district schools.
3. **Technology and Facility Upgrades** - We are also investing in critical technology and facilities needs. We have allocated funding for technology improvements that will aid student learning, as well as repairs & maintenance of facilities, and maintained a capital reserve budget.
4. **Managing Financial Risks** – Given the uncertainty still present for this budget and in the future, we continue to identify efficiencies and cost savings opportunities to put NPS in a more stable financial position.

Questions & Answers