

NEWARK PUBLIC SCHOOLS FY 2011-12 BUDGET HEARING

March 23, 2011

Central High School

6:00 – 8:00 pm

CHANGES

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- The District implemented two major components in the school-based budget process:
 - ▣ A Weighted Student Per Pupil Formula that was used to fund the school-based budgets and to distribute funding more equitably.
 - ▣ A staffing floor plan based upon enrollment that was used to determine staffing needs in the schools.

STATE BUDGET GAP

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- The State of New Jersey is facing a \$10 billion plus budget gap for FY 2011-2012.
- There are no major changes in the State's budget deficit over FY 2010-11.

STATE AID

STATE AID 2011-12

- The State increased all Districts aid up to 1% of their FY 2010-11 operating budgets.
- Newark received a \$8.5 million increase in State aid or 1.26%.
- The increase in aid allowed the District to reduce the number of reductions that it would have made in balancing its budget.

STATE AID

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- NPS was forced to consider a number of measures to address the budget gap as follows:
 - ▣ Outsourcing of Custodial and Food Services operations
 - ▣ Reducing staffing levels to address declining enrollments
 - ▣ Requiring employees to contribute 14.5% in health benefits
 - ▣ Reducing expenditures
 - ▣ Consolidating some schools
 - ▣ Closing ineffective programs

Budget Reductions Considered

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DESCRIPTIONS	FTES	AMOUNTS
Classroom Teachers	150	\$ 10,985,550
Parent Liaisons	70	1,820,000
School Clerks	36	1,713,816
Dept Chairs	22	2,300,122
Resource Teacher Coordinators	20	1,425,400
Security Guards	61	2,147,932
Outsource 50% of Custodial Staff	254	8,128,000
Outsource Food Services	176	1,000,000
Central Office Staff	30	1,800,000
Health Benefits Contribution 14.5%		14,500,000
Extra Curricular Stipends from \$37 to \$35 (6%)		\$ 420,000



State Funding Reform Act (SFRA)

SFRA Update

- The School Funding Reform Act was created in FY 2008-09 to create equity for all school districts.
- The formula has never been fully funded.
- The Education Law Center is in court challenging the State on behalf of all Districts for not funding the formula
- The Special Master appointed by the State Supreme Court will present a final report on March 31, 2011.

Summary of Adequacy Budget Amounts

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	Elementary	Middle	High
Regular Ed	\$9,971	\$10,370	\$ 11,666
At-Risk	+ \$5,683	+ \$5,683	+ \$5,683
LEP	+ \$4,986	+ \$4,986	+ \$4,986
At-Risk/LEP	+ \$6,930	+ \$6,930	+ \$6,930
Spec. Ed.	+\$11,162	+ \$11,162	+\$11,162
Speech	+\$ 1,118	+ \$ 1,118	+\$ 1,118



ENROLLMENTS

10 Yr Enrollment Analysis as of Oct. 15th

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Fiscal Year	Elementary	Middle	Secondary	Total
2001-02	20,551	9,539	8,924	39,014
2002-03	20,125	9,570	9,222	38,917
2003-04	19,669	9,765	9,780	39,214
2004-05	19,096	9,128	9,664	37,888
2005-06	19,543	8,741	9,777	38,061
2006-07	19,564	8,158	9,902	37,624
2007-08	19,616	8,341	9,513	37,470
2008-09	20,192	8,879	9,310	38,381
2009-10	20,216	8,447	9,128	37,791
2010-11	20,346	8,521	9,134	38,001

Total District Enrollment –Oct 15(Excluding Charter Schools)

	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>
Elementary	20,192	20,216	20,346
Middle	8,879	8,447	8,521
Secondary	<u>9,310</u>	<u>9,128</u>	<u>9,134</u>
Total	38,381	37,791	38,001
Change from Prior Year		(590)	210



STATE AID



State Aid

Equalization Aid	\$ 615,208,589
Special Education Aid	25,737,088
Security Aid	18,763,529
Transportation Aid	6,495,835
Adjustment Aid	<u>14,855,970</u>
Total Aid Awarded	\$ 683,088,479



Revenue Sources

Fund Balance	\$	12,143,587
Local Tax Levy		106,842,876
Miscellaneous		6,484,574
Semi Medicaid		1,105,773
State Aid		683,088,479
Federal Aid		<u>23,695,429</u>
Operating Budget	\$	833,360,718
Grants & Entitlements		<u>137,044,146</u>
Total Aid Awarded	\$	970,404,864

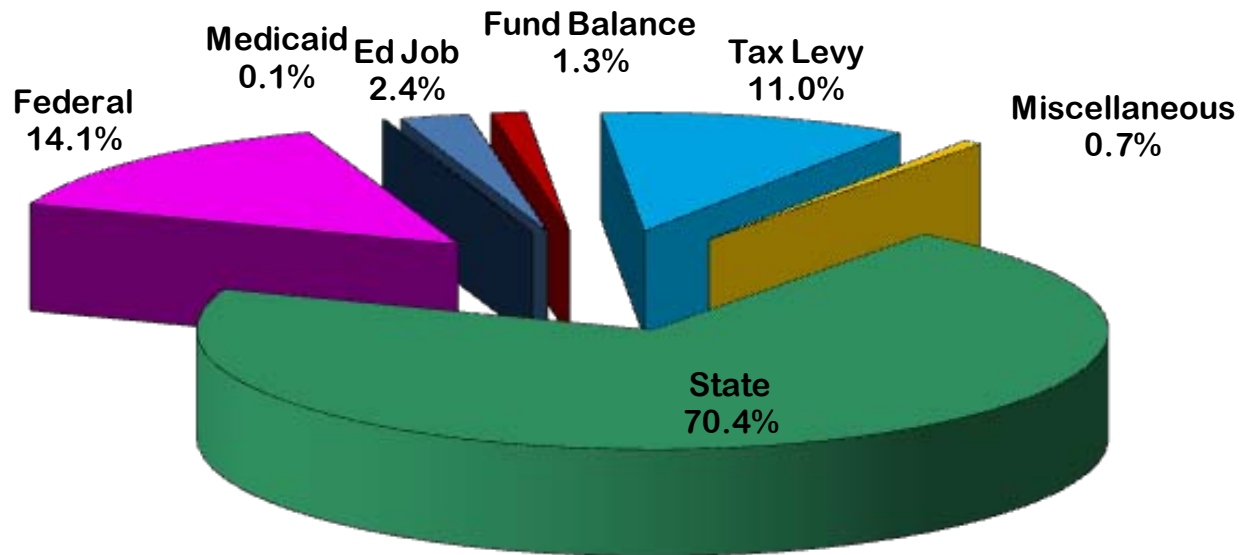
Newark Public Schools

Three Year Comparison of Revenues

REVENUE SOURCE	2009-10	2010-11	2011-12	Incr/(Decr) 11 vs 12	% +(-)
Fund Balance	23,938,400	12,143,587	12,143,587	0	0%
Local Tax Levy	100,213,266	104,221,797	106,842,876	2,621,079	3%
Other Local Sources	6,898,018	6,898,018	6,484,574	(413,444)	-6%
State Aid	717,018,162	674,593,315	683,088,479	8,495,164	1.3%
Medicaid	1,448,522	1,448,522	1,105,773	(342,749)	-24%
Federal Revenues			23,695,429	23,695,429	0%
Total General Fund Budget	849,516,368	799,305,239	833,360,718	34,055,479	4.3%
Special Revenue (Grant)\$	142,436,331	140,876,685	137,044,146	(3,832,539)	-2.7%
TOTAL BUDGET	991,952,699	940,181,924	970,404,864	30,222,940	3.2%

FY 2011-2012 REVENUES

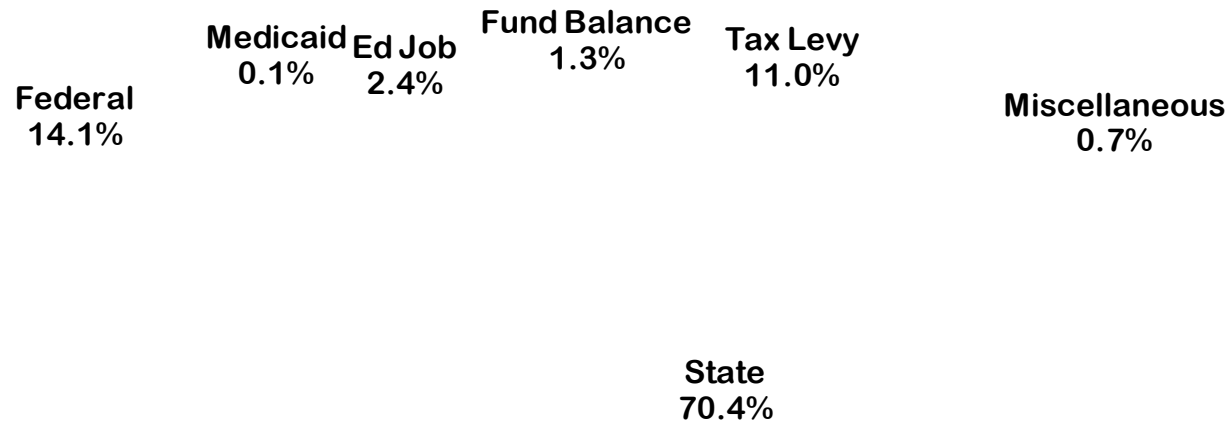
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\$ 970,404,864



FY 2011-2012 REVENUES



\$ 970,404,864

2011-12 Budget Summary- General/Special Revenue Fund Changes

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Operating Budget

- \$8.5M Increase in State Aids
- \$2.6M Increase in the Tax Levy
- \$23.6M Education Jobs Aid
- (\$413,444) Reduction in Local Tuition
- (\$342,749) Reduction in Semi Medicaid

Special Revenues (Grants)

- (\$656,950) Reduction in Preschool Education Aid
- (\$2.4M) Decrease in Preschool Education Carryover
- (\$732,355) Reduction in Adult Basic Education

FY 2011-12 Revenue Summary

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- During this difficult economic climate, the decline in the revenues coupled with increasing costs, required that the district make tough choices to insure the efficacy of resources and programs toward increasing student achievement and maintaining the quality and fidelity of its programs.

WHAT DOES THIS MEAN?

FY 2011-12 BUDGET

2011-12 PROPOSED BUDGET

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\$970,404,864



A net increase of \$30,222,940 over
2010-2011 budget

NEWARK PUBLIC SCHOOLS

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Operating Budget	\$ 833,360,718
Grants & Entitlements	<u>137,044,146</u>
Total District Budget	\$ 970,404,864

Impact on District Budget

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- With only a \$8.5M increase in State Aid, rising costs and declining enrollment the district had to consider the following:
- Reductions in positions and programs gained under the Abbott Ruling
- Reallocation of Funds to cover increases in non-discretionary costs i.e., Salaries, Health Benefits, Utilities, etc.
- Consolidation—Operational Efficiency of Schools
- Reallocation and Reduction of Staff
- Fund Staff as a result of grants expiring

2011-12 Budget Summary-Expenditures

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- ❑ Includes increases for non discretionary mandated items such as:
 - ❑ Salaries
 - ❑ Benefits
 - ❑ Charter Schools
 - ❑ New Schools/Initiatives

- ❑ All non salaried discretionary costs were reduced to balance the budget

Summary of Anticipated Major Cost Increases and Revenue Reductions

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Categories	Amounts
Salaries	\$16,472,685
Benefits	11,918,759
Charter Schools	32,815,441
Non-Salary Costs	3,004,310
New Schools/Initiatives	7,470,941
New Positions (Expired ARRA Grant)	367,049
TOTAL	\$72,049,185

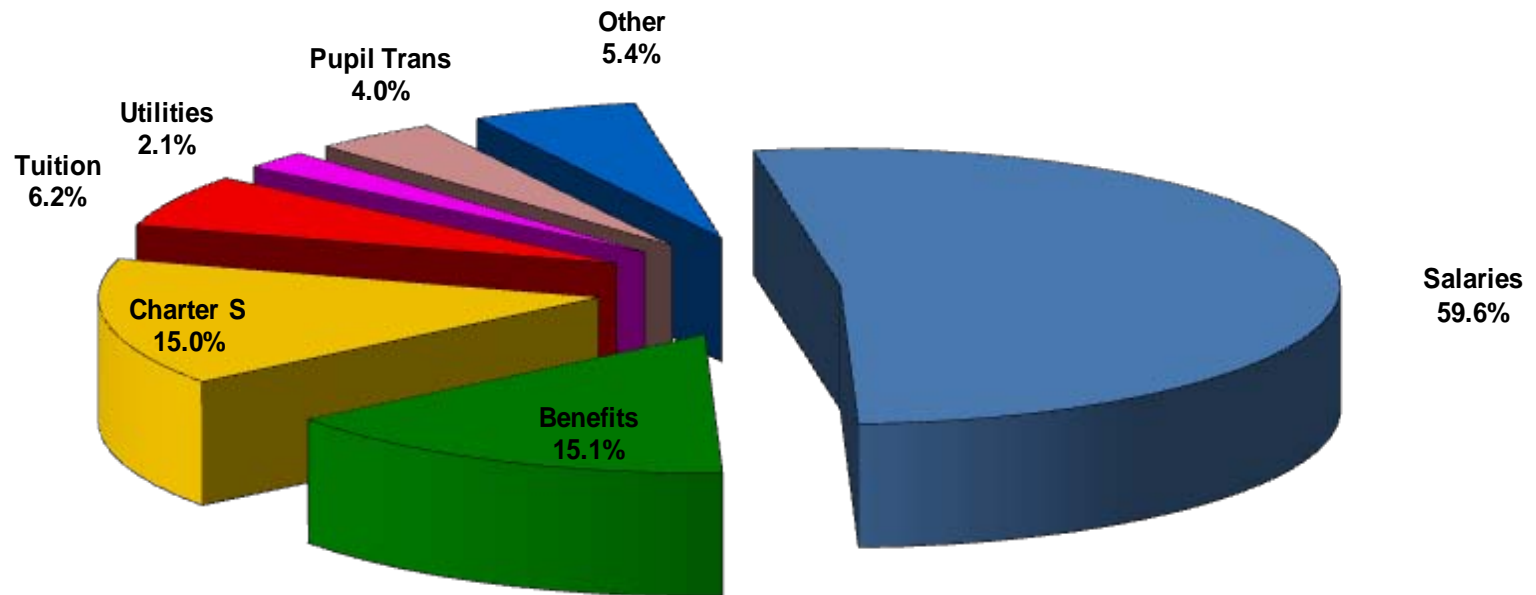
Major Costs of Total Budget

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Salaries	\$ 435,019,054
Health & Employee Benefits	125,805,117
Charter Schools	124,867,772
Tuition	51,558,932
Utilities	17,786,265
Pupil Transportation	33,607,086
Other	<u>44,716,492</u>
Total Operating Budget	\$ 833,360,718

Major Costs of Total Budget

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\$ 833,360,718

2011-12 Reductions/Revenues to Balance The Budget

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Reductions	FTE	Amounts
Guidance Counselors	32.0	2,588,960
Social Workers	4.0	369,052
Secondary Teachers	20.0	1,464,740
Technology Coordinators	2.0	144,082
Ed Media Specialist	3.5	256,330
Elementary Teachers	39.0	2,856,243
Literacy Coaches	58.0	4,849,380
Math Coaches	20.0	1,377,500

All staffing reductions are based upon declining enrollments.

2011-12 Reductions/Revenues to Balance The Budget

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Reductions	FTE	Amounts
Non-mandated Special Ed Aides identified during budget reviews	96.0	3,152,064
Vice Principals	21.0	2,270,436
Nurses	2.0	176,314
Consolidation of NIA and Fast Track	54.0	3,703,496
Reduction of a Facility Regional Office	11.0	830,358

2011-12 Reductions/Revenues to Balance The Budget

Reductions	FTE	Amounts
Central Office Positions	8.0	778,721
Operational Efficiency of Schools	56.0	4,161,024
Reduction in 14 Regional Staff (10 Resource Teacher Coordinators and 4 Clerks	14.0	861,099
Reduction in Out of District Tuition		4,007,671
Elimination of District Leases (St. Anthony and Good Counsel		893,633
3% Reduction in School's Non-Salary Costs		612,118
5% Reduction in Central Office Non-Salary Budget		1,900,085

2011-12 Reductions/Revenues to Balance The Budget

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Reductions	FTE	Amounts
Vacancies		740,400
Increase in State Aid		8,495,164
Increase in Taxes		2,621,079
Education Jobs Aid		23,695,429
Reduction in Semi Aid		(342,749)
Reduction in Local Tuition		(413,444)
TOTAL	(440.5)	\$ 72,049,185

FOOD SERVICES – Audited FY 10

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Operating Income	\$ 21,272,468
Operating Expense	<u>(24,788,084)</u>
Operating Loss	\$ (3,515,616)
District Subsidy	<u>3,515,616</u>
	- 0 -

Criteria for Educational-Operational Efficiency of Schools

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1. Academic Performance - Failure to make Adequate Yearly Progress (AYP)
2. Enrollment of Failing School and Capacity of Performing Receiving School(s)
3. Physical Conditions of Facilities
4. Proximity to Performing Receiving Schools
5. Reallocation of funds to support educational priorities

Consolidating Schools

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- These schools were selected for consolidation to improve educational/operational efficiency:
- NIA and Fast Track
- Broadway into Luis Marin
- 18th Avenue into Quitman St.
- Camden Middle into Camden St.
- 15th into So. 17th and 14th Avenue



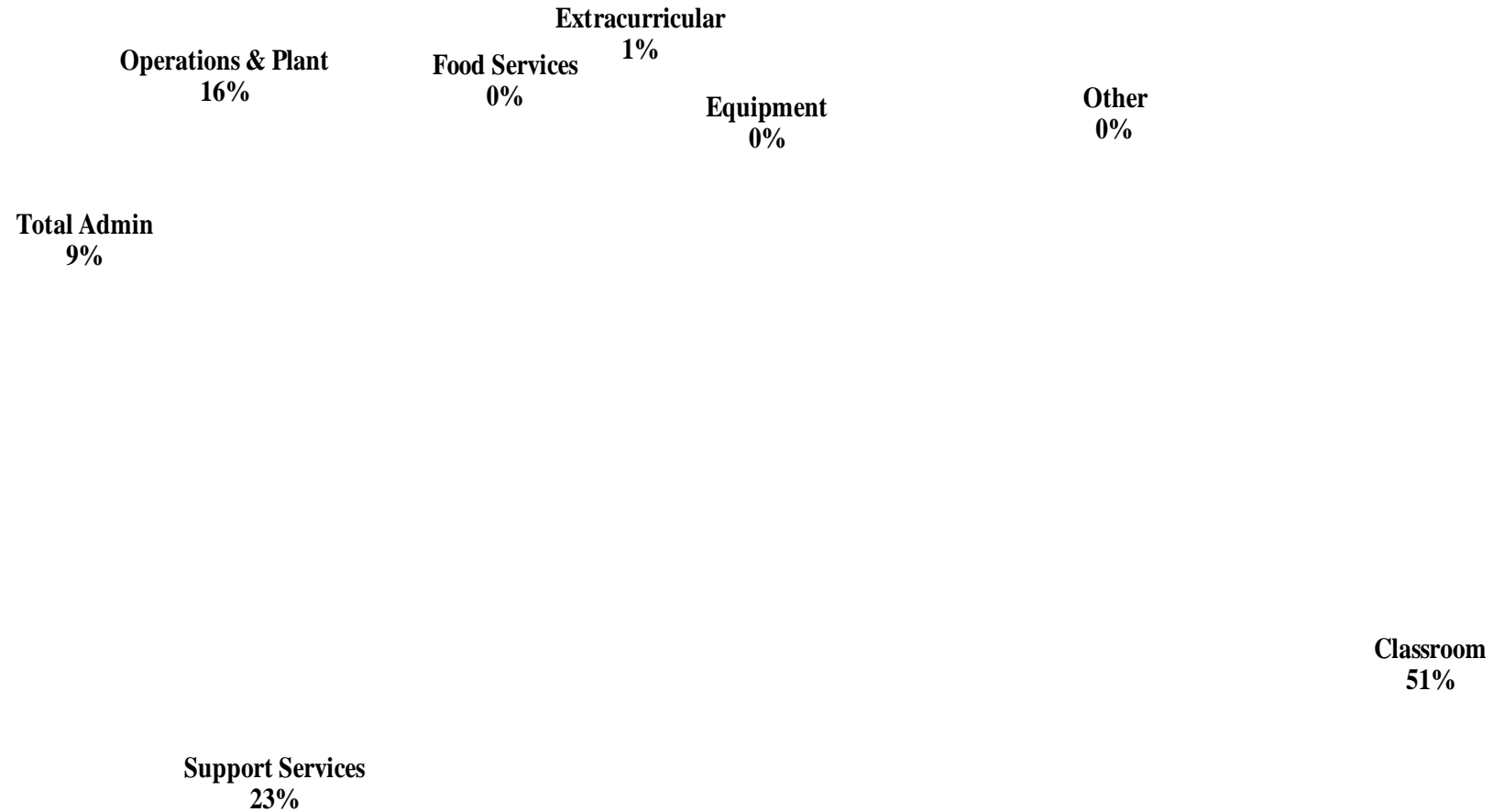
Per Pupil Costs

FY 2011-12 Per Pupil Cost per State DOENET - \$17,025

Total Classroom Cost	\$8,633
Total Support Services	3,875
Total Administrative Cost	1,521
Total Operations & Plant Maintenance	2,683
Total Food Services Costs	26
Total Extracurricular Costs	201
Total Equipment Costs	16
Total Other Costs	70
Grand Total	\$17,025

Comparison of Per Pupil Costs

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Charter Schools

Charter School Updates

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- There are 103 approved Charters in the State of New Jersey:
- There are 29 approved Charters in Essex County
- Newark has 20 of the approved 29 charters in the County
- Charter school approvals for Newark increased by 6 schools for FY 2011-12
- Charter school enrollment in Newark for FY 2011-12 is 9,598
- District expense for Charter schools for FY 2011-12 is \$124,867,772

RESIDENT STUDENTS ATTENDING CHARTER SCHOOLS

FY 2011-12

Charter Schools	FY 11-12 Budget	FY 10-11 Budget	Diff over FY 10-11	11-12 Enrolled	10-11 Enrolled	Diff over 10-11	Per Pupil Cost
Adelaide L. Sanford Charter	\$3,917,782	\$3,471,307	\$446,475	316	263	53	12,398
Newark Legacy Charter	2,317,780	1,717,726	600,054	180	120	60	12,877
Visions Academy Charter HS	4,265,925	2,500,618	1,765,307	300	150	150	14,220
Schomburg Charter	44,475	14,463	30,012	4	1	3	11,119
Pride Academy Charter	658,532	738,768	(80,236)	45	49	(4)	14,634
Newark Educators Charter	3,868,090	3,316,192	551,898	293	243	50	13,202
Central Jersey Arts	27,681	24,616	3,065	1	1	-	27,681
East Orange Community Charter School	667,054	769,812	(102,758)	52	53	(1)	12,828
Elysian Charter of Hoboken	27,681	24,616	3,065	1	1	-	27,681
University Heights	\$3,641,110	\$3,103,432	\$537,678	282	218	64	12,912
Total	\$19,436,110	\$15,681,550	\$3,754,560	1,474	1,099	375	

RESIDENT STUDENTS ATTENDING CHARTER SCHOOLS

FY 2011-12

Charter Schools	FY 11-12 Budget	FY 10-11 Budget	Diff over FY 10-11	11-12 Enrolled	10-11 Enrolled	Diff over 10-11	Per Pupil Cost
Hoboken Charter School	190,437	212,609	(22,172)	9	11	(2)	21,160
Marion P. Thomas	8,454,291	8,023,781	430,510	635	570	65	13,314
Robert Treat Academy	7,341,167	6,803,099	538,068	595	524	71	12,338
North Star Academy Charter School	25,248,955	17,496,845	7,752,110	1,960	1,264	696	12,882
Greater Newark CS	2,168,282	2,164,272	4,010	168	153	15	12,906
Lady Liberty Academy	6,397,668	6,617,017	(219,349)	456	449	7	14,030
Team Academy	26,812,608	18,939,525	7,873,083	1,955	1,256	699	13,715
Paterson Charter School	-	10,538	(10,538)	-	1	(1)	-
Maria L. Varisco-Rogers	5,936,370	5,154,944	781,426	442	366	76	13,431
Unity Charter School	27,318	27,741	(423)	2	2	-	13,659
Total	\$82,577,096	\$65,450,371	\$17,126,725	6,222	4,596	1,626	

RESIDENT STUDENTS ATTENDING CHARTER SCHOOLS

FY 2011-12

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Charter Schools	FY 11-12 Budget	FY 10-11 Budget	Diff over FY 10-11	11-12 Enrolled	10-11 Enrolled	Diff over 10-11	Per Pupil Cost
Gray Charter School	3,976,410	3,626,981	349,429	313	271	42	12,704
Hoboken Dual Language Charter School	8,647	8,794	(147)	1	1	-	8,647
Discovery	984,521	1,028,136	(43,615)	75	75	-	13,127
Great Oaks Charter School	1,454,878	-	1,454,878	133	-	-	10,939
Martha Palmer Channeyfield Charter School	1,695,223	-	1,695,223	160	-	-	10,595
People's Preparatory Charter School	1,144,787	-	1,144,787	95	-	-	12,050
Roseville Community Charter School	1,402,932	-	1,402,932	132	-	-	10,628
Vailsburg Prep Charter School	1,808,071	-	1,808,071	150	-	-	12,054
100 Legacy Charter School	3,905,055	-	3,905,055	357	-	-	10,939
New Horizons Comm.	6,474,042	6,256,499	217,543	486	443	43	13,321
Total	22,854,566	10,920,410	11,934,156	1,902	790	85	
Grand Total	\$124,867,772	\$92,052,331	\$32,815,441	9,598	6,485	2,086	



Fund Balance Analysis

Fund Balance Analysis

	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>
Beg Bal	49,114,922	25,176,522	27,297,904	16,614,970
Additional	14,862,053	26,059,782	1,460,653	10,000,000
Used to balance the budget	-23,938,400	-23,938,400	-12,143,587	-12,143,587
Adjustment to Actual	-622,237			
Ending Bal	25,176,522	27,297,904	16,614,970	1 4,471,383

The (\$11,794,813) difference in 09-10 over 10-11 fund balance used to balance the budget reflects the reduction by the Governor.

Fund Balance Analysis

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Recommended Fund Balance @ 2%	\$ 15,966,105
Fund Balance Projected in FY 2010-11	<u>16,614,970</u>
Anticipated Surplus over 2%	\$ 648,865



Tax Levy Analysis

**NEWARK PUBLIC SCHOOL
PROPERTY TAXES
TEN YEAR ANALYSIS**

YEAR	PROPERTY TAXES	INCREASE AMT.
2003	80,000,000	-
2004	80,000,000	-
2005	80,000,000	-
2006	80,000,000	-
2007	88,215,449	8,215,449
2008	96,358,910	8,143,461
2009	100,213,266	3,854,356
2010	100,213,266	-
2011	104,221,797	4,008,531
2012	106,842,876	2,621,079
TOTAL INCREASE		26,842,876

School Operating Cost To The Average Tax Payer

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Average Property Assessed Value	\$175,000	\$200,000
Current School Tax Levy	\$1,745	\$1,994
New School Tax Levy *	\$ 1,789	\$2,044
Average Annual Net Increase	\$ 44	\$ 50



Looking Forward

INITIATIVES

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- There are 7 schools that will be applying for the School Improvement Grant.
- The District will continue to apply treatments to District schools that appear on the State's Persistently low achieving list.
- The District is opening 6 New High School opportunities for FY 11-12 to provide our students with more choices.

Anticipated Budget Shortfall for FY 2012-2013

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Fund Balance needed at FY 2011-12 Levels	\$12,143,587
Projected Balance Available at end of FY 2011-12	<u>\$14,471,383</u>
Fund Balance Surplus	\$ 2,327,796
Anticipated increased 2012-2013 costs	\$ 74,000,000
Anticipated State Aid increases	<u>0</u>
Anticipated Budget Shortfall for FY 2012-13	\$72,327,796

Next Steps

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- Hold Community Meetings
- Develop Redistricting Plan
- Develop Transportation Routes
- Reassignment of Staff
- Coordinate a Moving Plan
- Prepare RIF List for Affected Employees

Questions and Answers