



Newark Public Schools FY 2010-11 Budget Hearing

March 29, 2010

Central High School

6:00 – 8:00 pm



CHANGES

LEGISLATIVE BILLS

The Governor signed into legislation the following Bills that will assist Districts in containing costs:

- S2- Reforms the Pension System
- S3- Reforms Health Benefits
- S4 -Reforms Sick and Vacation Accruals (PERS and TPAF)



LEGISLATIVE BILLS

- State will require employees to contribute 1.5% of their salaries to reduce the cost of health benefits
- The formula changes for 30/60 for future employees
- It caps the payout for sick time to \$15,000 for future employees



STATE BUDGET GAP

- The State of New Jersey is facing a \$10.9 billion budget gap for FY 2010-2011
- To address this gap the State reduced school districts' aid by \$820 million.
- School districts' aid was reduced up to 5% of their total budgets.



STATE AID



STATE AID REDUCTION 2010-11

- The State reduced all Districts aid up to 5% for FY 2010-11.
- Newark received a \$42.4 million reduction in State aid.
- This resulted in the District reducing its budget to cover the \$42.4 million gap.

STATE AID REDUCTION 2009-10

- Additionally, the State reduced school districts' state aid by \$495 million to close a budget gap for FY 2010.
- This resulted in a \$11.8 million reduction in the District's unreserved fund balance and a funding gap for FY 2011.
- The District reduced its FY 2011 budget by \$11.8 million to offset the fund balance shortage.



STATE AID

- School districts were forced to consider a number of measures to address the reduction in aid as follows:

 - Propose a salary freeze in FY 2010-2011
 - Require employees to contribute 1.5% health benefits
 - Reduce expenditures
 - Consolidate some schools
 - Close some programs



State Funding Reform Act (SFRA)

Summary of Adequacy Budget Amounts

	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

**Total District Enrollment –Oct 15
(Excluding Charter Schools)**

	<u>07-08</u>	<u>08-09</u>	<u>09-10</u>
Elementary	19,278	18,768	18,898
Middle	9,951	9,751	8,569
Secondary	<u>11,274</u>	<u>11,473</u>	<u>10,930</u>
Total	40,503	39,992	38,397
Change from Prior Year		(511)	(1,595)

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>6,360,806</u>
Total Aid Awarded	\$ 672,565,847

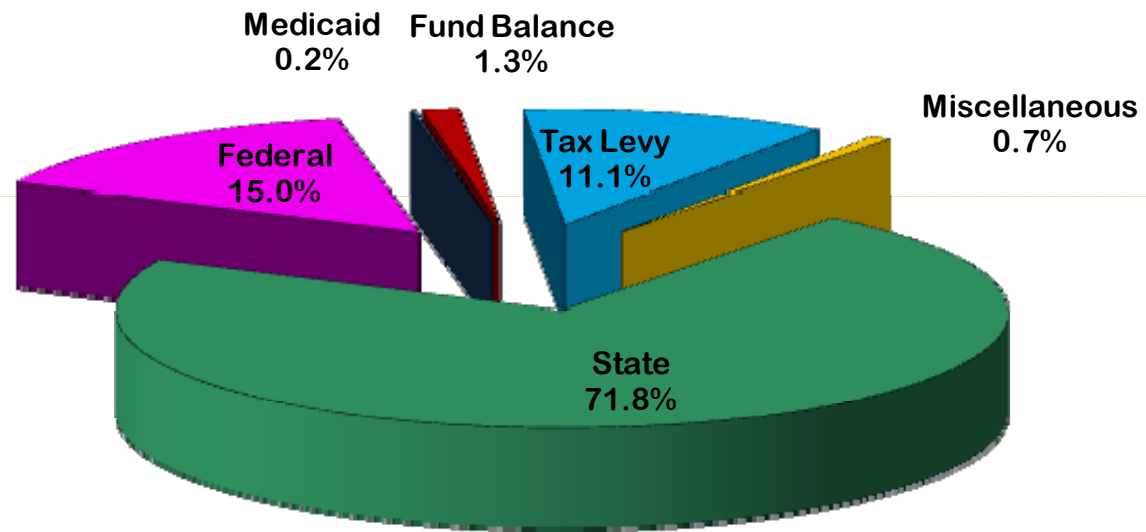
Revenue Sources

Fund Balance	\$	12,143,587
Local Tax Levy		104,221,797
Miscellaneous		6,898,018
Semi Medicaid		1,448,522
State Aid		<u>674,593,315</u>
Operating Budget	\$	799,305,239
Grants & Entitlements		<u>140,876,685</u>
Total Aid Awarded	\$	940,181,924

Newark Public Schools Three Year Comparison of Revenues

REVENUE SOURCE	2008-09	2009-10	2010-11	Incr/(Decr) 09 vs 10	% of +/-
Fund Balance	23,938,400	23,938,400	12,143,587	(11,794,813)	-49%
Local Tax levy	100,213,266	100,213,266	104,221,797	4,008,531	4%
Other Local Sources	6,898,018	6,898,018	6,898,018	-	0%
State Aid	721,249,159	717,018,162	674,593,315	(42,424,847)	-5.9%
Impact Aid/Medicaid	950,000	1,448,522	1,448,522	-	0%
TOTAL - OPERATING BUDGET	853,248,843	849,516,368	799,305,239	(50,211,129)	-5.9%
Special Revenue (Grant \$)	139,612,999	142,436,331	140,876,685	(1,559,646)	-1.1%
TOTAL BUDGET	992,861,842	991,952,699	940,181,924	(51,770,775)	-5.2%

FY 2010-2011 REVENUES



\$ 940,181,924



2010-11 Budget Summary- General/Special Revenue Fund Changes

Operating Budget

- (\$11.8M) Reduction in Fund Balance
- (\$42.4M) Reduction in State Aids
- \$4.0 million Increase in the Tax Levy
- No increase in Semi Medicaid

Special Revenues (Grants)

- (\$1.2M) Elimination of the 21st Century Grant
- (\$216,750) Decrease in Preschool Education Aid
- \$4.5M increase in Early Childhood Carryover
- (\$142,896) 15% Reduction in Non-Public Aid

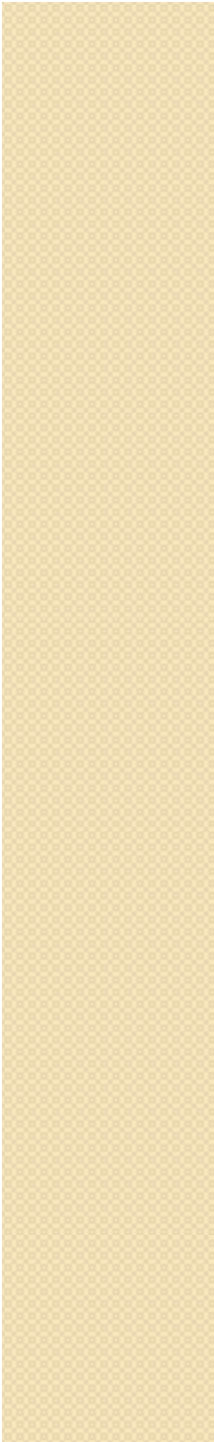


FY 2010-11 Revenue Summary

- 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.

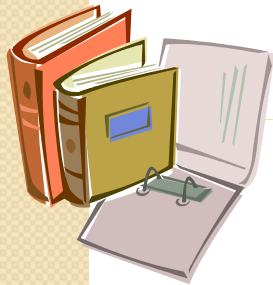


WHAT DOES THIS MEAN?



FY 2010-11 BUDGET

2010-11 PROPOSED BUDGET



\$940,181,924



A net decrease of \$51,770,775 over
2009-2010 budget



NEWARK PUBLIC SCHOOLS

Operating Budget	\$ 799,305,239
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Grants & Entitlements	<u>140,876,685</u>
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Total District Budget	\$ 940,181,924
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Impact on District Budget

- With decreases in State Aid and rising costs, 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., Tuition, Utilities, etc.
- Consolidation of Schools
- Reallocation and Reduction of Staff
- Fund Staff/Programs with Grant Dollars



2010-II Budget Summary-Expenditures

- Includes increases for non discretionary mandated items such as:
 - Health Benefits
 - Charter Schools
 - New Speedway School
- All non salaried discretionary costs were reduced to balance the budget

Summary of Anticipated Major Cost Increases and Revenue Reductions

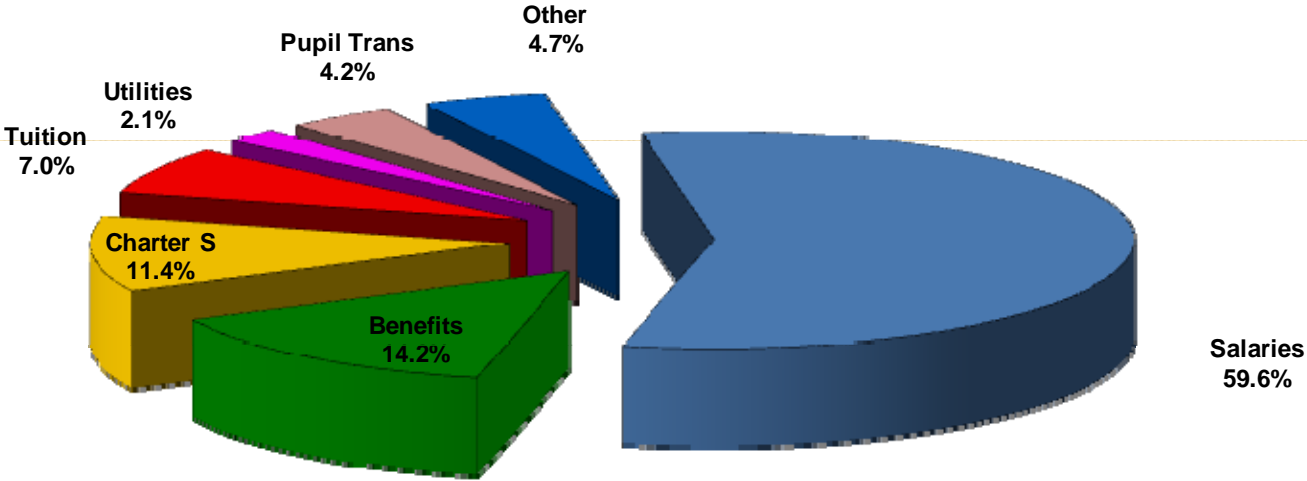
Categories	Amounts
Benefits	\$ 5,943,581
New Speedway	1,095,953
Charter Schools	16,187,816
Reduction in Excess Fund Balance (FY 09-10)	11,794,813
Reduction in State Aid	42,424,847
TOTAL	\$ 77,447,010



Major Costs of Total Budget

Salaries	\$ 450,000,267
Health & Employee Benefits	113,397,782
Charter Schools	91,102,152
Tuition	56,223,216
Utilities	16,906,548
Pupil Transportation	33,720,807
Other	<u>37,954,467</u>
Total Operating Budget	\$ 799,305,239

Major Costs of Total Budget



\$ 799,305,239

2010-11 Reductions to Balance The Budget

Reductions	FTE	Amounts
Reassignment 158 certified non-classroom Central Office personnel to the Classroom or as Math or Literacy Coaches	(158.0)	(8,565,217)
Eliminating 50 classroom teachers per staffing reconciliations and 205 non-tenured teachers	(255.0)	(18,235,269)
Eliminating 158 central office clerical and administrative positions	(158.0)	(6,994,662)
Reducing costs through the elimination of 32 Substance Abuse Coordinators, 12 School to Career Coordinators, 12 CST Social Workers, 2 Job Developers, 4 Psychologist and 9 LDTC	(62.0)	(5,915,748)

2010-11 Reductions to Balance The Budget

Reductions	FTE	Amounts
Eliminating 23 Aides identified during staffing reconciliation, 37 non-mandated Aides	(41.0)	(1,283,300)
Eliminating 33 CASA Administrators	(33.0)	(3,450,869)
Eliminating 2 School Clerical positions	(2.0)	(81,936)
Reducing costs by eliminating 28 budgeted vacancies	(28.0)	(1,545,336)
Reducing costs through school consolidation to address schools that are persistently low achieving (AVC/Newark Voc)	(20.0)	(1,277,294)

2010-II Reductions to Balance The Budget

Reductions	FTE	Amounts
Closing of Bannekar Science includes Non- Salary Costs	(1.0)	(1,219,280)
Food Service Contribution		(2,000,000)
1.5% Of Salaries for Health Benefits		(6,909,103)
50% Reduction in District Travel		(487,500)
50 % Reduction in Discretionary Consultants' Costs		(2,500,000)
Elimination of District Leases		(590,103)
Reduction in School's Non-Salary Costs		(1,112,175)

2010-11 Other Expenditure Reductions to Balance The Budget

Reductions	FTE	Amounts
Central Office Non-Salary Costs		(5,118,559)
Employee Double Benefits		(1,763,824)
Per-Diem Teachers/Aides		(2,031,392)
Reduction in Overtime		(500,000)
Increase in Taxes		(4,008,531)
Adult Education Program		(1,681,912)
Aeronautical Program		(175,000)
TOTAL	(758.0)	\$ (77,447,010)

FOOD SERVICES

Operating Income	\$ 19,205,693
Operating Expense	<u>(23,841,831)</u>
Operating Loss	\$ (4,636,138)
District Subsidy	<u>4,636,138</u>
	- 0 -



Criteria for Consolidating Schools

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



Consolidating Schools

- The District consolidated The Academy of Vocational Careers with Newark Vocational
- Both of these schools were identified as persistently low achieving
- AVC is in Tier I and Newark Vocational is Tier II
- There are 4 models that Districts can use to turn around schools
 - Consolidation is one of them.

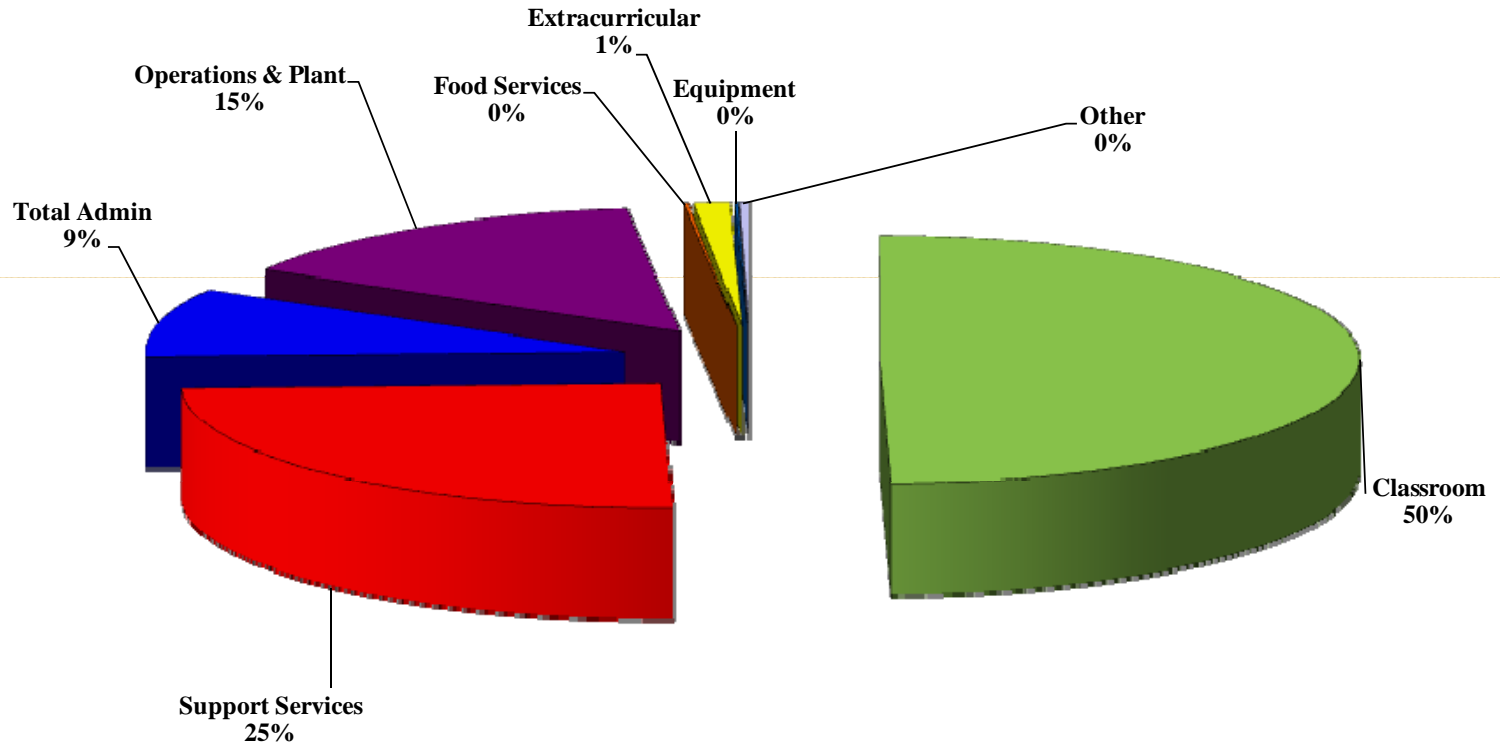


Per Pupil Costs

FY 2010-11 Per Pupil Cost per State DOENET - \$14,658

Total Classroom Cost	\$7,273
Total Support Services	3,630
Total Administrative Cost	1,313
Total Operations & Plant Maintenance	2,183
Total Food Services Costs	22
Total Extracurricular Costs	174
Total Equipment Costs	15
Total Other Costs	48
Grand Total	\$14,658

Comparison of Per Pupil Costs





Charter Schools

RESIDENT STUDENTS ATTENDING CHARTER SCHOOLS FY 2010-11

CHARTER SCHOOLS	2010-11			2009-10		
	Projected	2009-10	Diff +/-	2010-11	Actual	Diff +/-
Adelaide L. Sanford	3,519,432	2,824,589	694,843	271	227	44
Pride Academy	695,251	784,494	(89,243)	47	53	-6
Newark Educators	3,187,550	2,120,749	1,066,801	249	200	49
Central Jersey	18,947	29,090	(10,143)	1	1	0
Hoboken Charter	203,325	98,945	104,380	10	6	4
East Orange Community	573,309	807,252	(233,943)	40	56	-16
Elysian Charter of Hoboken	28,104	29,090	(986)	1	1	0
University Heights	2,908,236	2,826,897	81,339	219	199	20
New Horizons Comm.	6,014,850	6,518,110	(503,260)	470	474	-4
Gray Charter School	4,495,158	3,905,000	590,158	355	311	44
Marion P. Thomas	8,058,534	7,239,389	819,145	600	540	60
Robert Treat Academy	6,686,650	6,795,655	(109,005)	526	545	-19
Bergen Arts & Science CS	17,588	-	17,588	2	0	2
No. Star Academy	18,306,250	13,487,268	4,818,982	1383	1005	378
Greater Newark CS	2,391,863	2,358,462	33,401	178	176	2
Lady Liberty Academy	6,358,181	5,720,111	638,070	460	436	24
Team Academy	18,903,186	14,647,657	4,255,529	1340	1060	280
Paterson Charter School	8,794	8,790	4	1	1	0
Jersey City Comm.	-	45,115	(45,115)	0	3	-3
Maria L. Varisco-Rogers	4,907,408	3,642,842	1,264,566	366	290	76
Unity Charter School	28,179	17,943	10,236	2	1	1
Newark Legacy Charter School	967,302	-	967,302	90	0	90
Vision Academy Charter HS	1,835,940	-	1,835,940	150	0	150
Schomburg Charter School	8,794	-	8,794	1	0	1
Ridge and Valley Charter Sch	9,232	-	9,232	1	0	1
Discovery	970,089	1,006,888	(36,799)	75	75	0
Total Charter Schools	91,102,152	74,914,336	16,187,816	6,838	5,660	1178



Fund Balance Analysis

Fund Balance Analysis

	<u>07-08</u>	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>
Beg Bal	29,910,924	41,326,430	27,297,904	13,667,081
Additional	11,415,506	10,532,111	22,102,390	13,630,823
Used to balance the budget	-15,500,000	-23,938,400	-23,938,400	-12,143,587
Adjustment to Actual	15,500,000	-622,237	-11,794,813	
Ending Bal	41,326,430	27,297,904	13,667,081	15,154,317

Fund Balance Analysis

Recommended Fund Balance @ 2%	\$ 15,986,105
Fund Balance Projected in FY 2010-11	<u>15,154,317</u>
Anticipated Shortfall of 2%	\$ (831,788)

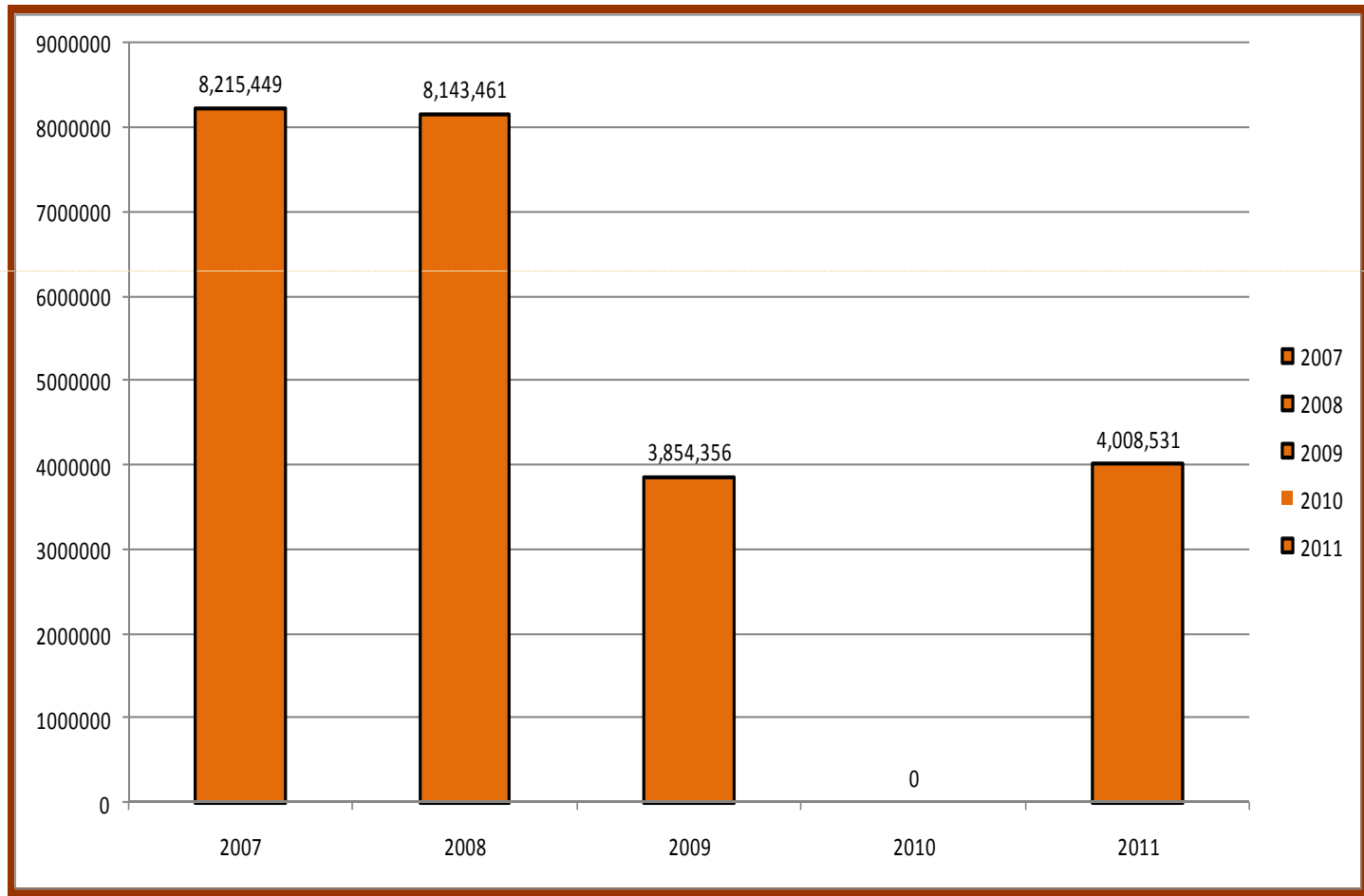


Tax Levy Analysis

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

YEAR	PROPERTY TAXES	INCREASE AMT.
2002	80,000,000	-
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
TOTAL INCREASE		24,221,797

Tax Levy Increase Comparison



School Operating Cost To The Average Tax Payer

Average Property Assessed Value	\$175,000	\$200,000
Current School Tax Levy	\$1,594	\$1,822
New School Tax Levy *	\$ 1,657	\$1,895
Average Annual Net Increase	\$ 63	\$ 73



Looking Forward



INITIATIVES

- The District plans to reopen William H. Brown Academy as a Performing Arts Academy that will service grades 6-8.
- The Old Speedway may be used to create an In District Charter School that will service grades pre-k to 2.
- There will be treatments applied to District schools that appear on the State's Persistently low achieving list.

Anticipated Budget Shortfall for FY 2010-2011

Fund Balance needed at FY 2010-11 Levels	\$12,143,587
Projected Balance Available at end of FY 2010-11	<u>\$15,154,317</u>
Fund Balance Shortfall	\$ 3,010,730
Anticipated increased 2010-2011 costs	\$ 65,000,000
Anticipated State Aid increases	<u>0</u>
Anticipated Budget Shortfall for FY 2010-2011	\$61,989,270

Next Steps

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



Questions and Answers