

# ***Piscataway Township Schools FY 2013***

## ***Proposed Budget***



***PUBLIC HEARING  
MARCH 22, 2012***



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***Piscataway Township Schools  
Budget 2012-2013***

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# *Message from the Superintendent*

To the Piscataway School Community,

Over the last 10 years, this Administration has tried to provide the best recommendations possible under the worst conditions imaginable. We were continually faced with unknowns from Trenton and the acute awareness that our community had fewer and fewer financial resources. Consequently, it has been a real test trying to match the Board's strategic vision with our existing financial picture. This year, the future will look brighter.

The Governor's budget allocation increased our state aid by \$1.2 million. However, please remember that in 2010 we lost 30 percent of state aid which was \$5 million. So with the increases over the last two budgets, we still are down \$1.8 million from that point in time. New Jersey further reduced our aid by \$700,000 because we had prudently set aside funds for tax relief and capital projects.

In addition, over the last three years, we have lost \$440,660 because the state has defaulted on a portion of their share of the 2002 referendum. In total, Piscataway has lost \$6,168,509 over the last three budgets with \$3 million returned. This was a net loss of state aid totaling over \$3 million.

If we were fully funded by the 2007 SFRA (School Funding Reform Act), we could restore all of our programs and reduce the average property bill by close to \$1,000. The new calculation reduces our allocation about \$18 million and again makes us wait another four years to get our share. Piscataway will have been under funded for a generation and the taxpayers will never see that money, which is theirs.

And the inequity continues:

<u>District</u>	<u>Aid Per Pupil</u>	<u>Free/Reduced (2010-2011)</u>
<b>Piscataway</b>	<b>\$ 2,244</b>	<b>30%</b>
Old Bridge	\$ 4,631	20%
Manalapan-Englishtown	\$ 3,627	8%
Delaware Valley Regional	\$ 4,045	3%

The 2013 Budget Brief is the first step in multi-year financial planning that, while still frugal in its contents, is more predictable and better able to accommodate the complexities of public sector government budgeting. The Board's decision to move the annual election to November and stay within the 2% budget CAP creates the ability of the district to target funds, build appropriate reserves, and manage the public money in a better way.

After months of protestations and statements calling SFRA overly burdensome, Acting Commissioner Cerf took pen to the formula and simply changed the ratios. In essence, he reduced the funds necessary to make the current formula work but kept the essential elements that calculate aspects of school demographics to get to the distribution of state aid. Hence, instead of our full share of state funding being projected at \$38 million, we now will reach Commissioner Cerf's arbitrary 5 year ceiling at about \$20 million. Our current state formula aid is \$15 million. Had we received our full formula allocation, we would be able to provide our students with everything contained in this budget and return over \$1,000 to the average taxpayer in Piscataway.

When the original SFRA was adopted by Corzine in 2007, we were told to anticipate full funding by 2014. Now we will get full funding by 2017. The travesty is that Piscataway will have waited ten years to get our justified funding while others receive it right now. And as I mentioned earlier, this is what we have been promised again and again.

As you review this budget book, I am pleased to provide a document that targets the needs of children in a real and profound way. First, we recommend substantial investment in Middle School students. The budget increases direct instructional support to struggling students and provides students and their families with additional behavioral support. At these grade levels, I am also recommending that we restructure our libraries and technology labs to better reflect current practices in these areas and that we return programs in the related arts. However, as the Board is aware, we do not just restore what we have lost, we revise and reinvent to accommodate current student needs. As an example, last year, instead of replacing elementary guidance with the same program, we created the position of behaviorist at the K-5 level. This year, I am recommending that we provide behaviorists at the middle school levels. Rather than restore the familiar shop programs in middle school, I am recommending a hands-on science and engineering program called *Project Lead The Way*.

This budget also expands support for elementary students by using LDTC specialists in addition to current support teachers.

I am recommending that we invest in technology, an area that has been hard hit in recent budgets. This investment includes equipment upgrades and resources for the engineering program at the middle schools. Our largest technology initiative is the beginning of one-to-one computing with iPads, a program that we plan to expand over the next several years.

To facilitate these instructional initiatives, I am recommending that we restore the supervisory position in technology.

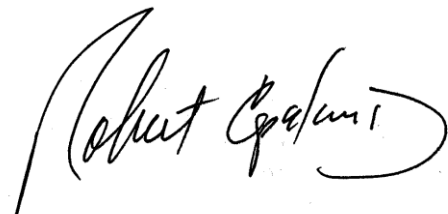
This budget recommendation spreads out over the next several years low tax increase while at the same time protecting the district against what could be significant enrollment increases. Please note that the CAP restriction of 2% can be augmented based on a waiver.

While our spending remains under adequacy the burden to our community must also be taken into consideration. I believe this budget provides the necessary increase in direct instruction that is targeted to student learning and is fiscally prudent. The proposed budget increases the tax levy by 1.15% and provides a \$73 annual increase on the average assessed home.

As we approach the dawn of a new strategic plan, this budget borrows wisdom from the monograph, "Standing on the Shoulders of Giants." Marc Tucker's research on 20 years of public education in countries that regularly surpass us on international assessments demonstrates one consistent theme – all provide funding sources for students with the greatest needs and in areas where they need it most. This budget seeks to stand on the shoulders of giants by doing the same.

The strategic plan and our use of a balanced scorecard have been critical to the academic growth of the district and the individual development of our staff and students. While financial resources are critical to our success, so too is a mindset that focuses on achievement and community strength. We believe the proposed budget does that and we strongly urge its acceptance.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Copeland", written in a cursive style.

Robert L. Copeland  
Superintendent of Schools



# Introduction

# **The Township of Piscataway In the County of Middlesex State of New Jersey**

## **Introduction:**

The Township of Piscataway is today a suburban-industrial community of approximately 52,700 people. Covering a 19 square mile expanse between the Raritan River and the Watchung Mountains in Central New Jersey, within 35 miles of New York City, Piscataway has been an organized community since 1666.

Interstate Highway 287, with five interchanges in Piscataway, provides direct connection with the New Jersey Turnpike, Garden State Parkway, Route US-22, Route US-1 and Route I-78 all nearby. Bus passenger service to New York City is provided by Suburban Bus Company and New Jersey Transit. Rail passenger service is provided by Conrail-Amtrak, New Jersey Transit and Central Railroad of New Jersey, all within a few miles of the Township. Local industry is serviced by the Reading Railroad and Conrail. Newark Liberty International Airport is less than 25 miles away.

## **Education:**

The District provides a full range of educational services appropriate to grade levels PK through 12. These include regular and vocational programs as well as special education for handicapped students. The Township and School District are coterminous. The School District is an independent legal entity operating under Title 18A, Education of the New Jersey Statutes. The schools are organized on a preschool learning center, K-3, 4-5, 6-8 and 9-12 system and include a high school built in 1957, with additions in 1965, 1973 and 2007. The three middle schools, six elementary schools and the early learning center all operate on a full-day schedule including kindergarten. In addition, Piscataway has three private/parochial elementary schools and a County vocational and technical high school. There are also a number of charter schools to which Piscataway sends students.

The new high school wing, which connected the existing buildings and houses the new classrooms for science and the arts, was completed in the summer of 2007 and occupied in September of 2007. The District has also completed the other additions and renovations that were authorized by the voters in 2002. These projects included the construction at Grandview (six new classrooms and a gymnasium), as well as upgrades to the HVAC systems at Knollwood, Randolphville, Eisenhower, and Grandview Schools. These collective improvements have propelled the District forward in providing learning environments that will greatly enhance student achievement. Though sometimes overlooked, maintaining school facilities is also a crucial component in the learning environment.

The Administration has expended significant effort in assessing our facilities in terms of their effect on health and safety, maximizing energy efficiency, extending their useful lives, and assuring overall integrity. All school districts are required to maintain a Long Range Facilities Plan. The facility needs identified in our plan total in the millions of dollars. The Business Office and Facilities staff have prioritized these needs in a five-year projection of projects.

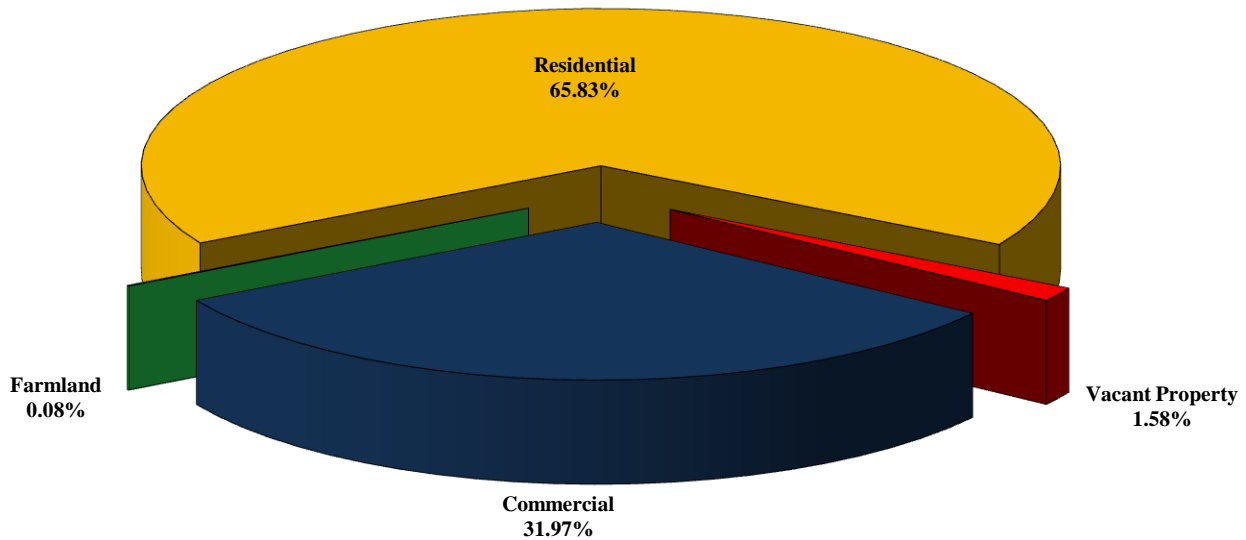
All of the improvements are designed to support the instructional program and help Piscataway keep pace with educational requirements and facilities in surrounding communities.

**Economy:**

Piscataway is the home of many well-known industrial concerns, research centers and computer installations comfortably spaced in attractively designed modern buildings on broad beautifully landscaped sites including the major employers listed herein.

Piscataway’s ratables are classified in the 2011 Abstract of Ratables, Middlesex County Taxation Board, as follows:

Vacant Property	\$ 32,197,500
Residential	1,471,439,969
Farmland	1,690,000
Commercial	<u>707,441,800</u>
TOTAL Ratables	<u>\$ 2,212,769,269</u>



Rutgers, The State University of New Jersey, and the University of Medicine and Dentistry of New Jersey (UMDNJ), covers approximately one-eighth of the Township. These entities include the College of Engineering, School of Pharmacy, Department of Physics, Chemistry, Life Sciences, Mathematics, and Computer Science as well as The Institute of Microbiology, the Graduate School of Applied and Professional Studies, the Institute for Alcohol Studies, the School of Business and Livingston College. The Rutgers Athletic Center Complex and Rutgers Stadium are also included. UMDNJ includes the Robert Wood Johnson Medical School.

**Population:**

1940 Federal Census	7,243
1950 Federal Census	10,180
1960 Federal Census	19,890
1970 Federal Census	36,418
1980 Federal Census	42,223
1990 Federal Census	47,089
2000 Federal Census	50,482
2005 Federal Census	52,694
2010 Federal Census	52,455

**Principal Assessments of Piscataway Township:**

	<u>Assessment</u>	<u>Percentage of Total Net Assessed Value</u>
Rutgers University Science Center, Hoes Lane	\$ 205,994,900	0.00%
Rutgers University Metlars Lane	91,609,900	0.00%
Rutgers University Marvin Apartments	72,620,800	0.00%
Telcordia	46,272,000	3.32%
Knightsbridge Realty, LLC	42,750,000	3.07%
Rutgers University Medical Complex	40,705,700	0.00%
Centennial Square, LLC	26,161,400	1.88%
Rutgers University Golf Course	25,907,800	0.00%
Colgate Palmolive Company	23,400,000	1.68%
Rutgers University Intramural Fields	18,752,800	0.00%
Rutgers University Stadium	18,412,200	0.00%
Home Properties WMF I, LLC	15,920,100	1.14%
Western Union International	15,592,200	1.12%
Rutgers University Psychiatric Institute	14,079,300	0.00%
Rutgers University Richardson Apartments	13,485,200	0.00%
Rutgers University Athletic Center, Metlars Lane	11,897,000	0.00%
Carlton Club Apartments, LLC	11,600,300	0.83%
Rutgers University Microbiology Bldg, Hoes Lane	11,148,900	0.00%
Rutgers University Administration Bldg, Metlars Lane	10,757,800	0.00%
Mariner One Centennial, LLC	10,350,000	0.74%
Felcor Suites	8,760,000	0.63%
Cosmair Cosmetics	8,385,000	0.60%
Middlesex County Educational Services Schools	6,251,100	0.46%

## **Budgets/Budgetary Control**

The District has the following major governmental funds:

*General Fund:* The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

*General Current Expense:* Accounts for all expenditures of the District for current expenses. Expenditures included here would be regular program instruction costs and the administrative and other support services costs related to providing the district's normal operations.

*Capital Outlay:* Accounts for all expenditures of the district for capital outlay supported by current revenues. It includes increases in the general fund capital reserve, equipment purchases, and facilities acquisition and construction services.

*Special Revenue Fund:* The District maintains one combining special revenue fund which includes the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

*Debt Service Fund:* The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt and certificates of participation of governmental funds.

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the Middlesex County Office and are voted upon at the annual school election in April. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 were not significant and approved by the Board and the New Jersey Department of Education where required.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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# Budget Process

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## Introduction

The Superintendent's budget recommendation is an extremely important planning process. It is a statement that the administration has worked long and hard to ensure that the children of Piscataway have not only an "adequate" education, but an education second to none. Therefore, as a leadership team we must take nothing for granted and devote ourselves to establishing a superior method for allocation of resources.

There are several models that economists have used to provide states with alternatives in determining school funding. New Jersey has established what it considers an 'adequacy' model. The Department of Education believes it can determine, based on a number of criteria, what a district should spend to provide an adequate level of funding to educate its children. This concept of adequacy is particularly important in New Jersey because our state constitution requires that the state provide a "thorough and efficient," not an adequate, education. While the definition of thorough and efficient, or T&E, has been a source of court battles and political discussion for some time, clearly by adopting an adequacy formula, the state has taken the position that there is a formula that can calculate a local district's budgetary needs and left open the question of adequacy vs. thorough and efficient.

The formula goes on to establish that adequacy is a figure calculated through both the state and local share of funding. So a district's demographics, wealth, and ability to pay are calculated to determine funding. As we build the budget we need also to take into account political impositions from the state, reduction of grants, and a very real climate that believes schools spend too much and plan too little.

The District continues to budget significantly less than what the New Jersey Department of Education considers "adequate" for our demographic population. The 2012-2013 budget is \$13,791,870 below our NJDOE adequacy budget and this is the fourth consecutive year that the District is at least \$8 million dollars under our NJDOE adequacy budget.

Our process will demonstrate the thought process, work, and documentation in support of the allocations. This documentation will not only be used to facilitate the Board's deliberations, but also garner community support. The benefit is that the process is not an arduous task that is finished and stored away long before the fiscal year begins but becomes a living document that is referred to over and over as the year progresses. It can also be expected to provide a starting point for the subsequent years' process; not as a carry forward of prior year amounts, but to access what was accomplished, what wasn't, what needs to be maintained and what mandates there might be.

## Objectives of the Budget Process

As this new process commences, the administration has four objectives to achieve:

1. To articulate sound multi-year budgeting. This will be accomplished by assessing the attainment of previous goals and planning for the near future. In some areas, this may encompass a six-year period.
2. Budget objectives will be related to the strategic plan of the district, the district goals, and be driven by student achievement. In order to do this, we need to assure adequate levels of measurement data collection and analysis.
3. The budget process should readily provide our community with a confidence that our expenditures relate to student needs.
4. The budget process will demonstrate that the leadership team and the Board of Education have made sound budgeting decisions that are in the best short and long-term benefit to the community.

## Concept

The methodological concept applied is one of modified-zero based budgeting for schools and complete zero-based budgeting for the central office. This means that schools will still have a per pupil allocation, but that allocation will have to be justified based on the objectives mentioned previously.

The allocations per pupil are for program maintenance. This level of budgeting will allow schools to provide substantially the same base level of service without program enhancement. If it is found that appropriate justification cannot be made, an adjustment of spending will occur. The central office budgets begin with nothing in them. It will be up to the administrative leader in that department to build a justification for both program maintenance and initiative budgets. When building budgets, please remember our overarching philosophy for determining needs:

- **Level 1** budget priorities are those items required by law. An example of that would be special education related services or Core Content Requirements such as four years of English for graduation.
- **Level 2** budget priorities are those that are required by Board policy. We may require more units to graduate than the state does, therefore necessitating higher staffing levels.
- **Level 3** budget priorities may not be either required by law or by policy, but the community has a high investment in them and therefore supports funding. Our extensive athletic and performing arts programs are examples of Level 3 budget priorities.

Degrees of service exist within levels of budget priorities. The leadership team must determine how to meet these priorities within degrees of service. For example, what shall class size be? An “A” degree of service might be 18 students in first grade, 22 represents a “B” degree, and over 25 a degree of “C”. Degrees of service support a program, but identify the degree of service available, perhaps as a result of a budget cut or other priorities.

## Piscataway Township Schools Five-Year Historical Budget Analysis

	2012 - 2013 Proposed	2011 - 2012 Budgeted	2010 - 2011 Audited	2009 - 2010 Audited	2008 - 2009 Audited
<b>General Fund</b>					
Fund 11	\$ 97,972,084	\$ 96,219,165	\$ 94,074,513	\$ 93,161,380	\$ 90,728,875
Fund 12	1,838,786	1,243,696	215,119	104,156	4,903,263
Charters	84,901	130,720	17,500	13,240	12,818
	<u>\$ 99,895,771</u>	<u>\$ 97,593,581</u>	<u>\$ 94,307,132</u>	<u>\$ 93,278,776</u>	<u>\$ 95,644,956</u>
<b>Special Revenue Fund</b>	3,000,000	3,314,700	3,993,128	4,797,261	4,009,744
<b>Debt Service Fund</b>	3,454,719	2,682,684	3,207,505	3,158,145	3,193,344
<b>TOTAL Budget</b>	<u>\$ 106,350,490</u>	<u>\$ 103,590,965</u>	<u>\$ 101,507,765</u>	<u>\$ 101,234,182</u>	<u>\$ 102,848,044</u>
<b>Ratables</b>	\$ 2,212,769,269	\$ 2,229,034,487	\$ 2,198,834,671	\$ 2,236,016,835	\$ 2,236,016,835
<b>Tax Levy</b>	\$ 83,306,201	\$ 81,628,919	\$ 80,564,191	\$ 79,028,217	\$ 79,062,706
<b>State &amp; Federal Aid</b>	\$ 18,958,482	\$ 17,641,002	\$ 12,704,543	\$ 22,216,780	\$ 20,863,544
<b>Operating Fund change</b>					
Dollars	\$ 1,752,919	\$ 3,286,449	\$ (1,028,356)	\$ (2,366,180)	\$ 3,795,539
Percentage	1.82%	3.48%	(1.10%)	(2.47%)	4.13%
<b>Special Fund change</b>					
Dollars	\$ (314,700)	\$ (678,428)	\$ (804,133)	\$ 787,517	\$ (934.00)
Percentage	(9.49%)	(16.99%)	(16.76%)	19.64%	(0.02%)
<b>Debt Service Fund change</b>					
Dollars	\$ 772,035	\$ (524,821)	\$ 49,359	\$ (35,854)	\$ (295,107)
Percentage	28.78%	(16.36%)	1.56%	(1.12%)	(8.46%)
<b>TOTAL Budget change</b>					
Dollars	\$ 2,759,525	\$ 2,083,200	\$ 273,583	\$ (1,613,862)	\$ 3,499,498
Percentage	2.66%	2.05%	0.27%	(1.57%)	3.52%



# Enrollment Trend

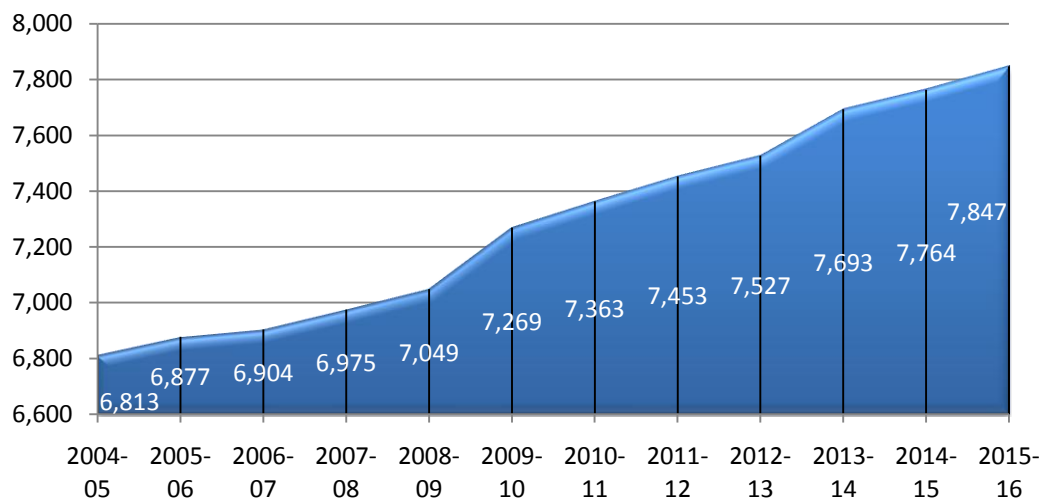
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## Enrollment

The demographic report completed last year shows that the Piscataway Township Schools have shown increases in enrollment during the past five years. The total enrollment, including special needs and Pre-K enrollments grew from a total of 6,856 students in the 2005-2006 school year to 7,363 students as of October 2011. This represents an increase of approximately 7% (additional 507 students).

Over the next five years, it is projected that the enrollment in the District will continue to grow from the current total of 7,363 students as of October 2011 to 7,857 students in 2015-2016. This represents a projected overall growth of 494 students or approximately 6.7%. The projected impact of the JMS Fairways development would increase the total number of students to 8,004. This is a mixed use development on Stelton and Ethel Roads that, when completed, would impact Randolphville Elementary School, King Intermediate School and Quibbletown Middle School under existing school assignments.

In summary, growth in the district's enrollment is expected to continue. The degree to which that may happen is dependent upon economic factors and their impact on the housing market. The demographic report addressed new and available housing in Piscataway but, based upon the current economy and the current status of approved projects in Piscataway, it is not anticipated that new housing will substantially impact the district's enrollment in the near future. However, it is noted that when the economy improves, especially the housing market, this could change.



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# Revenues

# Revenue Plan Summary

## GENERAL FUNDS

### Local Tax Levy:

The local tax levy is where the district receives 79.32% of the revenue needed for its operating budget. The District and the Township agree on a schedule for taxes to be remitted evenly over the fiscal year.

### Transportation Fees:

#### Transportation – Individual:

Piscataway anticipates approximately \$250,000 in revenue from parents for approximately 600 subscription bussing students. These students reside within the district limit from their school of attendance and are not eligible for transportation services. The amount parents pay for this service will be increased from \$375 to \$395 for each student, including a 10% discount for families with more than one student attending the same school. Students who qualify for the reduced lunch program pay a reduced amount for subscription bussing based on the federal guidelines.

#### Transportation – Other LEAs (Local Education Agencies):

Piscataway anticipates \$260,000 in revenue from other LEAs to transport their students, along with Piscataway students, to various schools. The amount of revenue from joint agreements has increased significantly over the past 4 years as a result of the cooperative special education transportation initiative for the member districts of the Northern Middlesex Alliance.

### Miscellaneous Income:

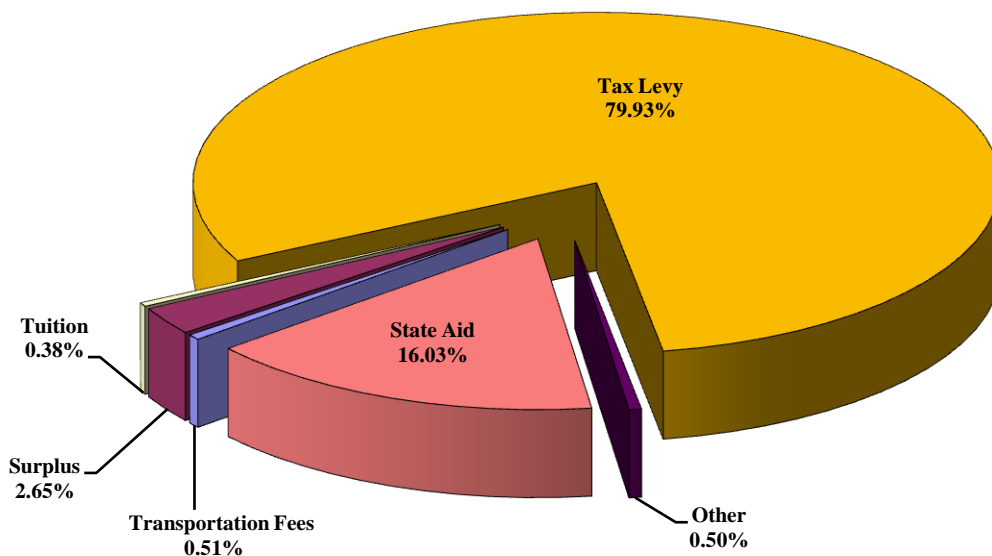
Included in this account are energy rebate checks, fees and commissions, sale of equipment, E-Rate refunds and insurance settlements and refunds. Many of the revenues that are credited to this account are one-time items. They are not consistent and cannot be relied upon as anticipated revenue.

### State Sources:

Revenues from funds produced within the boundaries of and collected by the State of New Jersey are included here. These funds are distributed to local school districts by the state using the recently adopted aid formulas.

### Budgeted Fund Balance:

As a result of New Jersey statutes, a school district is limited to 2% of its appropriations that can be held in unrestricted fund balance. The Piscataway Township Board of Education budgeted \$2,650,000 in unrestricted fund balance to fund the 2012-2013 budget and \$641,549 of that was funded from additional State School Aid in the 2011-2012 year.



**Piscataway Township School District**  
**Comparison of Key Revenue Accounts**  
**2012 - 2013 Proposed Budget**

	2012 - 2013		2011 - 2012	
	Proposed	Change	Budget	Change
<b>General Fund</b>				
<b>Local Sources</b>				
Transportation fees	\$ 510,000	0.00%	\$ 510,000	0.00%
Tuition and Interest earnings	375,100	(12.64%)	429,251	22.64%
Other miscellaneous revenues	500,000	10.86%	450,100	13.52%
Surplus – Tax Relief	2,650,000	(11.67%)	3,000,000	1.77%
	<u>4,035,100</u>	<u>(8.07%)</u>	<u>4,389,351</u>	<u>4.40%</u>
Tax Levy	79,851,482	1.15%	78,946,235	2.00%
	<u>83,886,582</u>	<u>0.66%</u>	<u>83,335,586</u>	<u>2.12%</u>
<b>State Aid</b>				
Equalization Aid	9,829,893	3.63%	9,485,638	12.19%
Special Education Aid	4,306,524	4.04%	4,043,223	0.00%
Transportation Aid	497,915	100%	0	0.00%
Security Aid	524,857	38.42%	379,174	0.00%
Extraordinary Aid	850,000	142.86%	350,000	(52.04%)
	<u>16,009,189</u>	<u>12.28%</u>	<u>14,257,995</u>	<u>4.62%</u>
<b>TOTAL General Fund</b>	<u><u>\$ 99,895,771</u></u>	<u><u>1.82%</u></u>	<u><u>\$ 97,593,581</u></u>	<u><u>2.46%</u></u>
<b>Special Revenue Fund</b>				
Local Sources	\$ 134,000	0.00%	\$ 134,000	1,240%
State Sources	932,200	0.00%	932,200	(18.39%)
Federal Sources	1,933,800	(6.51%)	2,068,500	(27.19%)
<b>TOTAL Special Revenue Fund</b>	<u><u>\$ 3,000,000</u></u>	<u><u>(9.49%)</u></u>	<u><u>\$ 3,314,700</u></u>	<u><u>(16.99%)</u></u>
<b>Debt Service Fund</b>				
<b>Local Sources</b>				
Tax Levy	\$ 3,454,719	28.78%	\$ 2,682,684	(15.26%)
<b>TOTAL Debt Service Fund</b>	<u><u>\$ 3,454,719</u></u>	<u><u>28.78%</u></u>	<u><u>\$ 2,682,684</u></u>	<u><u>(16.30%)</u></u>

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# Appropriations

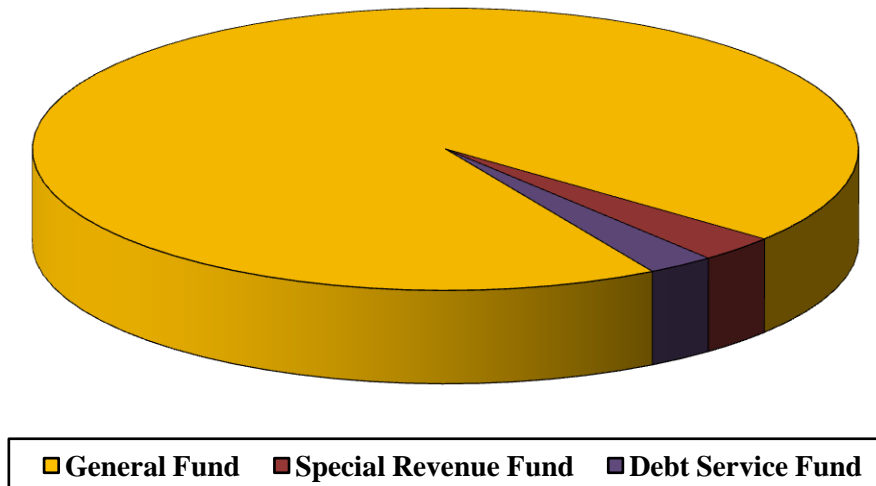
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## Appropriation Plan Summary

The total Appropriation Plan recommendation for FY 2013 shows an increase of \$3,726,074, or 3.63%, over FY 2012. A comparison and analysis of the major functional components indicate the following:

	2012 - 2013		2011 - 2012	
	Proposed	Change	Budget	Change
<b>General Fund</b>				
100 Salaries	\$ 61,178,948	2.91%	\$ 59,451,471	3.42 %
200 Benefits	16,106,000	1.88%	15,809,403	4.79%
300 Professional & Educational Services	3,319,423	1.50%	3,270,366	1.87%
400 Property Services	1,317,534	(0.41%)	1,322,974	(4.47%)
500 Other Purchased Services	9,950,976	4.18%	9,551,723	6.56%
600 Supplies & Materials	5,752,331	(1.94%)	5,866,128	(2.43%)
700 Equipment / Other	2,270,259	9.09%	2,081,097	0.02%
<b>TOTAL General Fund</b>	<b>\$ 99,895,771</b>	<b>1.82%</b>	<b>\$ 97,353,162</b>	<b>2.46%</b>
<b>Special Revenue Fund</b>				
100 Salaries	\$ 450,000	0.00%	\$ 450,000	(53.36%)
Other Non salaries	2,550,000	(5.03%)	2,684,700	(11.34%)
<b>TOTAL Special Revenue Fund</b>	<b>\$ 3,000,000</b>	<b>(9.49%)</b>	<b>\$ 3,134,700</b>	<b>(16.99%)</b>
<b>Debt Service Fund</b>				
All funds	\$ 3,454,719	28.78%	\$ 2,682,684	(16.36%)
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 106,350,490</b>	<b>3.63%</b>	<b>\$ 102,624,416</b>	<b>1.10%</b>

### 2012 – 2013 Total Appropriations



## Analysis of Major Budget Components

The District budget can be broken down into three major expenditure categories: instructional, support services (administrative) and non-instructional. A brief description of these categories follows:

### **Instructional:**

Instruction includes the activities involving the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving co-curricular activities. It may also be provided through some other approved medium such as television, radio, computer, Internet, multimedia telephone, or correspondence that is delivered inside or outside the classroom, or in other teacher-student settings. Included here are the activities of aides or classroom assistants of any type (clerks, graders, teaching machines, etc.) who assist in the instructional process; salaries paid to substitute teachers; additional compensation paid to teachers for services such as hall monitors, detention and lunchroom aides, and chaperoning educational activities. Also included are purchased services that are related to instruction such as assembly speakers or standardized specific subject exams; other purchased services including rental or lease of equipment for instruction as well as reimbursements to teachers for school-to-school travel; communication costs directly related to instruction, such as dedicated lines to teaching labs or classrooms; teaching supplies other than textbooks; and dues and fees for teachers' membership in professional organizations.

Regular Programs: Includes activities that provide students in grades K-12 with learning experiences to prepare them for activities as citizens, family members, and non-vocational workers. Regular program instructional costs include all direct classroom instructional costs (i.e., teachers' salaries and other compensation, aides, other instructional staff, classroom speakers, classroom equipment and supplies, etc.)

Special Programs: Includes activities primarily for students having special needs that require services outside the realm of general education. The special programs include pre-kindergarten, kindergarten, elementary, and secondary services for the cognitive impaired, physically, mentally and behaviorally disabled, culturally different, students with learning disabilities, and bilingual students, along with special programs for other types of students.

Vocational Programs: Includes activities that provide students with the opportunity to develop the knowledge, skills, and attitudes needed for employment in an occupational area offered during regular school hours.

School-Sponsored Co-curricula, Extra-curricular and Athletic Activities: Includes school-sponsored activities, under the guidance and supervision of the LEA staff, designed to provide students with experiences as motivation, enjoyment, and improvement of skills. Co-curricular activities normally supplement the regular instructional program and include such activities as band, chorus, choir, speech, debate, student government, athletics, clubs, and honor societies. School-sponsored athletics, under the guidance and supervision of the LEA staff, usually provide interscholastic competition and frequently receive some financing through gate receipts or fees.

**Administrative Services:**

This includes support services which provide administrative, technical, and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services, and enterprise programs, rather than as entities within themselves.

School Administration: Includes activities concerned with the overall administrative responsibility for a school. It includes the activities performed by the principal, assistant principals, and other assistants while they supervise operations of the school, evaluate school staff members, supervise and maintain the records of the school, and coordinate school instructional activities with those of the district. These activities include the work of clerical staff in support of teaching and administrative duties.

General Administration: Includes activities concerned with the establishment and administration of policy for operating the district. These include Board of Education Services and Executive Administration Services:

*Board of Education Services* involve activities of the elected body that have been created according to state law and vested with responsibilities for educational activities in a given administrative unit. These include Board Secretary and Treasurer activities, school election services (including bond elections and election of officers), staff relations and negotiations services, and supervision of the Board of Education. School district meetings and expenses for legal advice are also included, as are the activities of external auditors.

*Executive Administration Services* involve activities associated with the overall general administration of or executive responsibility for the entire district. These include activities in the Office of the Superintendent and state and federal relations services. Included in this function would be all costs for telephone and communication services, postage, legal ads, board related insurance (liability and fidelity), and court awarded judgments against the school district that are not covered by liability insurance but could have been.

Central Services: Includes activities that support other administrative and instructional functions including fiscal services, human resources, strategic planning, purchasing, and printing services including public information services. The chief business official expenditures are included here. Fiscal service is activities concerned with the fiscal operations of the school district. This function includes budgeting, receiving and disbursing, financial and property accounting, payroll, inventory control, internal auditing, and funds management. Human resources are activities concerned with maintaining efficient personnel for the school system. It includes such activities as recruitment and placement and maintaining personnel information. Planning includes activities concerned with selecting or identifying the overall, long-range goals and priorities of the district. Also included are activities associated with conducting and managing programs of research, development, and evaluation for a school system.

Administrative Information Technology: Includes activities concerned with supporting the school district's information technology systems, including supporting networks, maintaining information systems, and processing data for managerial purposes. Specifically included are costs associated with the administration and supervision of technology personnel, systems planning and analysis, systems application development, systems operations, network support services, hardware maintenance, support services and other technology-related administrative costs.

**Non-Instructional:**

A number of outlays of governmental funds which do not meet the classification criteria of the preceding functions still require budgetary or accounting control.

Operation and Maintenance of Plant Services: Includes activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition. These include the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools. Included in this function are supervision of operation and maintenance services; repair, replacement, and cleaning of building facilities and equipment such as heating, lighting, and ventilating systems; care and upkeep of grounds including landscaping, snow removal, and grounds maintenance; care and upkeep of equipment such as furniture, machines, and movable equipment; provision of security services including police activities for school functions, traffic control on grounds, building alarm systems, non-teacher employees hired as hall monitors, playground and lunchroom aides; and operation and maintenance of vehicles (other than those used for pupil transportation) such as trucks and tractors. Also included in this function code and its subset are the costs of building rental, safety, security, and property insurance.

Student Transportation Services: Includes activities concerned with conveying students between home and school and from school to other school activities as provided by state and federal law. This function includes supervision of student transportation services, vehicle operation services, monitoring services, and vehicle servicing and maintenance services.

Facilities Acquisition and Construction Services: Includes activities concerned with acquiring equipment, land and buildings, remodeling buildings, constructing buildings and additions to buildings, initially installing or extending service systems and other built-in equipment, and improving sites.

1. <u>Salaries – Staffing</u>	<u>2012-2013</u>	<u>2011-2012</u>	<u>Change</u>
Instructional	\$ 51,508,717	\$ 49,776,643	\$ 1,732,074
Administrative	5,269,410	5,266,078	3,332
Non-Instructional	4,400,821	4,408,750	(7,929)
<b>TOTAL</b>	<b>\$ 61,178,948</b>	<b>\$ 59,451,471</b>	<b>\$ 1,727,477</b>

The 2012-2013 staffing plan continues to reflect the district’s commitment to provide a diverse student population with professional and support staff that will confidently and expertly lead to a meaningful educational experience for children.

As a result of student enrollment shifting among grade levels and a district effort to balance class size, the Administration is able to reallocate staff to meet these criteria. Further staff changes are affected by needs and restructuring of instructional programs. The budget reflects the changes in the following positions:

Elimination of the following positions:

- 2 K-8 teaching positions

Consolidation of the following positions:

- 3 Middle School Technology teaching positions
- 3 Middle School Media Specialists

Restoration of the following positions:

- 1 Supervisor of Educational Technology (1.5 FTE)
- .5 Assistant Athletic Director
- 2 Elementary World Language teachers

Additional Positions:

- 2 Middle School Behaviorists
- 3 Middle School Related Arts Teachers
- 5 Middle School Support Specialists
- 2 Elementary Support Specialists
- 5 Teacher Assistants – district wide (2.5 FTEs)

Salaries for administration include school administration, general administration, central services, and information and technology personnel.

The administration will continue to improve staff efficiency and reduce costs through attrition, reassignment of responsibilities, and realignment of positions.

2. <u>Fringe Benefits</u>	<u>2012-2013</u>	<u>2011-2012</u>	<u>Change</u>
District-wide	\$ 16,106,000	\$ 15,809,403	\$ 296,597
TOTAL	<u>\$ 16,106,000</u>	<u>\$ 15,809,403</u>	<u>\$ 296,597</u>

The change in fringe benefits is driven by the State mandated employer contributions to the Public Employees Retirement System (PERS) and projected increases in the employer share of Social Security and Medicare taxes.

Workers compensation, unemployment compensation and health insurance costs are estimated to fund the projected needs of the District's self-insurance risk management fund. The insurance brokers for each respective program have recommended the estimated funding requirements for the 2012-2013 budget and the required reserves for the self-insurance program will be reviewed and verified by an independent actuary in the summer of 2013.

The district continues to be innovative in its cost containment measures for fringe benefits to offset the rising costs of health insurance and mandated state and federal taxes including:

- Aggressive negotiations with labor unions and associations
- Full implementation of a risk-based self insurance program for health insurance
- Continued management of the workers compensation and unemployment compensation funds
- Implementation of New Jersey Chapter 78 (employee contributions to health insurance premiums)
- Education campaigns and extended open enrollment for employees to switch from the expensive traditional medical plans to the managed care programs and waiver program.
- Extensive outreach of the flexible spending programs (IRS section 125 plan)

3. <u>Professional &amp; Educational Services</u>	<u>2012-2013</u>	<u>2011-2012</u>	<u>Change</u>
Instructional	\$ 2,830,527	\$ 2,808,484	\$ 22,043
Administrative	376,396	371,267	5,129
Non-Instructional	112,500	90,615	21,885
TOTAL	<u>\$ 3,319,423</u>	<u>\$ 3,270,366</u>	<u>\$ 49,057</u>

Special education services related to occupational therapy, physical therapy, and speech services are included in the function and have been based on the anticipated needs of the children serviced by the district.

Professional services covers outside consultants to perform professional services such as labor negotiations, demographic studies, evaluation of fixed assets, educational specifications, etc.



<u>4. Property Services</u>	<u>2012-2013</u>	<u>2011-2012</u>	<u>Change</u>
Instructional	\$ 74,175	\$ 61,225	\$ 12,950
Administrative	325,000	276,775	48,225
Non-Instructional	918,359	984,974	(66,615)
TOTAL	<u>\$ 1,317,534</u>	<u>\$ 1,322,974</u>	<u>(\$ 5,440)</u>

Expenditures concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition are included here. Minor increases are anticipated related to the ever-rising cost of repair, replacement, and cleaning of building facilities and equipment and are offset by decreased repairs resulting from recent facility improvements.

<u>5. Purchased Services</u>	<u>2012-2013</u>	<u>2011-2012</u>	<u>Change</u>
Instructional	\$ 2,028,716	\$ 1,861,770	\$ 166,946
Administrative	890,947	910,835	(19,888)
Non-Instructional	7,030,813	6,779,118	251,695
TOTAL	<u>\$ 9,950,476</u>	<u>\$ 9,551,723</u>	<u>\$ 399,253</u>

Based upon our enrollment history for the past three years, we anticipate an insignificant increase in classified students being served in out-of-district schools. We are budgeting 2012-2013 at the state mandated levels (between 2% and 9%) to accommodate state regulated tuition increases.

Level funding in telecommunication costs can be attributed to the reduction of toll calls with the recently installed centralized telephone system and reduction of T-1 line costs with the completion of phases of the WAN fiber network initiative. District telecommunication costs and other approved costs are reimbursed or discounted at 20% through E-Rate funding. Piscataway Township Schools is eligible for approximately \$260,000 in reimbursable funds from E-Rate.

Non-Employee Insurance reflects premiums for in-district commercial package insurance.

The Administration has evaluated the economics of student transportation. Our evaluation and recommendation is in line with the shared services study which was performed by the Rutgers Business School. The shared services study projected transportation savings if the Northern Middlesex Alliance districts form a joint transportation agreement whereby they would share some special education routes, field and athletic trips, etc.

Other Professional Services include management consultant services, school management support activities, election services, medical services, architectural services, accounting services, negotiating services, and other such services.

6. <u>Supplies, Materials &amp; Energy</u>	<u>2012-2013</u>	<u>2011-2012</u>	<u>Change</u>
Instructional	\$ 1,855,848	\$ 1,783,490	\$ 72,358
Administrative	465,808	557,396	(91,588)
Non-Instructional	3,430,675	3,525,242	(94,567)
TOTAL	<u>\$ 5,752,331</u>	<u>\$ 5,866,128</u>	<u>(\$ 113,797)</u>

The instructional allocation represents a need to acquire general instructional supplies and equipment to support the New Jersey Core Curriculum Content Standards. A decrease in these areas reflects cost savings and reallocation of account lines. In addition, the District participates in a number of shared services agreements which have resulted in significant savings and budgetary reductions.

The administrative allocation represents a need to acquire general supplies and materials to support areas outside of instruction and reflects efficiencies implemented by the district.

Equipment costs include a multi-year replacement plan to insure need is being met district-wide. Also included is a multi-year vehicle replacement plan and energy/utility costs which have skyrocketed throughout the United States. As a result of energy conservation programs and aggressive cooperatively bid energy contracts, we have budgeted a slight rate increase offset by anticipated consumption reductions in our energy accounts.

# Tax Impact

## Tax Rates (per hundred of assessed value)

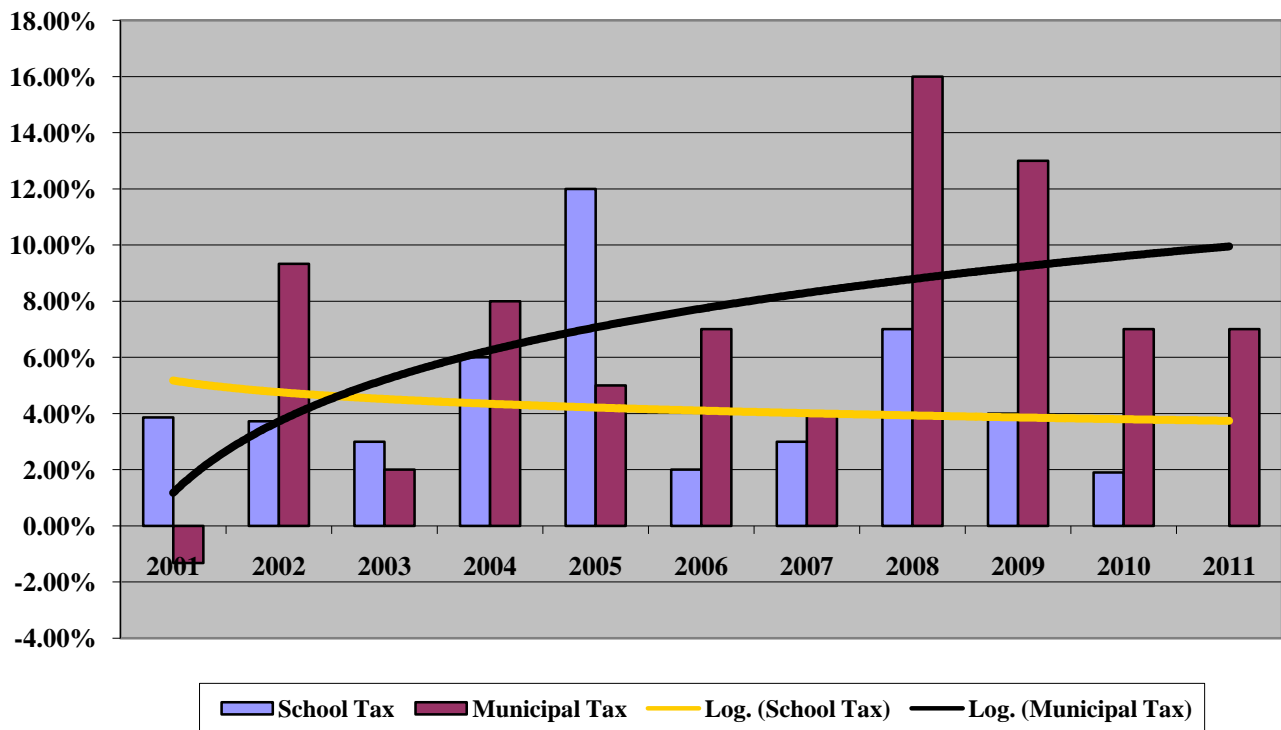
### Tax Impact:

In New Jersey, citizens are primarily taxed in two ways; first through an income tax and secondly, against land values (a renter theoretically is taxed through higher rents). Property taxes generate operating revenue for three governing bodies – municipal, county, and school districts. School districts have the distinction of being the only one of the three that cannot raise revenue (fines and permits) from operations and the only one of the three that is dependent upon voter approval for the budgeted tax levy.

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund										
School Tax	2.49	2.65	2.95	3.01	3.10	3.32	3.40	3.52	3.54	3.61
Debt Service										
School Tax	.10	.10	.13	.13	.14	.14	.14	.14	.12	.16
Municipal Tax	.84	.91	.96	1.03	1.07	1.24	1.40	1.50	1.53	*1.61
County Tax	.65	.67	.70	.70	.76	.84	.91	.91	.90	*.94

\*Estimated at CAP

The following chart compares the percentage increase in the school tax levy with the municipal tax levy. The yellow logarithmic trend line illustrates the increase in the school tax levy over the ten-year period and it indicates that the increase in the school tax rate is stable over time. The black logarithmic trend line illustrates the increase in the municipal tax levy over the same period.



## ASSESSED VALUATION

Assessed Valuation is the measurement of property wealth utilized to determine the local property tax rate. The tax assessor determines the taxable worth of all of the property in Piscataway, which is, of course, different from all of the available property. For example, in Piscataway, the Livingston and Busch Campuses of Rutgers, UMDNJ, and, of course, our school and municipal buildings are all “off the tax rolls” because they are exempt from taxes. Moreover, the value of a piece of property does not always correlate to the market value. The assessor uses a formula that may leave some property at a lower rate than if that property was assessed today. In any case, the total assessed value of land in Piscataway is \$2,212,769,269. That figure represents the “ratables” or all of the land eligible for property taxes. The ratables have decreased \$16.2 million dollars, or 0.73%, over last year. The \$16.2 million decreases in value of property in Piscataway account for \$28.97 of the proposed \$73.64 tax increase on a home assessed at \$110,000. In other words, if the taxable value of land in Piscataway was the same as it was in 2011-2012, the proposed budget would only increase the tax on an average home assessed \$110,000 by \$44.67.

### Tax Impact of the Proposed Spending Plan

The following chart illustrates the tax impact of the proposed spending plan on an average home assessed at \$110,000 compared to the actual spending for the previous four school years:

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
General Fund	\$ 80.33	\$ 0	\$ 135.38	\$ 23.93	\$ 73.64

