

# **PISCATAWAY BOARD OF EDUCATION**

## **2023-24 Tentative Budget Presentation**

March 9, 2023

# BUDGET GUIDELINES

- Assess and proactively educate in this new world
- Review all curricular and instructional programs for effectiveness and recommend initiatives
- Continue district technology initiative
- Review special education programs to provide opportunities and cost-efficiency

# BUDGET GUIDELINES

- Assure safety and security of students
- Recruit, retain, and compensate staff, consistent with negotiated bargaining agreements
- Monitor health benefit expenses and minimize cost increases
- Invest in capital improvements to maintain school buildings
- Maintain cost efficiency and use fund balance for capital reserve

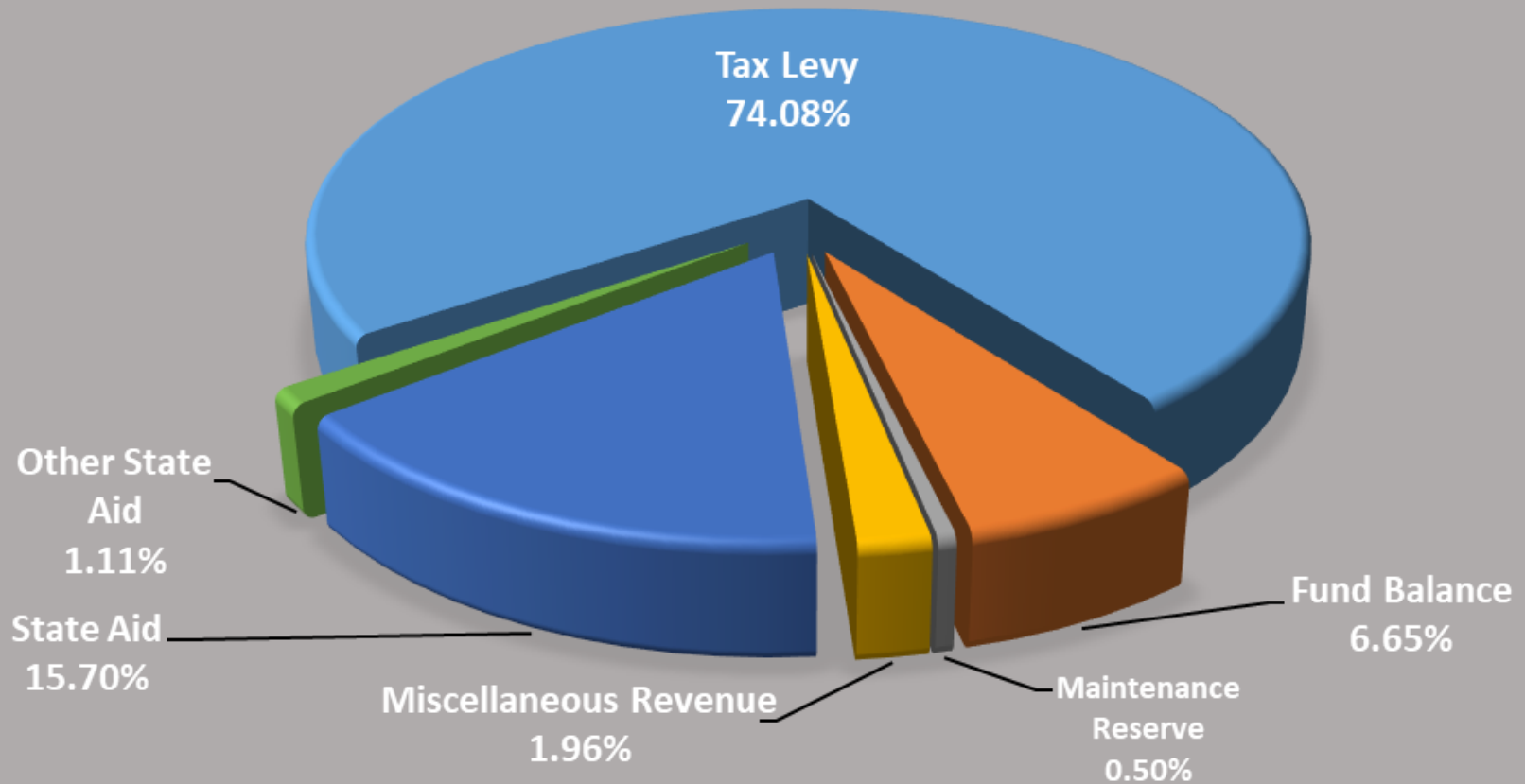
# WHAT DRIVES OUR BUDGET?

- State and Federal mandates
- Enrollment
- Staffing needs
- Salaries and benefits
- NJ Student Learning Standards
- Technology
- Security
- Special Education and ELL students

*Prioritized Based on Available Revenue*

# 2023-2024 OPERATING BUDGET REVENUE

## SOURCES OF REVENUE



# REVENUE BACKGROUND

## Tax Levy

- Tax levy can only increase 2% with minimal exceptions (Ex. health care costs, large spikes in enrollment, use of banked cap).
- Health care cost exception was available this year due to a 15.1% increase in SEHBP costs.
- Banked Cap
  - If a District raises taxes below the annual maximum it accumulates the difference as “Banked Cap” that can be used in a future budget year.
  - District has \$0 of Banked Cap

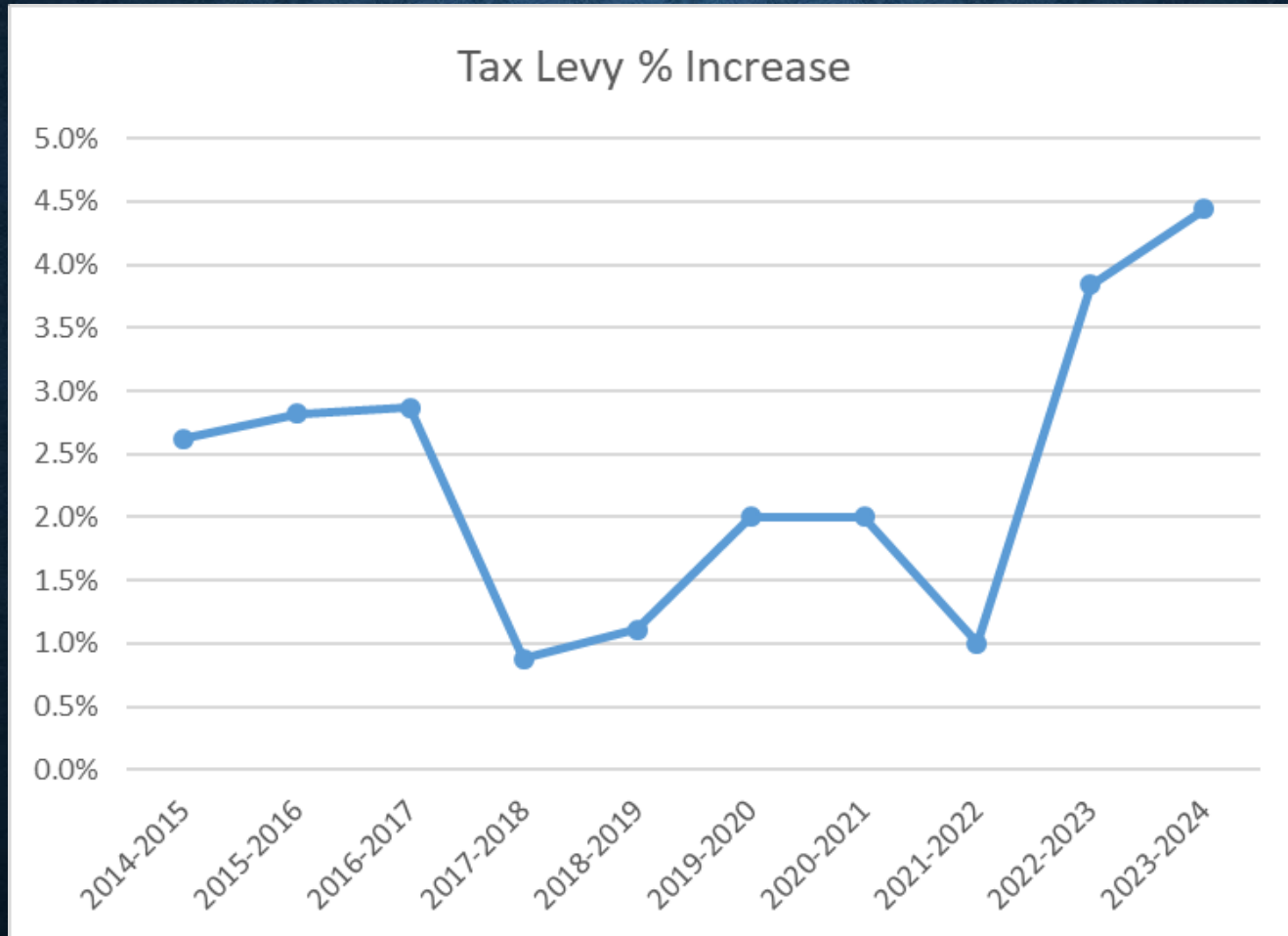
# REVENUE BACKGROUND

	<u>Amount</u>	<u>Increase</u>
2022-2023 Tax Levy	\$ 98,637,278	
2% Increase	1,972,746	
	<hr/>	
	\$ 100,610,024	2.00%
Budget Exceptions:		
Banked Cap	N/A	
Health Care Costs	\$ 2,410,247	2.40%
	<hr/>	
2023-2024 Tax Levy	\$ 103,020,271	4.40%

Piscataway residents will be expected to fund budget increases over the coming years.

Expenses are increasing at greater than 2%!

# TAX LEVY HISTORICAL INCREASES



Average Tax Levy Increase – 2.3%



# STATE AID HISTORY

- 2023-2024 will be the 5<sup>th</sup> year of implementation of Senate Bill S2 which legislated a gradual implementation of the School Funding Reform Act enabling all districts to be fully funded by 2024-2025.
- Piscataway received state aid increases from 2015-2016 to 2022-2023.
- Enrollment decreases and Local Share calculations “sped up” the implementation of S2 for Piscataway.
- 2023-2024 - Piscataway LOST state aid for the first time since the Great Recession budgetary cuts of 2010-2011.

# PISCATAWAY STATE AID HISTORY

2009-10 \$16,802,641

2010-11 \$11,974,697

2020-21 \$21,134,229

2021-22 \$21,647,585

2022-23 \$22,366,461

2023-24 \$21,836,042



**Loss of  
\$530,419**

# STATE AID FUNDING LEVEL

	<b>Uncapped SFRA Aid</b>	<b>Actual State Aid</b>	<b>Under/(Over) Funded State Aid</b>
<b>2019-2020</b>	\$27,755,057	\$20,637,562	\$7,117,495
<b>2020-2021</b>	\$27,432,757	\$21,134,229	\$6,298,528
<b>2021-2022</b>	\$22,521,672	\$21,647,585	\$874,087
<b>2022-2023</b>	\$22,954,627	\$22,366,461	\$588,166
<b>2023-2024</b>	\$21,668,541	\$21,836,042	<b>(\$167,501)</b>

*Piscataway is considered to be Overfunded.*

# STATE AID ANALYSIS

State aid is based upon resident student enrollment, student enrollment characteristics (F&R, LEP), township property valuations and total income of township residents.

Two factors contributed to Piscataway's reduction in Equalization Aid:

- Increased property valuations
- Increased district income

# EQUALIZATION AID DEFINITIONS

Adequacy Budget is the State's calculation of how much each district should be spending to "adequately" educate the children in the District.

Local Fair Share is the State's calculation of how much the local taxpayers should be contributing the District's budget.

Equalization aid is meant to bridge the gap between a District's adequacy budget and local fair share

# LOCAL FAIR SHARE & EQUALIZATION AID

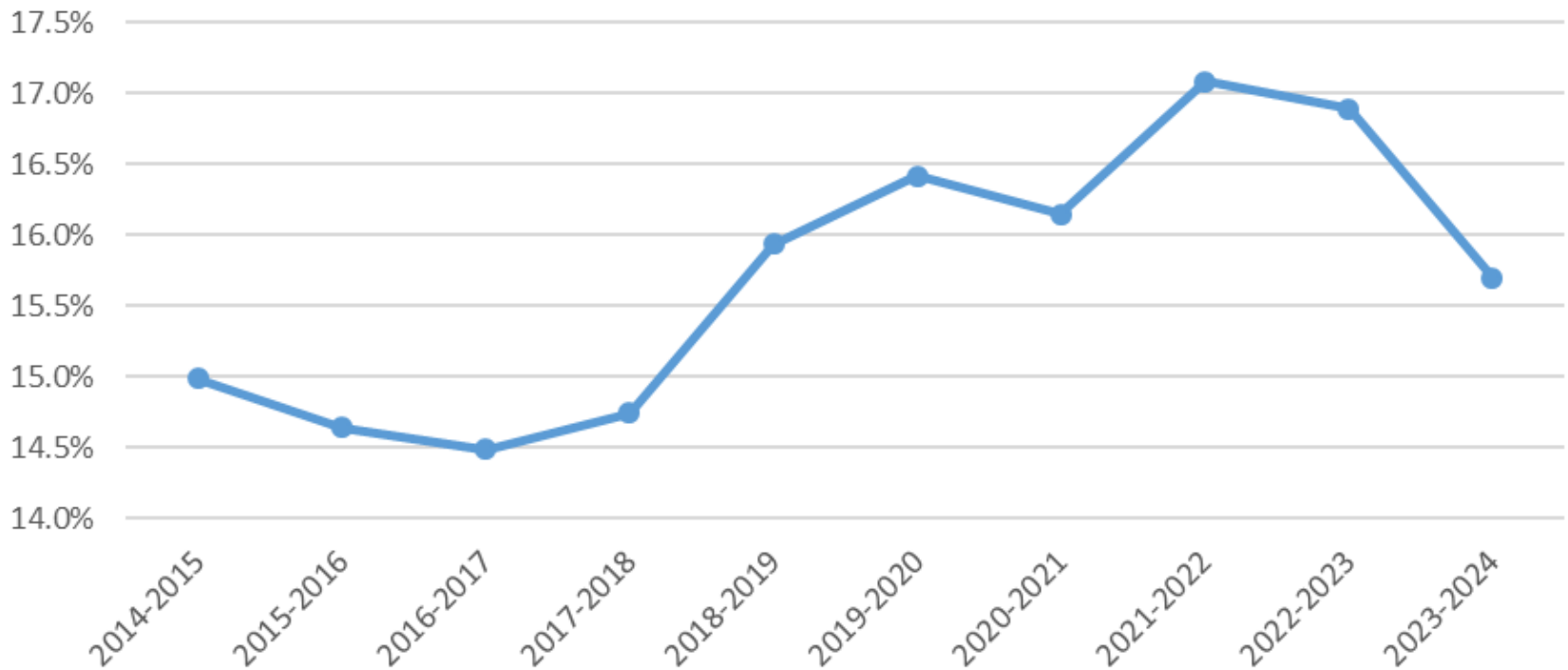
	Adequacy Budget	Local Fair Share	Formula Equalization Aid	Actual Equalization Aid
<b>2019-2020</b>	\$119,374,130	\$103,225,021	\$16,149,109	\$11,746,094
<b>2020-2021</b>	\$119,943,911	\$104,096,443	\$15,847,468	\$12,242,761
<b>2021-2022</b>	\$115,743,332	\$104,251,170	\$11,492,162	\$12,242,761
<b>2022-2023</b>	\$120,471,488	\$109,332,671	\$11,138,817	\$12,242,761
<b>2023-2024</b>	\$129,635,504	\$120,616,375	\$9,019,129	\$11,712,342

*Local Fair Share increased due to an increase in Property Valuations & District Income.*



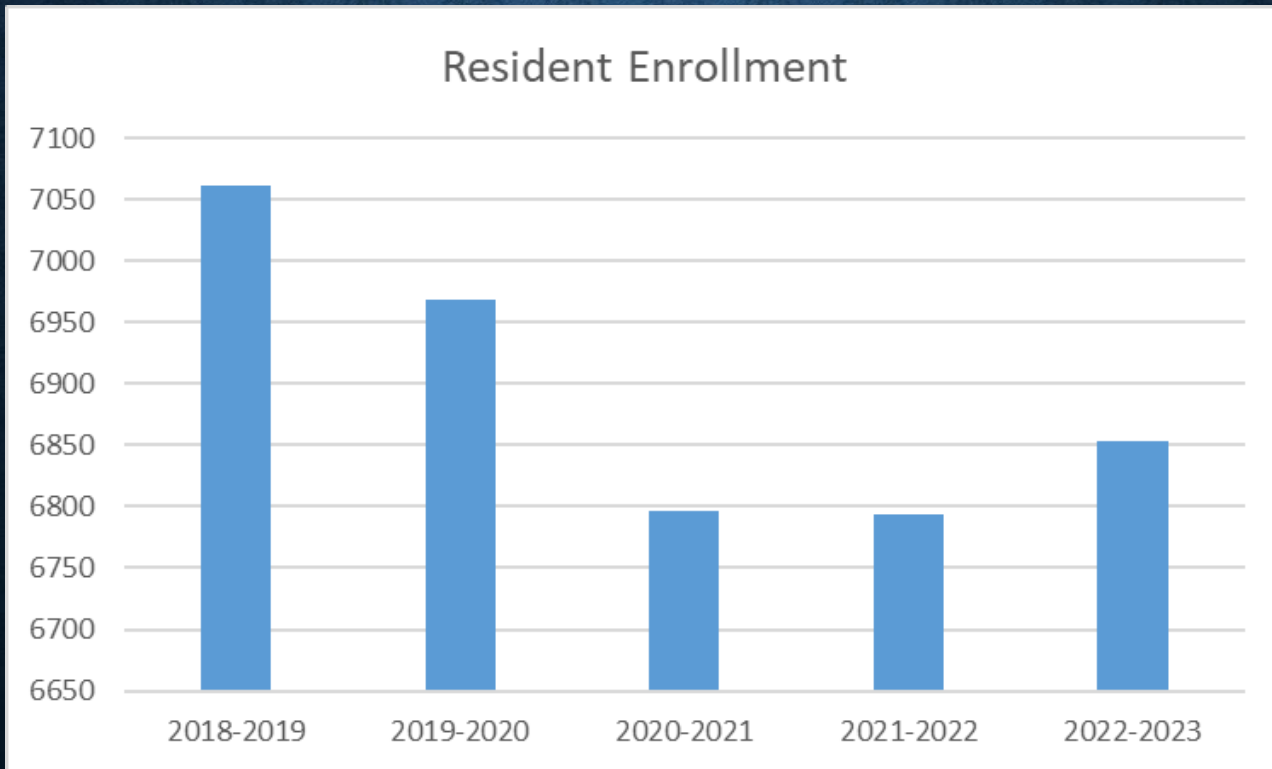
# STATE AID HISTORICAL FUNDING LEVEL

State Aid % of General Fund Budget



# ENROLLMENT PROJECTIONS

K-12 resident student enrollment has been trending downward but stabilized in 2022-2023. Enrollment is projected to continue a gradual decrease moving forward.





# ENROLLMENT

Resident student enrollment decreased from 7,108 in 2017-2018 to 6,853 in 2022-2023, a decrease of 255 students.

Limited English Proficiency students increased from 429 students in 2017-2018 to 560 students in 2022-2023.

K-12 free and reduced student enrollment increased from 35.1% in 2021-2022 to 36.1% in 2022-2023.

- THANK YOU to all families, district staff and the Board for your efforts in making sure Free/Reduced Meals applications were completed this year!

# PROPERTY RATABLES

Piscataway Township has a strong property base.

Properties are revalued on a 5-year cycle.

The 2023 ratable base increased \$901 million to \$9.5 billion.

Residential Properties and Industrial Properties accounted for 92% of the increased valuations.

The average assessed home increased from \$373,716 to \$413,009.

# REVENUE SUMMARY

NJ School Aid funding formula says:

- District is receiving more state aid than it is entitled to
- District is \$17.6 million below its fair share tax levy

State Aid is unpredictable due to fluctuations in Equalization Aid calculations.

Tax Levy increases are limited to 2%.

Only option to increase the tax levy is to return to a budget vote with multiple tax levy questions.

# EDUCATIONAL INITIATIVES

- Additional tutorial services to assist with learning loss
- Transition programs. Ex. Freshman Seminar, Peer Mentoring, and Post-secondary Transition
- Social and Emotional Learning – staff PD
- Continuation of classroom libraries – including diverse titles
- Specialized educational classroom materials
  - Techbook annual license costs
- Continuation of interactive classroom technology
- In-house curriculum design and alignment
- Focus on all-inclusive curriculum and foundations in all areas

# EDUCATIONAL INITIATIVES - TECHNOLOGY

- 1:1 iPad initiative remains in place for all K-12 students but is continuously assessed for grade-level appropriateness
- iPad rotation plan is in place to ensure use of the iPads for their useful lives
- K-12 teachers have iPads and laptops
- Cybersecurity initiatives: Endpoint detection, Multi-factor authentication, firewalls, software upgrades
- District is evaluating roll-out of Promethean interactive whiteboards

# EDUCATIONAL INITIATIVES - PRESCHOOL

2023-2024 Preschool Expansion Aid (PEA) - \$ 7,758,344

PEA has allowed the District to increase its free Preschool program for 3 and 4-year old students from 67 students in 2018-2019 to 540 students in 2023-2024.

Preschool is offered in 3 locations: 275 ONBR, Children's Corner River and Children's Corner Pond.

Transportation is expensive and funded through the Operating Budget.

# THE IMPACT OF COVID

- Unfilled Vacancies - shortage of teachers, bus drivers, bus aides, paraprofessionals and substitutes
- Shortage of bus drivers and aides resulted in more routes awarded via bid at inflated prices.
- Maintenance of the accelerated implementation of technology initiatives.
- ESSER and ARP-ESSER federal funding provided one-time revenue sources.
  - District has been careful about minimizing use of funds for recurring expenditures.

# THE IMPACT OF COVID

- Health Benefit expenses increased dramatically in 2021-2022 and 2022-2023.
  - Staff “make up” for missed doctor visits.
  - High number of postponed surgeries.
  - High cost illnesses picked up at a later stage.
  - Triggered Stop-loss insurance coverage
- Prior experience impacted projected costs for 2023-2024
  - Account for \$2.9 million in expenditure increases in 2023-2024 budget.



# STAFFING

Staffing requests are reviewed annually to ensure educational needs are being met.

Maintain class sizes in recommended Board policy

- Grades K-3: 22-25 students per class
- Grades 4-8: 22-28 students per class

PHS class sizes are reviewed based on class specific factors.

# STAFFING

Staffing costs, Salaries and Benefits, account for 73% of the District's budget.

27 positions were eliminated in the District:

- All Departments were reviewed
- Unfilled vacancies
- Collapsing positions through efficiencies
- Reassigning staff to fill open positions through attrition

# STAFFING

Staff additions for programmatic needs (8.2 FTEs):

- Intermediate School ESL Teacher
- Middle School ESL Teacher
- Preschool Disabled Teacher
- K-3 Autistic Teachers (2)
- Middle School Autistic Teacher
- Physical Therapist (0.6)
- Occupational Therapist
- Speech Therapist (0.6)

Expansion of middle school tennis & volleyball program

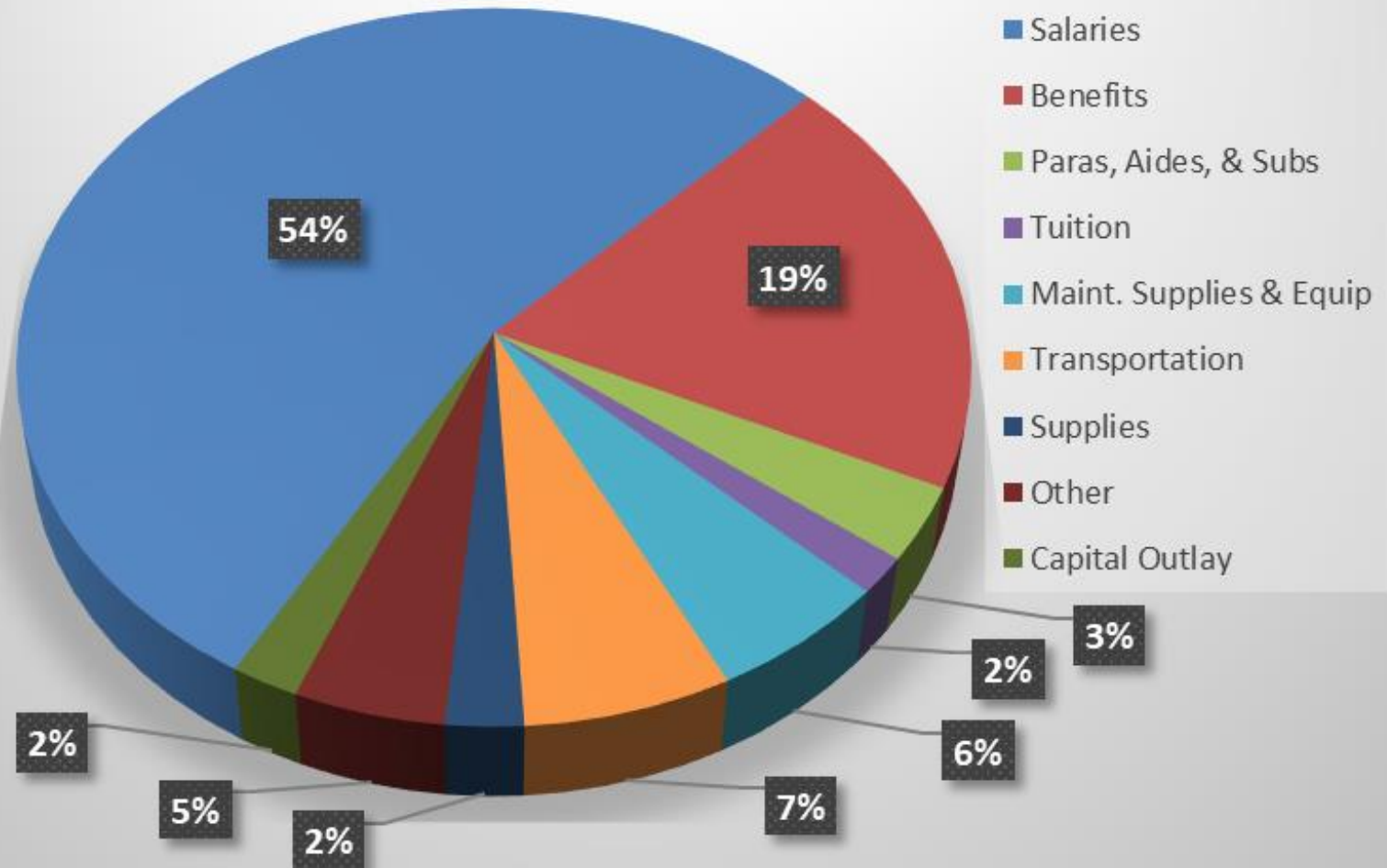
# STAFFING

Net Staff Reductions – 19 positions

Staff reductions achieved without any employee layoffs

# 2023-2024 Operating Budget Expenditures

## 2023-2024 Operating Budget



# REVENUE/EXPENSE BUDGET REVIEW

## February 1, 2023 Budget

### Revenue

Tax Levy – 2% Incr.      \$1,972,746



**\$4.5 million shortfall**

### Expenses

Salaries      \$2,000,000

Health Benefits      \$3,700,000

Transportation      \$ 800,000

---

**\$6,500,000** ←

## March 9, 2023 Budget Presentation

### Revenue

Tax Levy – 2% Incr.      \$1,972,746

Health Care Waiver      \$2,410,247

---

\$4,382,993

### Expenses

Salaries      \$ 700,000

Health Benefits      \$2,900,000

Transportation      \$ 800,000

---

\$4,400,000

# CAPITAL PROJECTS

Energy Savings Improvement Program (ESIP) projects started construction in 2021-2022 and should be substantially complete by the end of Summer 2023.

Energy efficiency cost savings will finance equipment upgrades.

- Solar panel installations
- LED Lighting installations
- HVAC roof-top-unit & other mechanical unit replacements
- HVAC BMS upgrade
- Building envelope improvements
- Water conservation improvements

# CAPITAL PROJECTS

- ESSER federal funding is being used to replace HVAC equipment.
- Additional bottle-filling water fountains will be installed at each school.
- Paving/concrete projects will be completed at several schools.
- Maintenance department will supervise the completion of localized projects such as carpet removal/tile installations and painting projects.



# CAPITAL RESERVE & MAINTENANCE RESERVE

Capital Reserve: District continues to maintain a capital reserve to fund future building improvement projects.

Maintenance Reserve: District continues to maintain a maintenance reserve to fund future building maintenance needs.

Maintenance Reserve withdrawal of \$700,000 is included in the 2023-2024 budget.

Capital projects funded through Fund Balance or federal funds in the 2023-2024 budget.

# FUND BALANCE

- Fund Balance and Federal funds are not recurring sources of revenue. Typically used for one-time expenditures and reserves:
  - Additional tutoring and SEL support services
  - HVAC/Indoor air quality improvements
  - Capital projects
  - Maintenance, transportation and technology equipment
  - Excess transportation costs

*\$2 million of Fund Balance is being used for recurring expenses in the 2023-2024 budget.*



**Should  
be \$0**

# ONGOING CHALLENGES

- State aid has started to decline.
- Expenses, particularly salaries, are increasing more than 2%
- Shortage of qualified teachers in certain content areas
- Increasing health benefit costs and decreasing employee contributions due to NJ law – Chapter 44.
- Need for comprehensive support services for families
- Supports & interventions for underperforming students
- Technology is expensive and changes rapidly
- Facility upgrades reliant upon Capital Reserve

# TAX LEVY ANALYSIS

	2020-2021	2021-2022	2022-2023	2023-2024
<b>General Fund Tax Levy</b>	\$ 94,047,918	\$ 94,988,397	\$ 98,637,278	\$103,020,271
<b>Debt Service Tax Levy</b>	\$ 3,632,550	\$ 3,638,312	\$ 3,641,724	\$ -
<b>Total Tax levy</b>	\$ 97,680,468	\$ 98,626,709	\$102,279,002	\$103,020,271
<b>Avg Assessed Value</b>	\$ 342,264	\$ 345,317	\$ 373,716	\$ 413,009
<b>Tax on Average Household</b>	\$ 4,264.19	\$ 4,266.11	\$ 4,451.56	\$ 4,484.66

***Piscataway Township Schools is debt-free!!***

***Every \$100,000 of assessed value equates to \$1,085.85 of school tax.***

# TAX LEVY ANALYSIS

	2020-2021	2021-2022	2022-2023	2023-2024
General Fund Tax Increase	\$ 4,105.62	\$ 4,108.75	\$ 4,293.07	\$ 4,484.66
Debt Service Fund Tax Increase	\$ 158.57	\$ 157.36	\$ 158.49	\$ -
Tax on Average Household	\$ 4,264.19	\$ 4,266.11	\$ 4,451.56	\$ 4,484.66
Tax Increase on Average Household	\$ 65.96	\$ 1.91	\$ 185.45	\$ 33.10

***Over the past four years, the Average Household tax increase has averaged \$71.61.***

# BUDGET CALENDAR

March 9, 2023 – Budget Presentation and Adoption of Tentative Budget

March 20, 2023 – Budget Submitted to Executive County Superintendent for approval

April 27, 2023 – Public Hearing and Final Budget Adoption

April 28, 2023 – User-friendly Budget posted on the District website