

Caldwell-West Caldwell
School District
2017-18
School Budget



PUBLIC HEARING
MAY 1, 2017

Agenda for Public Hearing



- The Objectives and Context of the 2017-18 Budget
- What is contained in the 2017-18 Budget
- Highlights of the 2017-18 Budget
- Sources of Funding
- Expenditures by Type
- Impact on the Local Taxpayer
- Some Interesting Facts
- Cost Containment & Revenue Generation
- Impact on the Students

Objectives



- To apprise parents and members of the public of developments concerning the 2017-18 School Year Budget
- To provide an opportunity for parents and community members to ask questions and give feedback about the proposed budget

Context: Budgetary Goals



- Maintain quality programs and appropriate staffing levels
- Meet state and federal requirements, while exercising due diligence in the expenditure of public funds
- Continue facilities maintenance and improvements
- Provide students and staff with educationally appropriate technology

Context: Budget Considerations



- Maintain existing programs at current level of service
- Continue updating curricula to comply with the New Jersey School Learning Standards
- Anticipate out-of-district special education placements
- Anticipate fixed cost increases
- Continue state initiative for evaluation & staff training
- Anticipate additional costs associated with PARCC testing
- Maintain basic facility upkeep and repairs, including health/safety maintenance, security, alarms, etc.
- Continue shared services and other revenue generation and cost containment initiatives

Context: Funding the Budget



- **Current NJ School Funding Law**

- Tax levy increase limited to 2%
- Limited adjustment waivers to spending cap (banked cap, enrollment growth, health insurance and small pension-related increases)

- **School District Funding 2017-18**

- 2016-17 operating budget= \$43,534,108
 - 2016-17 operating budget tax levy = \$41,618,188
 - 2% of 2016-17 tax levy = \$832,364
 - Health cost waiver = \$354,579
 - No banked cap available
 - 2017-18 operating budget tax levy increase = \$1,186,943 or 2.85%
 - Refunding of bonds lowers overall tax levy increase to 2.54%
-
- Two yellow curved arrows originate from the right side of the '2% of 2016-17 tax levy' and 'Health cost waiver' lines, pointing towards the '2017-18 operating budget tax levy increase' line, indicating that these two items are components of the total increase.

What is contained in the Budget?



- Maintain all current subject areas including special areas such as art, music, library science, and instrumental music
- Continued investment in STEM programs
- Maintain extracurricular club, athletic and arts programs
- Current level of Special Education services will be offered including in-district programs and out-of-district placements
- Continued emphasis on student academic growth, requiring staff development through training and workshops
- Removal of capital improvement projects from the operating budget, since they are funded through a bond issue

Sources of Funding



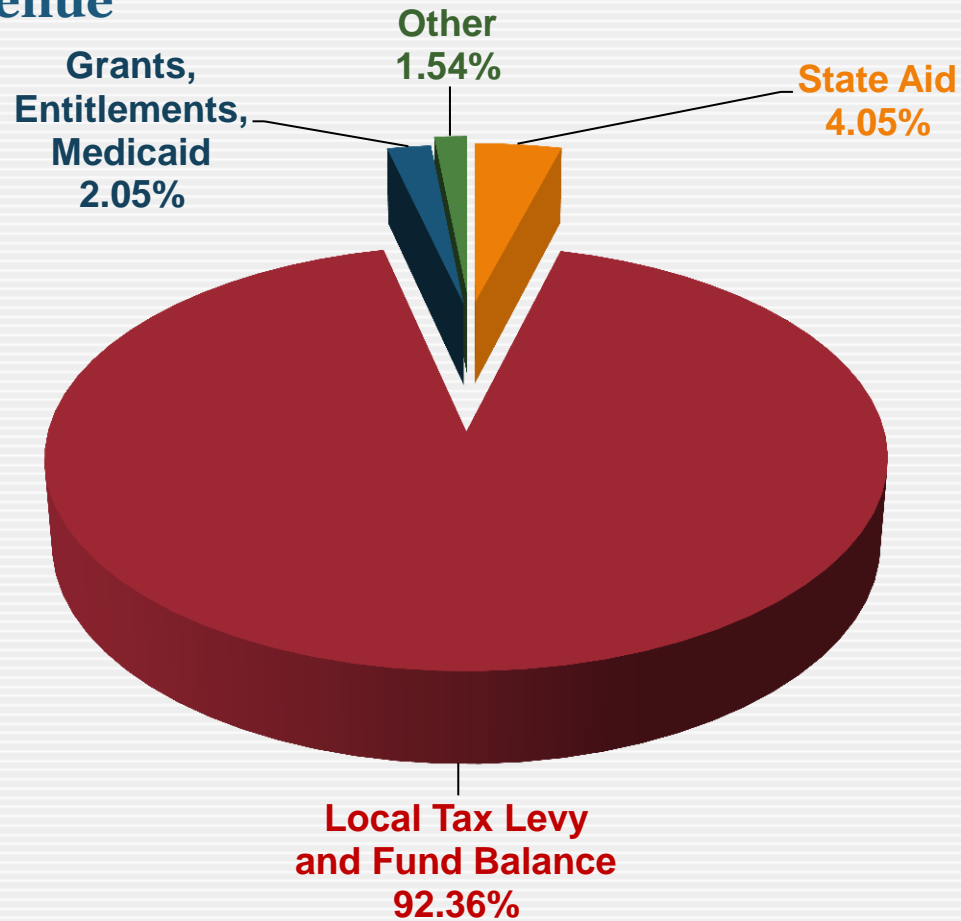
Revenue

<u>Description</u>	<u>2016-17</u>	<u>2017-18</u>	<u>\$ Change</u>	<u>% Change</u>
Local Tax Levy	41,618,188	42,805,131	1,186,943	2.85%
Budgeted Fund Balance	300,000	300,632	632	0.21%
State Aid	1,424,261	1,296,882	(127,379)	-8.94%
Miscellaneous Revenue*	167,505	122,809	(44,696)	-26.68%
Total Withdrawals From Cap Reserve	0	0	0	
Medicaid Reimbursement	24,154	30,742	6,588	27.27%
Prior Year Encumbrances	0	248,298	0	
Total Operating Budget	43,534,108	44,804,494	1,022,088	2.92%
Grants and Entitlements	1,362,062	959,526	(402,536)	-29.60%
Debt Service Tax Levy	1,942,691	1,864,180	(78,511)	-4.00%
State Debt Service Aid	865,538	663,053	(202,485)	-23.40%
Debt Service Fund Balance, Interest	19,950	72,099	52,149	261.40%
Total Repayment of Debt	2,828,179	2,599,332	(228,847)	-8.10%
TOTAL REVENUE/SOURCES	47,724,349	48,363,352	390,705	1.30%
* Tuition, rental of facility, athletics, play, dance receipts, bank interest, misc.				

Sources of Funding



Sources of Revenue



Expenditures by Category

The 2017-18 school budget is comprised of the following categories:



Expenditures Budget

Description	2016-2017	2017-2018	\$ Change	% Change	% of Total (of All Funds)
Regular Instruction ¹	\$ 12,834,657	12,839,440	4,783	0.0%	26.9%
Special Ed Instruction & Related ²	\$ 9,866,796	9,558,080	(308,716)	-3.3%	20.0%
Benefits	\$ 7,461,361	8,374,380	913,019	13.1%	17.5%
Facilities / Maintenance / Custodial	\$ 4,314,603	4,239,751	(74,852)	-1.8%	8.9%
Administration ³	\$ 3,040,409	3,055,744	15,335	0.5%	6.4%
Debt Service	\$ 2,828,179	2,599,332	(248,847)	-13.6%	5.4%
Support Services ⁴	\$ 1,935,461	1,980,192	44,731	2.3%	4.1%
Transportation	\$ 1,617,180	1,599,778	(17,402)	-1.2%	3.4%
Co-Curricular / Athletics	\$ 1,276,053	1,254,028	(22,025)	-1.9%	2.6%
Special Revenue / Grants	\$ 1,362,062	986,270	(375,792)	-23.6%	2.1%
Technology Infrastructure & Support ⁵	\$ 744,678	712,965	(31,713)	-3.6%	1.5%
Curriculum / Staff Dev. / Training	\$ 414,176	471,055	56,879	14.9%	1.0%
Recreation / Use of Facilities	\$ 76,725	76,725	0	0.0%	0.2%
Capital Outlay	213,262	5,677	(207,585)	-88.1%	0.0%

1 – includes Instructional Technology

2 – Special Ed, Basic, ESL, Speech, PT, OT, CST, 504,
incl. Out-of-District; excl. transportation, IDEA grants

3 – School Admin, General Admin, Business Office

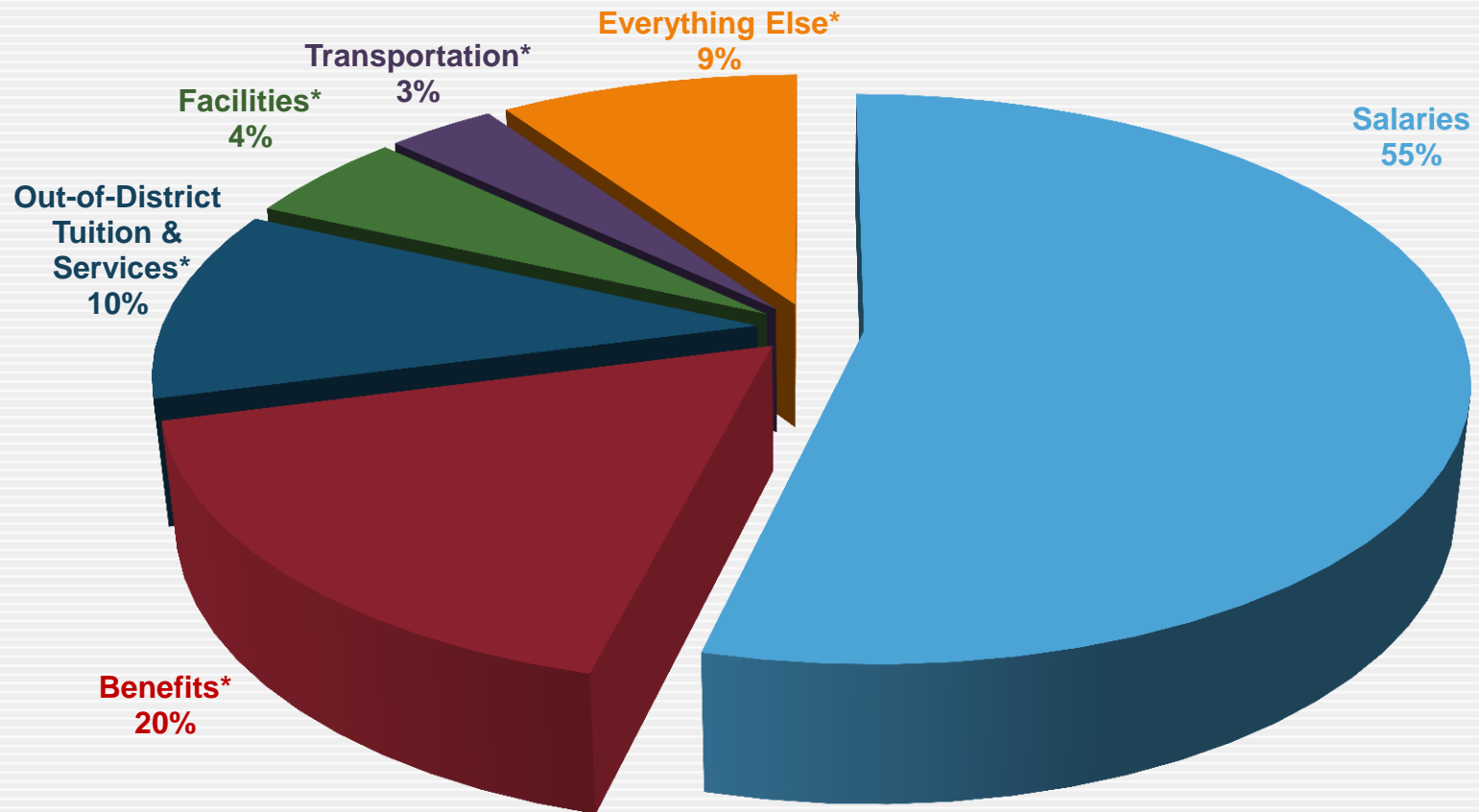
4 – Library, Guidance, Nursing, Attendance

5 – Technology Infrastructure, Software & Support

Expenditures by Type



2017-18 Operating Budget



* Each category excludes salaries, which are grouped together for this slide

Impact on the Local Taxpayer



Varies between Caldwell and West Caldwell:

- In the past 2 years (15-16 and 16-17), Caldwell's school tax increase was much greater than West Caldwell's
- West Caldwell's Equalized Valuations increased by **6.79%** and Caldwell's **decreased** by **2.02%** in 2017
- This raises West Caldwell's portion of school tax levy from **66.97%** to **68.85%** and decreases Caldwell's share by the same
- 2017-18 school tax levy on the average priced home*:
 - ✦ Caldwell:
 - a **\$375 decrease** on the operating budget tax levy
 - including debt service, a **\$410 decrease**
 - ✦ West Caldwell:
 - **\$299** increase on the operating budget tax levy
 - including debt service, a **\$295** increase

*Average home price:

Year	Caldwell	West Caldwell
2016	\$ 414,918	\$ 435,600
2017	\$ 420,307	\$ 437,900

Some Interesting Facts: Tax Levy Growth Rate



Operating Budget Tax Levy		
Year	\$ Amount	\$ Change
2010-11	36,921,252	
2011-12	36,939,862	18,610
2012-13	36,712,440	(227,422)
2013-14	37,446,765	734,325
2014-15	38,851,019	1,404,254
2015-16	40,210,804	1,359,785
2016-17	41,618,188	1,407,384
2017-18	42,805,131	1,186,943
Cumulative Change:		\$ 5,883,879

- The compounded annual growth rate of the tax levy averages a modest 2.13%* from 2010-11 to 2017-18
- Recent increases due to banked cap were to “catch up” from cuts of previous years

* Formula:

$$\begin{aligned} & \$ 36,921,252 \text{ in } 2010-11 \times (1.0213)^7 \\ & \approx \$ 42,805,131 \end{aligned}$$

Some Interesting Facts: Employee Contributions to Health Benefits



Employee Contributions to Health Benefits (estimated)*	
Year	\$ Contribution
2009-10	0
2010-11	50,000 *
2011-12	137,500
2012-13	340,378
2013-14	581,393
2014-15	935,687
2015-16	1,281,426
2016-17	1,396,670*
2017-18	1,438,570*
Cumulative Contribution:	\$ 6,161,624

- Compounded annual growth rate of the operating budget has been a modest 2.34%** since 2011-12
- Budgets have been carried by increases in employee contributions to health care from \$0 to over \$1.4 million annually over the past 8 years
- With health contributions leveling off at an average of 20% of health costs, districts are finding trouble finding “new” revenue

**Formula: $\$38,996,691$ in 2011-12 x $(1.0234)^6 \approx \$44,804,494$ in 16-17

Cost Containment Measures



- **Refunding of Debt Service**

- In 2015, the District refunded the bonds issued in 2008
- With lower interest rates and a credit rating of AA from Standard & Poors:
 - Interest payments will decrease by **\$73,847** in 2017-18
 - Principal payments will decrease by **\$155,000** in 2017-18
- Additionally, applying bank interest earned on bond referendum reduces debt service by another **\$72,099**
- Total savings in 2017-18 alone: **\$300,946**
- The **2.85%** operating budget tax levy is reduced to **2.54%** overall, when debt service is included

Cost Containment Measures



- **Transportation**

- The district spends over **\$1.6 million** in transportation, including **\$1 million** for out-of-district special education
- Consolidation in the school bus industry has caused vendor prices to soar, as has the gas tax
- Vendor cost for the two Wilson bus routes by a vendor increased by about **60%** to over **\$100,000** in 2016-17, so we brought the in-house
- Athletics busing increased by about **59%** in 2016-17, so we brought in-house
- By bringing routes in-house, the district benefits from:
 - lower prices for in-district routes , out-of-district and athletics routes
 - Increased quality by being able to select the most qualified drivers, many of whom are members of our community.
- Total savings of at least **\$130,000** annually, and counting
- We are continuing to bring more out-of-district routes in-house
- Buses can also be shared with the Caldwell-West Caldwell Recreation Department for summer field trips, lowering the cost to the parents and/or the rec department

Cost Containment Measures



- **Energy Savings Improvement Plan (ESIP)**
- **Cooperative Purchasing:**
 - Instructional/non-instructional materials and supplies and services purchased through State contacts and the Ed-Data, Middlesex County and Hunterdon County cooperatives
 - Special Education partnership with the Essex Regional Educational Services Commission
 - Member of Sussex County Regional Cooperative for shared transportation
 - Natural Gas and Electrical provided through the NJ School Boards / ACES cooperative
 - Fuel purchased through the Township of West Caldwell
- **Shared Services:**
 - Agreement with municipalities for use of heavy machinery, recycling, use of facilities and police coverage for recreational purposes
 - Joint lawn cutting bid and contract with the Township of West Caldwell
 - Partnership with Borough of Caldwell for Sustainability Learning Center
 - Sharing of school buses with rec department
- **Professional Development:**
 - Agreement with 3 neighboring districts (Millburn, Morristown, Westfield) for staff development
- **Insurance Coverage and Benefits:**
 - Member of School Alliance Insurance Fund (SAIF) for liability, workers comp, property coverage
 - Health benefits with the School Employees Health Benefits Plan (SEHBP)

Cost Containment/Revenue Generation



Energy Savings Improvement Plan (ESIP)

- ESIP is a state-supported program where the present value of future energy savings is leveraged to pay for current building and equipment upgrades
- District invests in capital projects that will increase the district's energy efficiency, such as **solar, boilers, LED lighting, etc.**
- No cost to the school district, with savings from lower utilities and maintenance costs funding the capital projects
- More modern “greener” buildings with cleaner energy and newer equipment that the district would otherwise not afford:
 - Total project cost: **\$3.4 – 4.2 million**
 - Total annual savings: **\$206,000**
 - Incentives (from State): **\$474,000**
- Payments are not considered debt and do not affect our AA credit rating
- ESIP Request-for-Proposal (RFP) occurred in February 2017
- Interviews with ESIP vendors occurred in March 2017
- Award of an ESIP contract expected in May 2017

Revenue Generation Initiatives



- **Website Advertising**

- Have received advertising revenue on the district's website for several years

- **Field Advertising**

- Sponsorship banners being sold on Bonnel Field
- **\$22,000** donation from Lakeland Bank for sponsorship of scoreboard at Bonnel Field

- **Bank Interest**

- Changing banks increased interest from zero to **0.30%** on most accounts, and **0.50%** on bond referendum funds
- Total interest **over \$50,000** in 2015-16 and over **\$40,000** in 2016-17

- **Demand Response**

- About **\$12,000** in revenue from EnerNOC, a demand response firm, for sharing our electrical utilities capacity in cases of emergency, and for several hours on one day during August for testing

Revenue Generation Initiatives: Competitive Grants



State/Federal Grants	Description	\$ Amount
Achievement Coaches	Professional development	\$40,500
Improvement in Instructional Services	Professional development	\$114,306
Elementary & Secondary School Counselors	On-site counselors in conjunction with The Bridge	\$600,000+
Sustainable Jersey	Joint effort with Borough of Caldwell to create a Sustainable Learning Center	\$10,000+
Future Ready New Jersey	Partnership with Irvington BOE for technology professional development & devices	\$93,000
Various corporate/foundation grants (BASF, Novartis, Special Olympics, others)	Mainly middle school and high school science & technology	Tens of thousands

Local Grants	Description	\$ Amount
CWC Education Foundation	Various supplies, equipment and programs, particularly chromebooks for GCMS	\$150,000+
CWC Home School Associations	Various supplies, equipment and programs	Tens of thousands
Kiwanis / Rotary	Steelcase desks / GCMS STEM	Tens of thousands
Booster Clubs	Support of athletics and music programs	Thousands
Various Individual Donors	Science, theater, music, extracurricular, etc.	Thousands

Some Interesting Facts: Comparative Spending Snapshot



2017 Taxpayers' Guide to Education Spending **Budgetary Cost Per Pupil**

District	2016-17	County Rank (Low to High)
Belleville	\$ 11,528	1
Verona	\$ 12,843	2
Bloomfield	\$ 13,277	3
Nutley	\$ 13,869	4
Glen Ridge	\$ 14,607	5
South Orange-Maplewood	\$ 14,667	6
Caldwell-West Caldwell	\$ 14,840	7
Cedar Grove	\$ 15,116	8
Livingston	\$ 15,711	9
Orange	\$ 15,990	10
Fairfield	\$ 16,113	11
Millburn	\$ 16,136	12
Montclair	\$ 16,272	13
Irvington	\$ 16,921	14
Roseland	\$ 17,035	15
North Caldwell	\$ 17,145	16
Newark	\$ 17,184	17
West Essex	\$ 18,057	18
West Orange	\$ 18,277	19
Essex Co Voc-Tech	\$ 18,811	20
East Orange	\$ 19,353	21
Essex Fells	\$ 20,913	22

- 7th lowest operating budget per pupil of 22 districts in the county
- Budgeted to be \$14,978 in 2017-18, a 0.93% increase
- State average almost \$17,000

Some Interesting Facts: Comparative Spending Snapshot



2017 Taxpayers' Guide to Education Spending **Administrative Cost Per Pupil**

District	2015-16	County Rank (Low to High)
Irvington	\$ 1,404	1
Montclair	\$ 1,491	2
Millburn	\$ 1,544	3
Verona	\$ 1,550	4
South Orange-Maplewood	\$ 1,559	5
Caldwell-West Caldwell	\$ 1,657	6
Livingston	\$ 1,658	7
East Orange	\$ 1,680	8
Bloomfield	\$ 1,690	9
Belleville	\$ 1,700	10
Roseland	\$ 1,744	11
Nutley	\$ 1,783	12
Fairfield	\$ 1,809	13
West Orange	\$ 1,926	14
Newark City	\$ 1,986	15
Cedar Grove	\$ 1,993	16
Glen Ridge	\$ 2,002	17
Orange	\$ 2,097	18
North Caldwell	\$ 2,111	19
West Essex	\$ 2,111	20
Essex Fells	\$ 2,118	21
Essex Co Voc-Tech	\$ 3,435	22

- 6th lowest admin spending per pupil of 22 district in county
- Budgeted to be \$1,657 in 2017-18, a 1.4% increase
- State average over \$1,700

Impact on the Students



The Caldwell-West Caldwell school budget is the financial plan to accomplish educational objectives:

- Students continue to enjoy learning in a safe, clean, and high performing District
- Students benefit from a wide range of extracurricular opportunities in the arts, athletics, and academics
- Restructuring of technology department has allowed the District to upgrade and maintain the infrastructure and educational hardware, delivering reliable support
- The elementary school music program will continue to foster an appreciation of the fine arts in our district at a young age. After school clubs will continue to be encouraged
- We will continue to provide small group instruction for the enrichment program, basic skills program and the special education programs

Looking Beyond 2017-18



- Continue to evaluate the allocation of spacing in our buildings
- Continue to negotiate stable contracts with bargaining units
- Provide ongoing professional development and curriculum development
- Ongoing investment in technology infrastructure, devices, training and support
- Continue to monitor out-of-district placements, explore more programs to keep children in-district for as long as possible
- Continue to implement shared services with the towns and other school districts
- Analyze health care claims experience regularly to capture savings, if possible

Thank You!



- It is no secret that CWC students receive outstanding and balanced opportunities to do well in our schools-even during a time when school budgets are in the news
- The Board of Education has built a budget that speaks to the continuing needs of our students. Thank you for your dedication and service to the children of the community:

Marie Lanfrank, President
Thomas Adams, Vice-President
Daniel Cipoletti
John King
Chris D'Ambola

- Thank you to the district administrators and staff who worked cooperatively to develop this budget plan in alignment with the district's educational programs.