

# The Public School Budget Budget Creation



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# Why we do what we do . . .



# The Budget Calendar

## July

- Opening of current year budget

## August

- Preparation and distribution of budget data collection tools to budget managers

## September through January

- Board creates and approves formal budget goals and calendar
- Collection and review of departmental budgets
- Discussion of departmental budgets with budget managers
- Public discussion of budget issues as appropriate

## February

- Preparation of tentative budget for submission to the Board
- DOE release of state aid figures

# The Budget Calendar (Cont.)

## **March through May**

- Board adoption and transmission of tentative budget to County Office
- County Office approval of tentative budget for public advertising
- Preparation of final budget for submission to the Board
- Public Budget Hearing at which the final budget is adopted
- Submission of final budget to County Office and Department of Education

## **July/August**

- Monthly budget meetings between the BA and budget managers

# Basic Budget Terms

## Budget

“PLAN” for the appropriation, encumbrance and expenditure of revenue

## Appropriation

Revenue budgeted for a particular purpose

## Encumbrance

Legal commitment of all or part of an appropriation

## Expenditure

Payment of all or part of an encumbrance

## Revenue

Funds the district expects to receive during the year

# “Fixed” vs. “Variable”

## “Fixed” (Non-discretionary) Appropriation

An appropriation over which the district has no control and which remains the same from period to period

## Examples of a Fixed Appropriation

- Debt
- Contractual obligations
- Regulatory Requirements

# “Fixed” vs. “Variable” (Cont.)

## “Variable” (Discretionary) Appropriation

An appropriation over which the district has at least some control and which may change from period to period

### Examples of a Variable Appropriation

- Employee wages (increase or decrease number of employees)
- Employee benefits (increases or decreases with change in employees)
- Supplies (increase or decrease number of classes)
- Professional development (increases or decreases with change in employees)

# Budget Creation

# 3 Steps

## Step #1

Estimate total **revenue**

## Step #2

Estimate total **appropriations**

## Step #3

Estimated total revenue must = estimated total appropriations

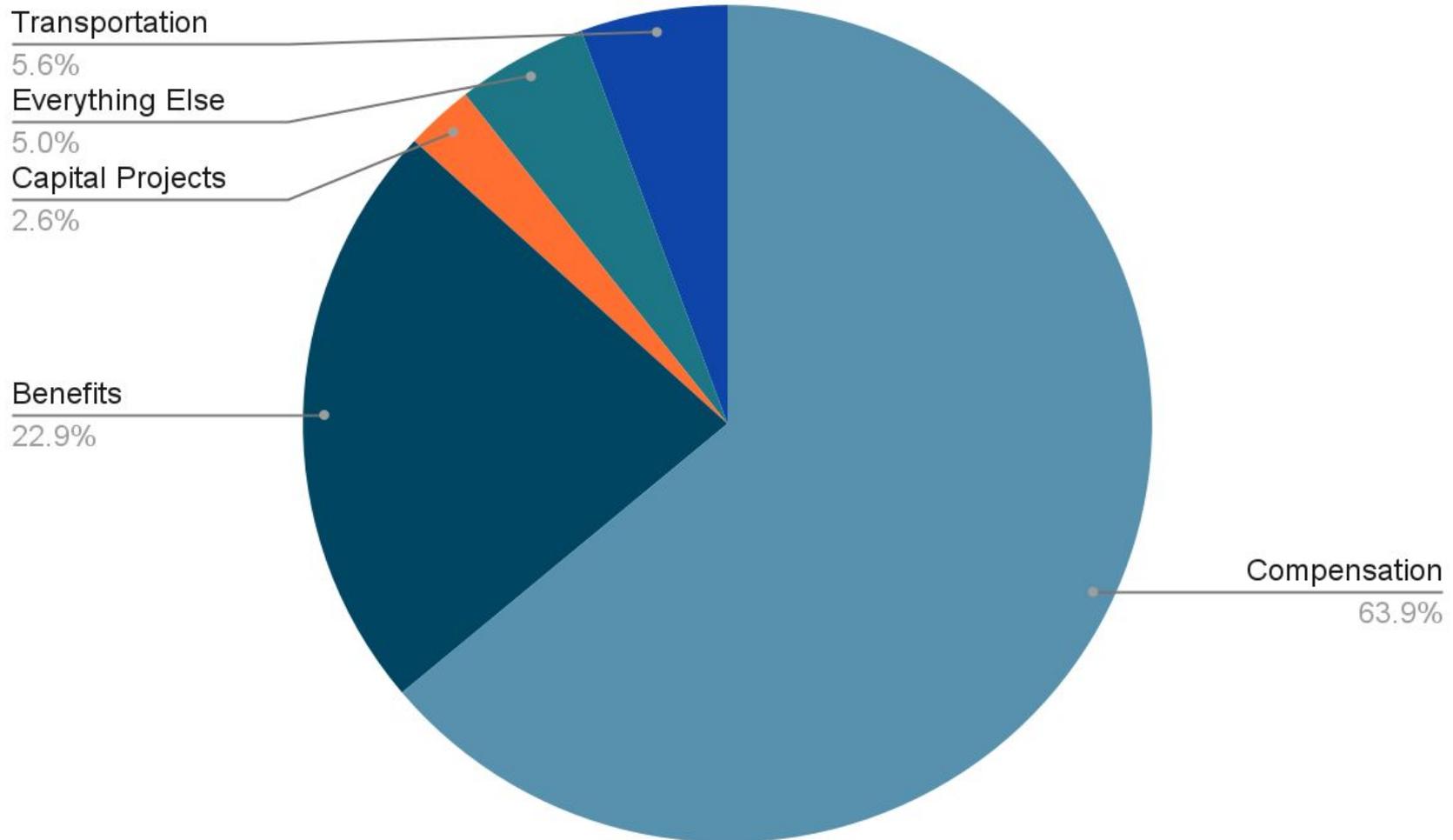
# The 2023-2024 Budget

# Step #1: Revenue

	\$	%
<b>General Operations</b>		
Local Tax Levy	\$53,192,929	
State Aid	10,470,890	
Extraordinary Aid	635,482	
Transfer from Cap Reserve	813,401	
Transfer from Maint Reserve	500,000	
Budgeted Fund Balance	3,723,894	
Miscellaneous (Incl. E-Rate & SEMI)	<u>1,371,562</u>	
Subtotal	70,708,158	89.21%
<b>Grants</b>	5,167,136	6.52%
<b>Debt Service</b>	<u>3,388,850</u>	<u>4.27%</u>
<b>Total Revenue</b>	\$79,264,144	100.0%

Source: 2022-2023 District Budget

# The Breakdown



# Step #2: Appropriations

	\$	%
Regular Programs - Instruction	\$ 18,704,472	26.05%
Special Education - Instruction	9,761,134	13.60%
Bilingual - Instruction	195,050	.27%
Co-curricular & Athletics	1,402,955	1.95%
Tuition	2,269,494	3.16%
Attendance & Health	1,066,474	1.48%
Related Services & Other Support	1,282,515	1.79%
Guidance	1,527,815	2.13%
Child Study Team	1,505,981	2.10%
Other Instruction & Library	2,081,230	2.90%

# Appropriations (Cont.)

	\$	%
Staff Training	56,397	.08%
Administration (Building & CO)	3,397,238	4.73%
Information Technology	702,344	.98%
Operations, Maint. & Security	5,885,108	8.20%
Transportation	3,605,230	5.02%
Benefits (Net)	16,448,905	22.91%
Capital Outlay	<u>1,902,010</u>	<u>2.65%</u>
Total	\$ 71,794,352	100.0%

Source: 2023-2024 District Budget

**Step #3: Revenue = Appropriations**

# The Board's Role

- Understand how the district operates
  - Governance
  - Policies
  - Curriculum and programs
  - Staffing
- Understand the budget process
- Establish clear and realistic budget goals – aligned with the district's mission to instruct
- Remain informed on the development of the district budget through periodic updates from district administration
- Offer meaningful and constructive comments and questions
- Review and approve preliminary and final budgets for submission to the Executive County Superintendent

# Senate Bill 2 - Also Called S-2

## Why is “S-2” a Problem?

- S-2 was created to restructure the way the State of New Jersey distributes funds to school districts.
- S-2 intentionally redistributes state aid toward communities which are identified to have been “overpaying” local school taxes. Further, S-2 reduces state aid from communities which are identified to have been “underpaying.” Districts, like Lacey, that have been deemed by the State to be “underpaying” are considered to be *under adequacy* regarding school tax contributions.
- Aside from being unfair, these determinations allow no procedural method for LTSD to meet its financial obligations to provide a thorough and efficient education. With the permitted tax levy increases maximized for the 2024-2025 school budget and in order to be within the 2% state-imposed cap, we cannot make up the millions of dollars lost to our district.

# The Challenge We Face

2018-2019 = \$586,536

2019-2020 = \$623,156

2020-2021 = \$1,310,170

2021-2022 = \$1,345,629

2022-2023 = \$3,251,565

2023-2024 = \$1,349,457

2024-2025 = \$1,200,000 (est)

*\$10.0 million*  
will be lost in  
state aid over  
7 years

# The Impact of S-2 to the Lacey Township School District

## STATE AID CUTS

2018-2019 = \$586,536

2019-2020 = \$623,156

2020-2021 = \$1,310,170

2021-2022 = \$1,345,629

2022-2023 = \$3,251,565

2023-2024 = \$1,349,457

2024-2025 = \$1,200,000 (est)

The maximum increase in the tax levy is 2%

To put this into perspective:

- State aid reductions were more than double the amount of the taxes able to be raised by the levy.
- The District's State Aid in 2018-2019 was \$21,556,936.
- The District's State Aid in 2023-2024 is \$10,470,890.
- The District reduced over 102 positions since the inception of S2.

**AND there is still a need to address the following issues:**

- Contractual responsibilities that rise above 2%
- Increased insurance premiums
- Tuition increases outside of our local control
- Transportation cost increases
- Inflation - rising costs for just about everything

# Budget Impact

**Before State Aid reductions, the District has calculated an almost \$6 million deficit:**

- Increase in salaries of approximately \$1.6 million
- Increase in health benefits of \$1.8 million
- Increase in property & casualty insurance of approximately \$350,000
- Expiration of ESSER funding of approximately \$2 million

# What's Next

## **Proposed budget cuts:**

- **Staff reductions which will result in larger class sizes**
- **Aggressive negotiations with health carriers**
- **Supply cuts across all schools/departments**
- **Impacts to athletics and co-curriculars**
- **Line by line analysis for additional reductions**

# What Is Our Plan?

- Regular budget meetings with the Finance Committee of the Board with regular communications with the entire Board.
- Regular budget meetings with administration to address reductions.
- Meetings with Township Committee and the 9th Legislative District to collaborate.
- Meet with local union representatives to discuss impact.
- Outreach to NJ Legislature Senate Education Committee Chaired by Senator Vin Gopal.

**Thank you!**