

2010-11 BUDGET Q & A

Why is the budget increasing by 4.82% next year?

The increase in general operating expenditures for next year is about 2.44%. This increase includes salary, healthcare, energy and transportation increases from this year to next year.

Typically Bernards Township receives about 5% of our budget from the state. For the school year which begins in July we will receive only about 1% of our revenue from the state – a loss of \$3.9 million to the district. Moreover, in February, the state suspended the balance of state aid payments to our district for this year, a loss of \$1.6 million to our district. The district had to use existing surplus to cover that loss – surplus that might have been used to deal with future budget gaps.

The loss of \$5.5 million in state aid shifts more of the burden to local taxpayers. To make up for at least some of that loss, the budget must be increased beyond the 2.44% increase required for operations. If the budget increase was kept to 4% (the state cap), the district would have to make \$1 million of additional cuts to the budget for 2010/11. A cut of that magnitude would require major program cuts at all grade levels, or it would require that all available surplus be used, leaving the district in a precarious position in the face of emergencies and with no money to help the budget in 2011-12.

What is the “funding cliff”?

Moreover, with a 4% increase, the budget as projected for the following year (2011/12) will contain a **\$3.3 million shortfall**. This is the “funding cliff” – a significant amount of money budgeted into next year’s budget will not be available the following year. This projected budget shortfall takes into account the Governor’s proposed 2.5% cap for 2011-12 budgets and the lack of available surplus.

With taxes structured at the 4.82% level for this 2010-11 budget, (1) more surplus will be available for use in the 2011-12 budget and (2) the tax base will have been strengthened. The result will be a shortfall of \$1.3 million instead of \$3.3 million in 2011/12.

The Board of Education tried to strike a balance with next year’s budget. It included a very low increase in salaries and a 4.82% increase in property tax revenue. Public comment at board meetings indicated that most residents favored retaining as much of the school district’s program as possible. A strong school district will keep property values intact.

Aren’t there additional cost savings that the board could make without harming the education of our children?

Our district has continually looked for ways to cut costs. Many years ago, we contracted out maintenance, cafeteria services, and transportation. Our PTOs pay for library books, playground equipment, classroom supplies and lots of technology in our schools. It has

been decades since we paid for middle school sports. Last year we cut 15 teachers and eliminated foreign language and enrichment in the elementary schools along with several clubs and activities at the middle and high school. The district pays for extracurricular head coaches and parents pay for many of the assistant coaches. For example, hockey parents pay for ice time, about \$1,000 per year per student. As noted in the New Jersey Department of Education's Comparative Spending Guide (March 2010), of K-12 school districts with more than 3,501 students, our cost per student is the 34th lowest in the entire state. Our administrative costs are the 6th lowest. Yet our students rank among the top students in the state. Ridge High School was the only comprehensive high school in the state to receive a Blue Ribbon award from the United States Department of Education this year and was ranked the 177th best high school in America in the latest Newsweek rating. Forbes Magazine just named Bernards Township #5 among its top 25 "BEST SCHOOLS FOR YOUR HOUSING BUCK" in the country.

If we are forced to make deeper cuts into our core program, the quality of our schools will be compromised. Class sizes are already higher than average; some of our kindergarten thru 2nd grade classes are averaging 24 students per class; middle school averages 26 and 32% of high school classes have more than 26 students in them. Additional cuts are going to start damaging the education our students receive.

Are the teachers & administrators doing their part to solve this budget crisis?

Eleven administrative positions were reduced from 12 to 10 months; one administrator position will be left unfilled. The Board's budgeted salary increase for teachers for next year is 1.5%.

Beginning July 1, teachers and other employees not part of a bargaining unit will contribute 1.5% of their salary toward their health care premium. This new mandatory contribution of 1.5% will range from \$663 to \$1517 depending on base salary. Total savings to the district will be almost \$500,000.

Why are full day kindergarten and the 9-period day always on the chopping block at budget time?

It's not possible to be one of the lowest cost school districts in the state without having already cut many of the school costs that other districts are just starting to eliminate from their budget. Based upon the Department of Education's Comparative Spending Guide, Bernards Township's comparative cost per pupil is \$12,487, which is \$1,373 less per pupil than the state average. That means our budget is about \$7.7 million less than an average cost district of the same size. That average cost school district would have to cut \$7.7 million from its budget just to get where Bernards Township is right now in cost efficiencies.

Because our budget is so lean, the district has frequently had difficulties meeting the 4% cap over the past 4 years. When some costs increase by more than 4% (e.g. healthcare, energy), cuts have to be made elsewhere in the budget to meet the cap. Just last year, the BOE cut spending by \$1.4 million, including 15 teachers.

So now, when faced with deep spending cut requirements, there's nothing left to eliminate from the budget but the big program items, such as full day kindergarten (\$400,000 in savings), the 9 period day at the high school (\$360,000 in savings), and the team structure at the middle school.

Why are calendar year taxes increasing by 5.07% when school year to school year taxes are going up by 4.82%?

The township's method of tax collection accounts for half of the 2009-10 school year budget and half of the 2010-11 school year budget. Therefore, the calendar year tax increase (5.07%) cannot match the school year tax increase (4.82%).

What happens if the budget is defeated?

By state law, defeated budgets must be brought before the governing body of the municipality for review. The governing body may vote to not take any action on the budget, or they may vote to reduce the budget. There is no limit to the amount of reduction they may make. When making the dollar amount reduction, they must state a preference for which programs should be affected. The Board of Education must accept their reduction amount, but not their preference for which programs should be affected.

There are many rumors around about the autistic program in town. People have said that this is the major cause of our budget problems. My question is how are these children and the program that we are offering getting affected by the budget problem? I hope that you are looking across the board at cuts and equally applying them.

We have looked at all programs, including the program for our autistic children. It is a difficult terrain to travel as so many aspects of the program are regulated by state and federal law, including the individual education plan (IEP) for each student. We are nonetheless pursuing ways in which we can save money in the delivery of the autistic program. It should also be noted that our special education programs are not fully carried by local funds. Next year, we are not eligible for any state aid for general education students. This year we received \$437,000 in state aid, approximately \$87 per general education student, whereas we received \$4,400,000 in special education aid, approximately \$6,404 per special education student.

Looking at the budget cuts, it seems that a disproportionate amount was cut from special education. Why?

In the 2009-10 budget, \$1,400,000 in program reductions were necessary in order to meet the budget approved by the Board of Education. The cuts were made by increasing high school class size by eliminating some elective offerings, eliminating elementary enrichment, eliminating elementary Spanish, eliminating a guidance position at the middle school, increasing class size up to 23 in grades K-2, and realizing the first year of

administrative savings by reducing 11 administrative positions from 12 months to 10 months. No reductions were made in any special education programs.

As we continue to work with leaner resources, our choices for reduction become even narrower. In the 2010-11 budget, we tried very hard to limit any program cuts, yet we still needed to make reductions totaling \$500,000. We cut \$124,000 in kindergarten aide salaries, \$150,000 in administrative and clerical salaries, \$60,000 in high school and middle school course eliminations, and \$166,000 in special education aide salaries and benefits. Over the course of two budget years' reductions, this equates to a 9% reduction in special education. Our district percentage of classified students this year is 11.4%.

In examining the special education program, it was the determination of the special education administration that reducing the total number of aides used in the autistic program was feasible without undermining the philosophy of the one-to-one ABA program. In reviewing the classrooms where the number of aides may be reduced, we will be looking for instances where students are being prepared for transitioning out of the program into a more independent setting. We will of course be monitoring that no unanticipated, negative impact is felt from the reduction as we want to continue to achieve positive evidence-based outcomes.

I don't know if there is a cost savings to have a teacher paid additional money to fill this position on a part time basis to cut the larger salary of an assistant principal. I know at Pingry the Administration is required to teach classes. I believe this is something that we should look at going forward.

The work responsibilities of assistant principals span an average of nine to ten hours a day, not including night and weekend activities. Paying teachers to perform the duties of assistant principals on their lunch or preparation period would save money, but would not come close to meeting the demands of student discipline, teacher supervision, parental communication, class scheduling, extracurricular supervision, etc. Pingry is a small, private school with selective student admission. It has just over 1,000 students in grades K-12. Their philosophy is that administrators should know their student body, and therefore each administrator teaches a class. While we too feel that administrators should know students, our administrators are responsible for a wider variety of student/parent/teacher matters, including Intervention & Referral Services for students-at-risk, suspension hearings, state-mandated instructional support programs, special education referrals, and student discipline.

What is the average salary in our school district and do the teachers right now contribute anything to their benefits?

A. The most recent data released by the New Jersey Department of Education cites the average teacher salary in Bernards Township as \$57,604, with a state average of \$59,545. The average administrator salary in Bernards Township is \$115,091, with a state average of \$114,950. Teachers contribute to their dental insurance by paying all premium increases since 1998, and they pay in full for their vision coverage. Beginning next year,

teachers and staff will also contribute 1.5% of their base salary towards their health insurance. This amount for teachers will vary between \$663 - \$1,517.

Do any of the seven districts against whom we benchmark have half-day kindergarten?

Chatham, Hillsborough, Holmdel, and Montgomery have half-day programs. Livingston, Millburn, and Princeton have full-day programs.

How much do school board members earn?

A. School board members are volunteers, not employees, and do not receive any remuneration for their service.

Q. Can you offer a 2 ½ day kindergarten program instead of a half-day, 5 days a week program?

A few districts offer this structure.

The benefits include:

- ❖ a little more time spent in school over the course of the week (3 hours)
- ❖ more instructional time, because morning routine is only held three days instead of five
- ❖ fewer transition times because children have six arrivals/departures per week rather than ten
- ❖ children may receive direct small group lessons in the morning and reinforcing activities in the afternoon that are delivered to the whole class
- ❖ more opportunity is presented for ‘time intensive’ projects, because there are longer stretches of time in the morning

The challenges include:

- ❖ If a student misses a full day, they are missing the equivalent of two sessions. (The flip side is if they are sick on a day that they are not scheduled for school, then they won’t miss any school.)
- ❖ Potential child-care/work schedule concerns for parents. (The flip side is that some parents express satisfaction about having two full days, rather than five half-days, particularly those who work from home.)

Typically, students are placed in one of two schedules:
All day Monday/Wednesday morning/All day Thursday
All day Tuesday/Wednesday afternoon/All day Friday

Related Links:

Forbes Magazine, "Best Schools for Your Housing Buck"

<http://www.forbes.com/2010/04/05/best-schools-for-your-housing-buck-business-beltway-greatschools.html?boxes=HomepageLighttop>

Bernards BOE Budget presentations

http://www.bernardsboe.com/BernardsBOE/201011_Budget.aspx

NJ Dept. of Ed. Comparative Spending Guide

<http://www.state.nj.us/education/guide/2010/>

Bernardsville News article

http://www.recordernewspapers.com/articles/2010/04/06/bernardsville_news/latest_news/doc4bb43a2a7b4f5412988091.txt

Basking Ridge Patch articles

<http://baskingridge.patch.com/articles/board-of-education-proposes-school-cuts-tax-increases>

<http://baskingridge.patch.com/articles/what-exactly-is-being-cut-in-the-schools>

<http://baskingridge.patch.com/articles/why-the-schools-are-asking-for-more-taxes#video-305026>