



Middletown Township Board of Education

Tentative Budget Presentation
March 17, 2021



NJ Department of Education Budget Statement of Priorities

Each year, when the district’s budget is submitted to the state, it is accompanied by a “Statement of Priorities”. This statement includes the following categories for which the district is **required** to provide an explanation of the items related to each that are included in the budget:

Maintaining Our School System

Raising Standards and Expanding Opportunities

Building Professionalism

21st Century Life and Careers

Planning for the Future

Protecting our Investment

Science

English Language Arts

Social Studies

Visual and Performing Arts

Health and Physical Education

Mathematics

21st Century Life and Careers

Technology

World Languages

As we prepare the budget for 2021-2022, we need to keep in mind the expectation that the district not only “maintain our school system” and “protect our investment” but also “raise standards and expand opportunities” as we “plan for the future” relative to all of the subject areas we teach. Elimination of items in the proposed budget has the potential to not only limit our ability to maintain and expand our existing programs but rather to cause a reduction in the opportunities provided to our students.

Tentative budget = tentative budget

The 2021-2022 tentative budget proposal will need to be revised/updated to reflect changes in cost projections for budget areas that are still evolving:

- Personnel
- Health benefits
- Funding

The administrative team and the Board will continue to work through these areas as more information becomes available. Changes in operating guidance for next year may also impact the budget plan. Any necessary changes to the tentative budget will be communicated at upcoming board meetings and at the public hearing for the final budget adoption.

2021-2022 Tentative Budget Summary

Proposed Budgeted Revenue (2.0% tax levy increase) - Tentative Budget

	2020-2021	2021-2022	Change \$	Notes
Tax levy	\$147,549,892	\$150,500,890	\$2,950,998	2% increase
State aid	\$15,734,638	\$14,523,621	(\$1,211,017)	Includes S2 decrease
Extraordinary aid	\$1,500,000	\$1,500,000	\$0	19-20 award - \$1,613,205
Other local sources and interest	\$1,000,000	\$1,066,000	\$66,000	
Capital reserve	\$667,653	\$1,292,000	\$624,347	Withdrawal for allowable projects
Federal aid(SEMI)	\$222,510	\$212,519	(\$9,991)	Amt. determined by state
Utilization of maintenance reserve	\$250,000	\$500,000	\$250,000	
Transportation fees - other LEA's	\$800,000	\$800,000	\$0	
Surplus available		\$989,299	\$989,299	Generated in 2019-2020
Total	\$167,724,693	\$171,384,329	\$3,659,636	

Summary of Proposed Budgeted Appropriations - **Tentative Budget**

	2020-2021	2021-2022	Change \$	Change %
Regular Programs - Instruction	\$59,454,472	\$58,723,548	(\$730,924)	(1.2%)
Total Special Education - Instruction	\$19,976,016	\$20,628,380	\$652,364	3.3%
Total Co-Curricular, Athletics, After School and Summer programs	\$2,508,564	\$2,499,742	(\$8,822)	(0.4%)
Total Tuition	\$5,539,515	\$5,693,000	\$153,485	2.8%
Attendance, Health, Related Services, and Guidance	\$8,640,772	\$8,978,924	\$338,152	3.9%
Other Student Support Services - Special Education	\$6,305,909	\$6,271,557	(\$34,352)	(0.5%)
Improvement of Instruction, Staff Training, Media Services	\$1,503,127	\$1,315,392	(\$187,735)	(12.5%)

Summary of Proposed Budgeted Appropriations (cont.) - **Tentative Budget**

	2020-2021	2021-2022	Change \$	Change %
School, District, Central and IT Administrative Costs	\$11,319,291	\$11,584,010	\$264,719	2.3%
Operation and Maintenance of Plant	\$14,402,548	\$13,838,782	(\$563,766)	(3.9%)
Student Transportation Services*	\$11,529,006	\$11,759,384	\$230,378	2.0%
Employee Benefits	\$25,481,478	\$28,690,158	\$3,208,680	12.6%
Capital Outlay	\$1,007,048	\$1,336,650	\$329,602	32.7%
Transfer of funds to charter schools	\$46,947	\$63,802	\$16,855	35.9%
Estimated reserve interest	\$10,000	\$1,000	(\$9,000)	(90.0%)
Total Budget	\$167,724,693	\$171,384,329	\$3,659,636	2.2%

*see transportation fee revenue from other LEA's

Capital Outlay (funded by capital reserve)

Proposed Projects:

Refurbishing of tensile structures (bubbles) - HSN/HSS	\$740,000
Fire alarm head units at elementary schools	77,000
Floor replacement/asbestos abatement - Nut Swamp	90,000
Replacement of APR wall tile - River Plaza/Navesink	76,000
Replacement flooring in 6 classrooms - Harmony	41,000
Blind replacement at HSS, Thorne, Bayshore	39,000
Floor replacement/asbestos abatement - Leonardo CST room	6,000
Generator hook up for central office; Bayshore network	20,000
Generator hook up for HSS Cafeteria and network	30,000
Generator hook ups for all elementary heating and alarm circuits	55,000
Replace alarm panel at Thompson	58,000
HSS Art Wing doors	22,000
School stage floor and fronts refinishing - two elementaries	28,000
Various improvements - New Monmouth	<u>10,000</u>
Total funded by capital reserve	\$1,292,000

Capital and Maintenance Reserves

	Balance June 30, 2020	Amount used during 2020-2021 year	Amount allocated to 2021-2022 budget (tentative)	Remaining Balance
Capital	\$2,354,491	\$667,653	\$1,292,000	\$394,838
Maintenance	\$1,060,533	\$250,000	\$500,000	\$310,533
Total	\$3,415,024	\$917,653	\$1,792,000	\$705,371

Allowable balances in capital and maintenance reserves are \$104,631,989 and \$7,768,252, respectively.

Debt Service Budget

2021-2022 Outstanding Bonds

Principal and interest due on outstanding bonds for the 2021-2022 year:

Refunding Bonds, Series 2020	\$3,005,000	Mature 8/1/2027
Refunding Bonds, Series 2013	\$610,000	Mature 8/1/2027
2014 Bond Issue	\$1,245,000	Mature 3/15/2033
Interest	\$1,603,243	
Total	\$6,463,243	

Total outstanding bonds at June 30, 2021 will be \$42,005,000.

These payments are included in the debt service fund and are funded by debt service state aid and a separate debt service tax levy.

Refunding of 2010 refunding bonds

The District refunded, or refinanced, its outstanding 2010 refunding bonds in June, 2020. This transaction has resulted in significant debt service savings for the district:

Total debt service in 2020-2021 budget	\$7,056,218
Total debt service in 2021-2022 budget	\$6,463,243
Reduction	\$ 592,975

General and Debt Service Fund tax levy impact at 2.0% increase

2020 Avg. Assessed Value of home: \$467,272	2020-2021	2021-2022	Annual change	Monthly change
Operating tax impact	\$5,732.52	\$5,884.83	\$152.31	\$12.69
Debt service tax impact	\$219.21	210.18	(\$9.03)	(\$0.75)
Total	\$5,951.73	\$6,095.01	\$143.28	\$11.94
2020-2021 (Avg. assessed home value - \$448,197; increase of \$19,075)				
Total tax rate (General and debt service)	1.328	1.304	(.024)	

Shared Services

- **Purchasing - Participation in numerous purchasing cooperatives**
- **Garbage/recycling - Participation in joint garbage/recycling contract with Twp. of Middletown**
- **Technology - Procurement of broadband services through NJ Digital Readiness for Learning and Assessment Program (DRLAP)**
- **Insurance - Participation in the NJ Schools Insurance Group liability insurance fund**
- **Facilities - Sharing of skilled trades facilities staff services with Twp. of Middletown**
- **Transportation - Hosting of jointed routes with neighboring districts and participation in Monmouth Ocean Education Service Commission's routes**

How does Middletown compare?

From the Taxpayers Guide to Education Spending 2020 (94 K-12 districts > 3500 students)

	<u>State Median</u>	<u>Middletown</u>
19-20 Budgeted Per Pupil Amount (20/94)	\$16,575	\$15,314
19-20 Administrative Cost Per Pupil (17/94)	\$ 1,918	\$ 1,402
19-20 Administrative Salary/Benefits Per Pupil (30/94)	\$ 1,455	\$ 1,264
19-20 Ratio of Students to Admin. (19/94)	132.5	201.2
19-20 Ratio of Faculty to Admin. (15/94)	14.9	19.3

Budget Timeline

- **March 17 - Board votes on tentative budget; district submits approved tentative budget to the NJDOE Monmouth County office for review and approval**
- **Public hearing on final budget must be held between April 24 and May 7, 2021. BOE April voting meeting is on April 27, 2021.**