



EMBRACING OUR VISION FOR THE FUTURE



Livingston Public Schools

Budget Presentation - March 11, 2024

Fiscal Year 2024-2025

Budget Constraints for 2024-25



- Prior to 2007 average school tax levy was approximately 7%.
- Communities were required to vote to approve their school budgets.
- In 2007 a school budget cap was set at 4%. Community vote still required.
- In 2010 the 2% cap was instituted as a **cost saving** measure. 2% was touted as a responsible increase. The requirement of a community vote on the school budget was abolished in communities where budget increases were 2% or under. Initially, the 2% cap was offset by on influx of Chapter 78 health care payments and contract settlements at or below 2%.
- Salary costs in our current contracts rose by 3.2% from last year to this year. Just those increases encumber most of the 2% base tax levy increase.
- Inflation is high, and health insurance premiums have increased by nearly 50% over the past decade.
- 2% cap, before waivers and adjustments, unlikely to change. Some districts already moving to a voted budget to overcome challenges associated with the cap.
- Investment in our schools has been a cornerstone of our community.

Balancing the 2024-25 Budget



- A change in Health Benefits from The NJ School Employee Health Benefits Plan, administered by Horizon, to a private plan from Horizon saves over **\$900,000** annually to the district and employees
- Staff already pay for about 25% of the cost of their health benefits
- 154 other appropriations lines were reduced by a total of over **\$3.8 million**, in order to balance the budget at maximum tax levy of 2% plus 3.75% in banked cap for a total tax levy increase of 5.75%
- Another **\$561,000** in appropriations reductions were made during the past week in order to balance the FY 2024-25 budget
- To balance the budget, the Budgeted Fund balance revenue line was increased by **\$300,000** from the amount include in last week's presentation, to \$2.3 million
- **\$1.6 million** of ROD Grants from the NJ School Development Authority for new boilers and roofs, while beneficial to the district, are accounted for outside of the operating budget

2024-25 Budget Highlights

- All programs and staffing currently in place in the 2023-2024 school year.
- Necessary technology upgrades, mandated math curriculum changes, and a needed physical inventory of fixed assets for reconciliation with our financial records.
- Impending changes in health benefits, with over **\$900,000** in savings to the district and employees, relative to what the cost would have been without the change. Prescription increase **10%**, dental **5%**.
- **3.2%** salary increases, as per agreements with the associations.
- A total of \$1,295,551 **requested** for 16 Full-time Equivalents (FTE) from various departments for new programs and staffing.
 - **Includes \$561k** for an additional **6.0** FTEs
- No increase to the debt service tax levy.

2024-25 Budget Highlights

FY 24-25 State Aid

- On 2/29/24, the DOE announced that State Aid for LPS will increase by \$1.04 M or 11.83%
- Across NJ, an increase for 422 districts, decrease for 122 and flat for 15

Type of State Aid	2023-2024	2024-2025	\$ Increase	% Change
Categorical Transportation Aid	\$ 1,303,530	\$ 1,403,282	\$ 99,752	7.65%
Categorical Special Education Aid	\$ 7,049,480	\$ 7,775,498	\$ 726,018	10.30%
Categorical Security Aid	\$ 434,880	\$ 648,405	\$ 213,525	49.10%
Total State Aid				
(excl. Extraordinary Aid, Debt Service Aid)*	\$ 8,787,890	\$ 9,827,185	\$ 1,039,295	11.83%

**Extraordinary Aid is budgeted to decrease by about \$205,000*

**Debt Service Aid decreased by about \$29,000*

Revenue History

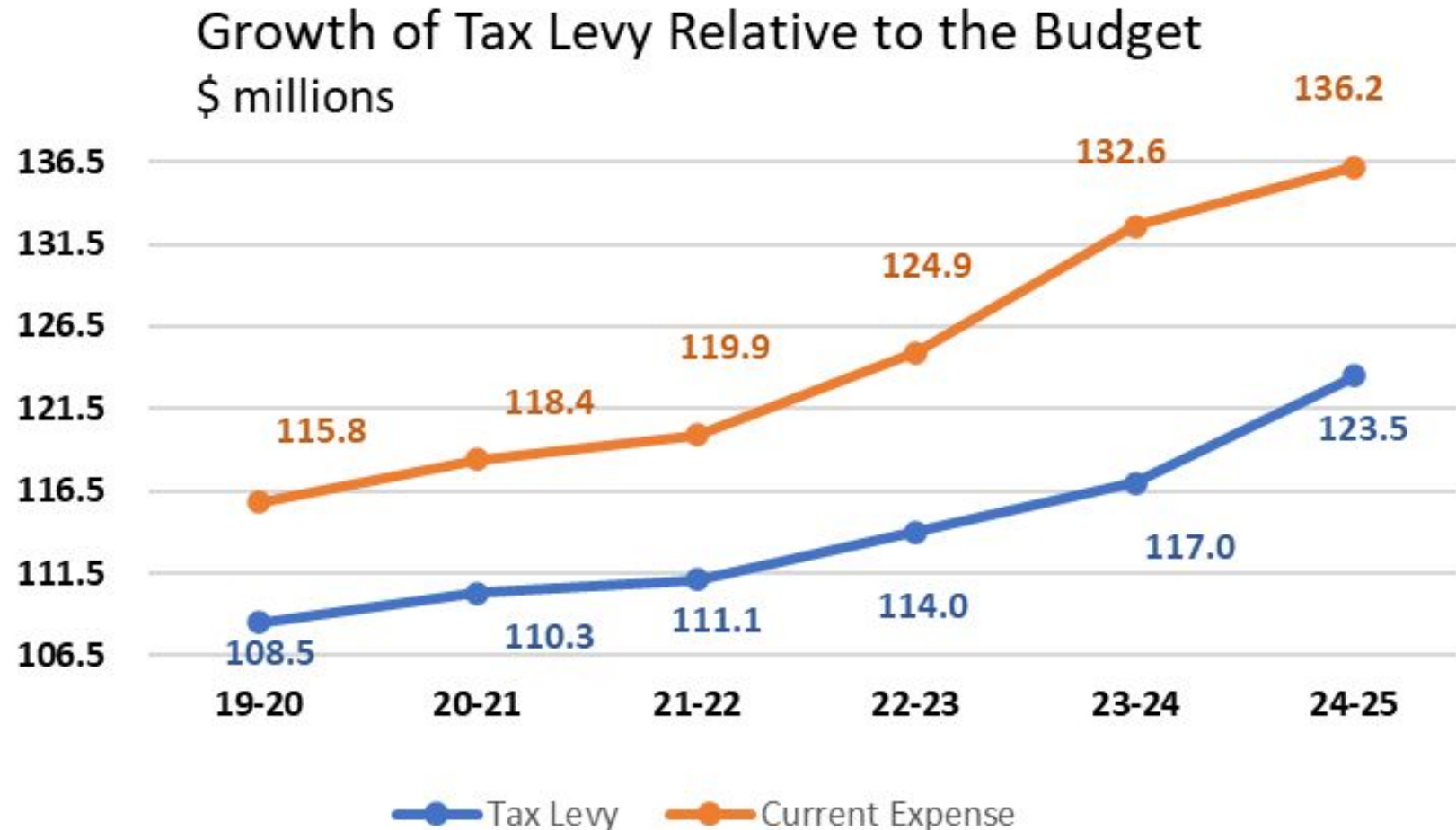
General Fund, \$ millions

- Historically, the local tax levy supported about **93%** of the general funds revenues, and was **88%** in 2023-24.
- In the past several years, revenues and expenditures increased at a higher rate than the tax levy.
- Fund Balance bridged the gap, increasing from the low **\$1 million** range to **\$4.9 million** in 2023-24.
- With reliance on Fund Balance unpredictable and not sustainable, the 2024-25 budget calls for reducing Fund Balance **\$2 million**, with the aim of bringing it back to the historical range of **\$1 to 1.3 million**.
- This necessitates using Banked Cap to raise the local tax levy back to supporting above **90%** of the revenue.

Revenue Type	2019-20	% of Total	2020-21	% of Total	2021-22	% of Total	2022-23	% of Total	2023-24	% of Total	2024-25 Tentative	% of Total
Tax Levy	\$ 108.5	93.7%	\$ 110.3	93.2%	\$ 111.1	92.6%	\$ 114.0	91.4%	\$ 117.0	88.3%	\$ 123.5	90.8%
State Aid*	4.9	4.2%	5.6	4.7%	\$ 6.2	5.1%	\$ 7.7	6.1%	\$ 9.5	7.2%	\$ 9.3	6.8%
Other	1.1	0.1%	1.2	0.1%	\$ 0.8	0.1%	\$ 1.1	0.1%	\$ 1.2	0.2%	\$ 1.2	0.2%
Fund Balance	1.3	1.1%	1.3	1.1%	\$ 1.9	1.6%	\$ 1.9	1.5%	\$ 4.9	3.7%	\$ 2.0	1.5%
Total	115.8	100.0%	118.4	100.0%	\$ 119.9	100.0%	\$ 124.9	100.0%	\$ 132.6	100.0%	\$ 136.2	100.0%

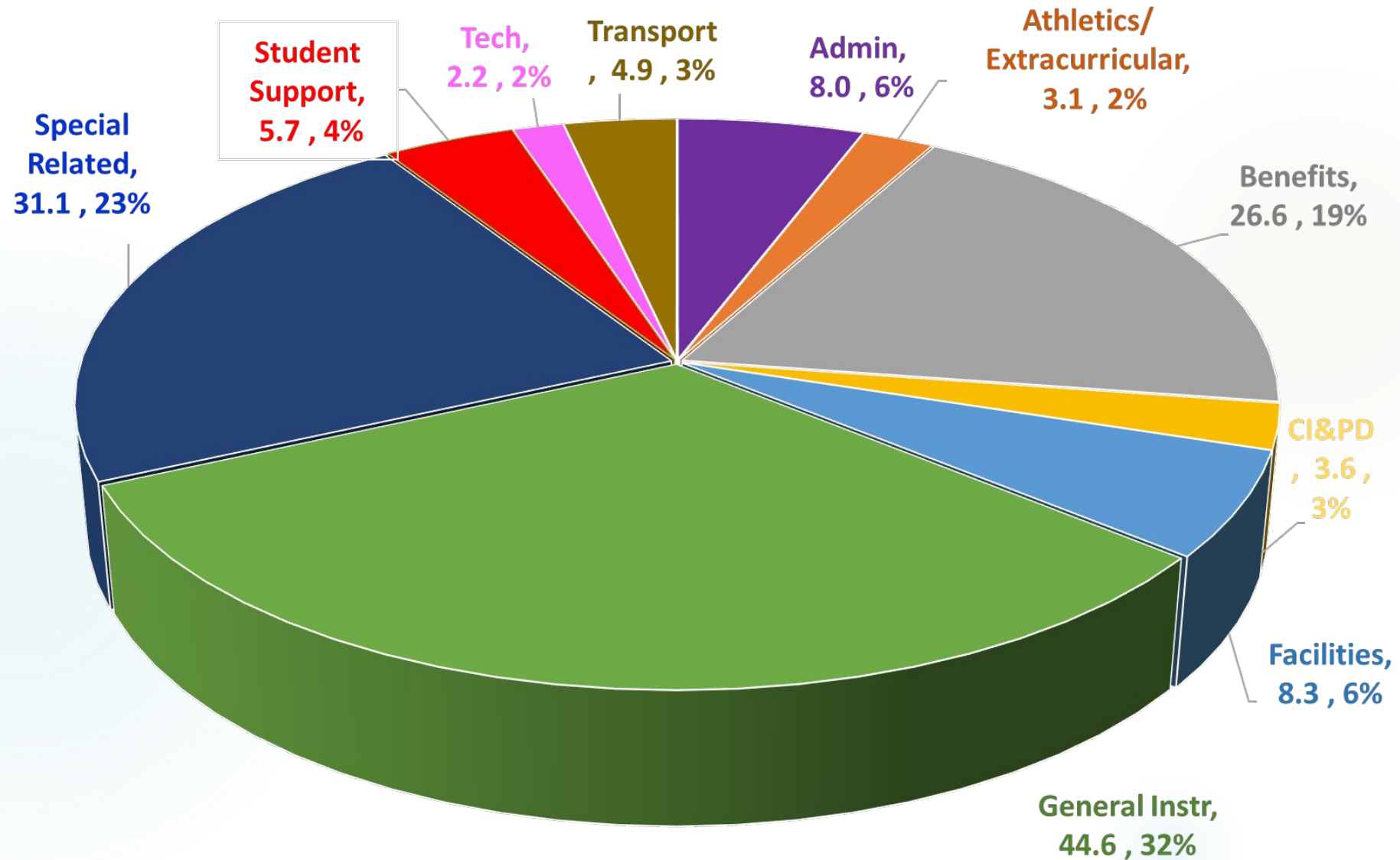
Revenue History: 5 Year Look Back

- The budget has grown at a higher rate than the local operating budget school tax levy
- In 2019-20, the difference between the current expense and the tax levy was about \$7.2 million
- In 2024-25, the difference will grow to at least \$12.7 million.
- Compounded Annual Growth Rate:
 - Current Expense ~ **4.14%**
 - Tax Levy ~ **2.63%**



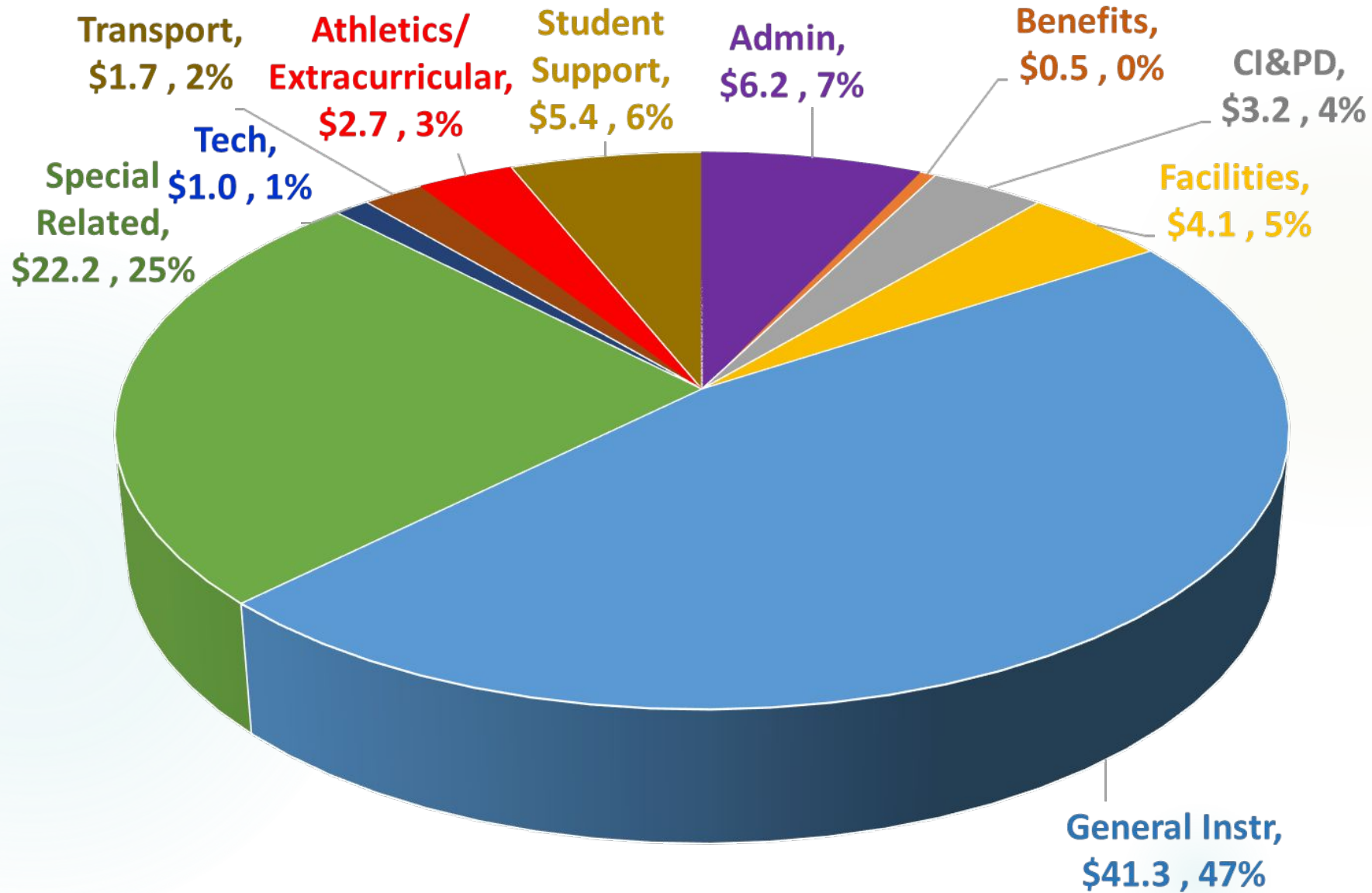
Appropriations by Category

(\$ millions)



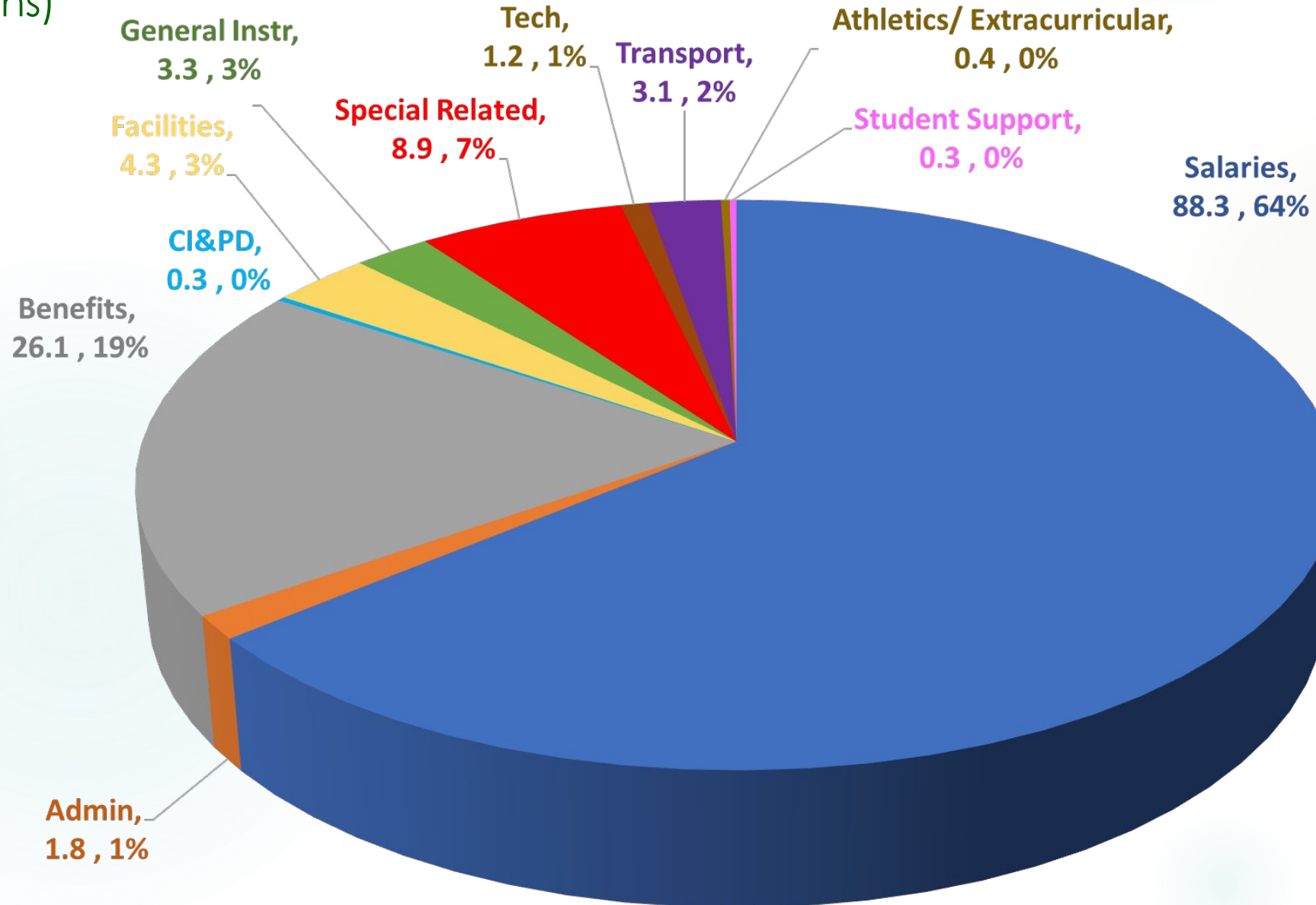
Salary Appropriations by Category

(\$ millions)



Appropriations by Category

Salaries vs. Non-Salaries
(\$ millions)



Continuing District Excellence

Programs Offered that are not Mandated by the NJ DOE

- Full-day Kindergarten
- Administrative, supervisory and support staff structure
- Assistant Principals
- School Guidance Counselors
- Reading Specialists
- Nurse in every school
- Media Specialists in every school
- Two Student Assistance Counselors (SACs)
- Gifted & Talented Art & Music
- Instrumental music lessons beginning in grade 4
- Wide range of curriculum and elective courses
- Instructional and Kindergarten Aides
- Interscholastic athletics at LHS
- Co-curricular and extracurricular after-school clubs and activities
- STEAM programs
- 1:1 technology initiative
- Full Substitute coverage

Enrollment Waivers, Banked Cap and Tax Impact

- **\$830,064** of enrollment waiver adjustment available
- **\$4,384,210** of banked cap available, with **\$1,435,901** expiring if not used
- With an enrollment waiver and banked cap, the **adjusted tax levy cap** is about **6.47%**

	\$ Enrollment Adjustment	\$ Banked Cap Used	Tax Levy (%)	Tax Impact on Average Assessed Home of \$721,238	Tax Impact on Avg home compared to <i>Proposed</i> Budget	\$ Banked Cap Expiring if not Used	Additional \$ Budget Reductions Needed
Enrollment Waiver + All of Banked Cap	\$830,064	\$4,384,210	6.47%	\$628	\$70 more	\$0	Restore \$830,064 of prior cuts
Enrollment Waiver + Most of Banked Cap	\$830,064	\$4,384,210	5.76%	\$558	same	\$0	\$0
Enrolment Waiver + Expiring Banked Cap	\$830,064	\$1,435,901	3.95%	\$382	\$176 lower	\$0	\$2,270,266
Use of Enrollment Waiver	\$830,064	\$0	2.72%	\$284	\$274 lower	\$1,435,901	\$2,948,309
No Enrollment Waiver or Banked Cap	\$0	\$0	2.00%	\$193	\$365 lower	\$1,435,901	\$3,554,146

Proposed Scenario 1
←

Scenario 1: Use the Enrollment Waiver Adjustment and Most of the Banked Cap

➤	Base tax increase	2.00%	→	\$ 2,340,481
➤	Enrollment adjustment	0.72%	→	\$ 830,064
➤	<u>Use of Most of Banked Cap</u>	<u>3.04%</u>	→	\$ 3,554,146
➤	Total Tax Increase	5.76%	→	\$ 6,724,691
➤	Tax Increase to Average Home		→	\$ 558

➤	Amount Below Cap	0.71%	→	\$ 830,064
➤	Amount of Expiring Banked Cap		→	\$ 0

➤ **Implications for the 2024-25 School Budget:**

- *No additional reductions would be needed for the 2024-2025 School Budget under this scenario.*

**THE ADMINISTRATIVE TEAM RECOMMENDS
THIS SCENARIO, WITH A BALANCED BUDGET,
TO THE BOARD OF EDUCATION, FOR THE
2024-2025 YEAR.**

Scenario 2: Use the Enrollment Waiver Adjustment and All of the Banked Cap

➤ Base tax increase	2.00%	→	\$ 2,340,482
➤ Enrollment adjustment	0.72%	→	\$ 830,064
➤ <u>Use of All Banked Cap</u>	<u>3.75%</u>	→	\$ 4,384,210
➤ Total Tax Increase	6.47%	→	\$ 7,571,356
➤ Tax Increase to Average Home		→	\$ 628
➤ Amount Below Cap	0.00%	→	\$ 0
➤ Amount of Expiring Banked Cap		→	\$ 0
➤ Implications for the 2024-25 School Budget:			

**THE ADMINISTRATIVE TEAM IS NOT
RECOMMENDING THIS SCENARIO TO THE
BOARD OF EDUCATION.**

- *Would allow for the restoration of **\$830,064** of Appropriations already removed from the budget that was proposed in **Scenario 1***
- ***\$70** increase to avg home, or **\$5.83 per month**, more than the budget proposed in **Scenario 1***

Scenario 3: Use the Enrollment Waiver Adjustment and Expiring Banked Cap

➤ Base tax increase	2.00%	→	\$ 2,340,481
➤ Enrollment adjustment	0.72%	→	\$ 830,064
➤ Use of Expiring Banked Cap	1.23%	→	\$ 1,435,901
➤ <u>Use of non-Expiring Banked Cap</u>	<u>0.00%</u>	→	<u>\$ 0</u>
➤ Total Tax Increase	3.95%	→	\$ 4,606,446
➤ Tax Increase to Average Home		→	\$ 382
➤ Amount Below Cap	2.52%	→	\$ 2,948,309
➤ Amount of Expiring Banked Cap		→	\$ 0
➤ Implications for the 2024-25 School Budget:			

**THE ADMINISTRATIVE TEAM IS NOT
RECOMMENDING THIS SCENARIO TO THE
BOARD OF EDUCATION.**

- Would requires reductions of about **\$2,270,266** from the budget proposed in **Scenario 1**
- Would require increases to class sizes, along with staffing cuts across most or all departments and schools, along with potential reductions to curriculum development, professional development, technology, transportation, extracurricular and athletics
- **\$176** savings to avg home, or **\$14.67 per month**, compared to the budget proposed in **Scenario 1**

Scenario 4: Use Only the Enrollment Waiver Adjustment; No Use of Banked Cap

➤ Base tax increase	2.00%	→	\$ 2,340,481
➤ Use of Banked Cap	0.00%	→	\$ 0
➤ <u>Enrollment adjustment</u>	<u>0.72%</u>	→	<u>\$ 830,064</u>
➤ Total Tax Increase	2.72%	→	\$ 3,170,545
➤ Tax Increase to Average Home		→	\$ 284

**THE ADMINISTRATIVE TEAM IS NOT
RECOMMENDING THIS SCENARIO TO THE
BOARD OF EDUCATION.**

➤ Amount Below Cap	3.75%	→	\$ 4,384,210
➤ Amount of Expiring Banked Cap		→	\$ 1,435,901
➤ Implications for the 2024-25 School Budget:			

- Would requires reductions of **\$3,554,146** from the budget proposed in **Scenario 1**
- Would require increases to class sizes, along with staffing cuts across most or all departments and schools, along with potential reductions to curriculum development, professional development, technology, transportation, extracurricular and athletics
- **\$274** savings to avg home, or **\$22.83 per month**, compared to the recommended budget from **Scenario 1**

Scenario 5: Only a 2% Tax Levy Increase; No Enrollment Adjustment Waiver or Banked Cap

➤	Base tax increase	2.00%	→	\$ 2,340,481
➤	Use of Banked Cap	0.00%	→	\$ 0
➤	<u>Enrollment adjustment</u>	<u>0.00%</u>	→	<u>\$ 0</u>
➤	Total Tax Increase	2.00%	→	\$ 2,340,481
➤	Tax Increase to Average Home		→	193
➤	Amount Below Cap	4.47%	→	\$ 5,214,274
➤	Amount of Expiring Banked Cap		→	\$ 1,435,901
➤	Implications for the 2024-25 School Budget:			

**THE ADMINISTRATIVE TEAM IS NOT
RECOMMENDING THIS SCENARIO TO THE
BOARD OF EDUCATION.**

- *Would requires reductions of **\$4,384,210** from the budget proposed in **Scenario 1***
- *Would require increases class sizes, along with staffing cuts across most or all departments and schools, along with potential reductions to curriculum development, professional development, technology, transportation, extracurricular and athletics*
- ***\$365** savings to avg home, or **\$30.42 per month**, compared to the recommended budget from **Scenario 1***

Preliminary Tax Impact

- Tentative tax estimate based on most recent ratables and revenues and appropriations for the Operating Budget

(Based on 2024 ratables - subject to change)

Comparison of 2% Tax Levy and Proposed (+3.76%): Total = 5.76%

Home Price	2.00% Tax Levy	Proposed 5.76% Tax Levy	\$ Difference between 5.76 and 2%	\$ Difference per Month
\$ 721,238*	\$193	\$558	\$366	\$30.50
\$ 500,000	\$134	\$387	\$254	\$21.17
\$ 700,000	\$187	\$542	\$355	\$29.58
\$ 900,000	\$240	\$697	\$456	\$38.00
\$ 1,100,000	\$294	\$851	\$558	\$46.50

* Average Home Assessment ~ \$721,238

Looking Ahead to 2025-26

- A reduced amount of banked cap will be available
- 2% tax levy increase → about \$2.5 million in new revenue
- 3.2% salary increase → almost \$3 million in increased expenditures
- Savings in health benefits will not be an option
- Instead, health benefits could increase by 5 to 15%, or by millions of dollars
- The total shortfall could be several million dollars
- A special budget question for the voters on the November 2025 ballot, for specific programs for the 2025-26 school year, would be a consideration



Questions or Comments?

Thank you!

