



2016-2017 Budget Presentation Public Hearing & Adoption April 6, 2016

Dr. D. Evans, Superintendent
Ms. Eileen Shafer, Deputy Supt.
Daisy Ayala, SBA

PATERSON PUBLIC SCHOOLS



- ◉ Mr. Christopher C. Irving, President
- ◉ Ms. Chrystal Cleaves, Vice President
- ◉ Ms. Oshin Castillo
- ◉ Dr. Jonathan Hodges
- ◉ Mr. Errol S.Kerr
- ◉ Dr. Lilisa Mimms
- ◉ Ms. Nakima Redmon
- ◉ Mr. Flavio Rivera
- ◉ Mr. Kenneth Simmons

BRIGHTER FUTURES

Our Mission:

To prepare each student to be successful in the college/university of their choosing and their chosen career

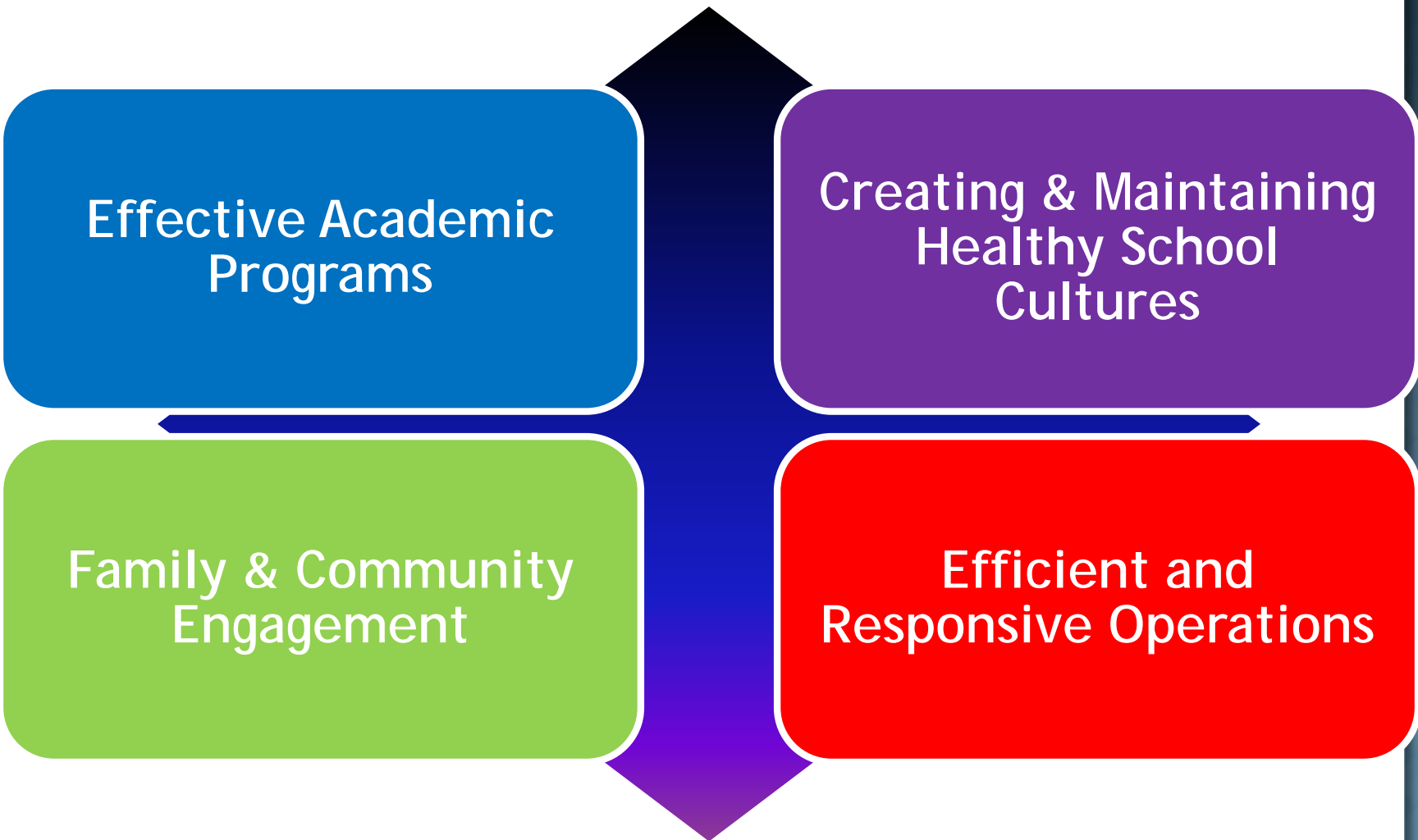
Our Vision

To be the leader in educating New Jersey's urban youth

PATERSON PUBLIC SCHOOL (PPS) BUDGET PROCESS

- ◉ BEGINS IN OCTOBER
- ◉ OCT.- DEC.-Principals develop budget in consultation with each department
- ◉ DEC.-Assistant Superintendent reviews and approves School and Department budgets.
- ◉ JAN.- Superintendent, Deputy and School Business Administrator(SBA) reviews all proposed budgets.
- ◉ MAR.- PPS submit proposed budget to the Board of Education for review and approval.
- ◉ MAR. - Budget adoption and public presentation.

BUDGET DEVELOPMENT PRIORITIES



BUDGET GOALS

Effective Academic Programs

- Increase academic achievement
- Increase graduation rate
- Increase college preparedness rate
- Create student centered supports to ensure that all students are engaged in school
- Provide technology to enable teaching and learning for the 21st Century learning

Creating & Maintaining Healthy School Cultures

- The Paterson Effective Schools Model (PESM)
- Reconfigure schools to increase student engagement
- Revise Student Assignment/School Choice Plan
- Create/maintain clean and safe schools that meet 21st century learning standards

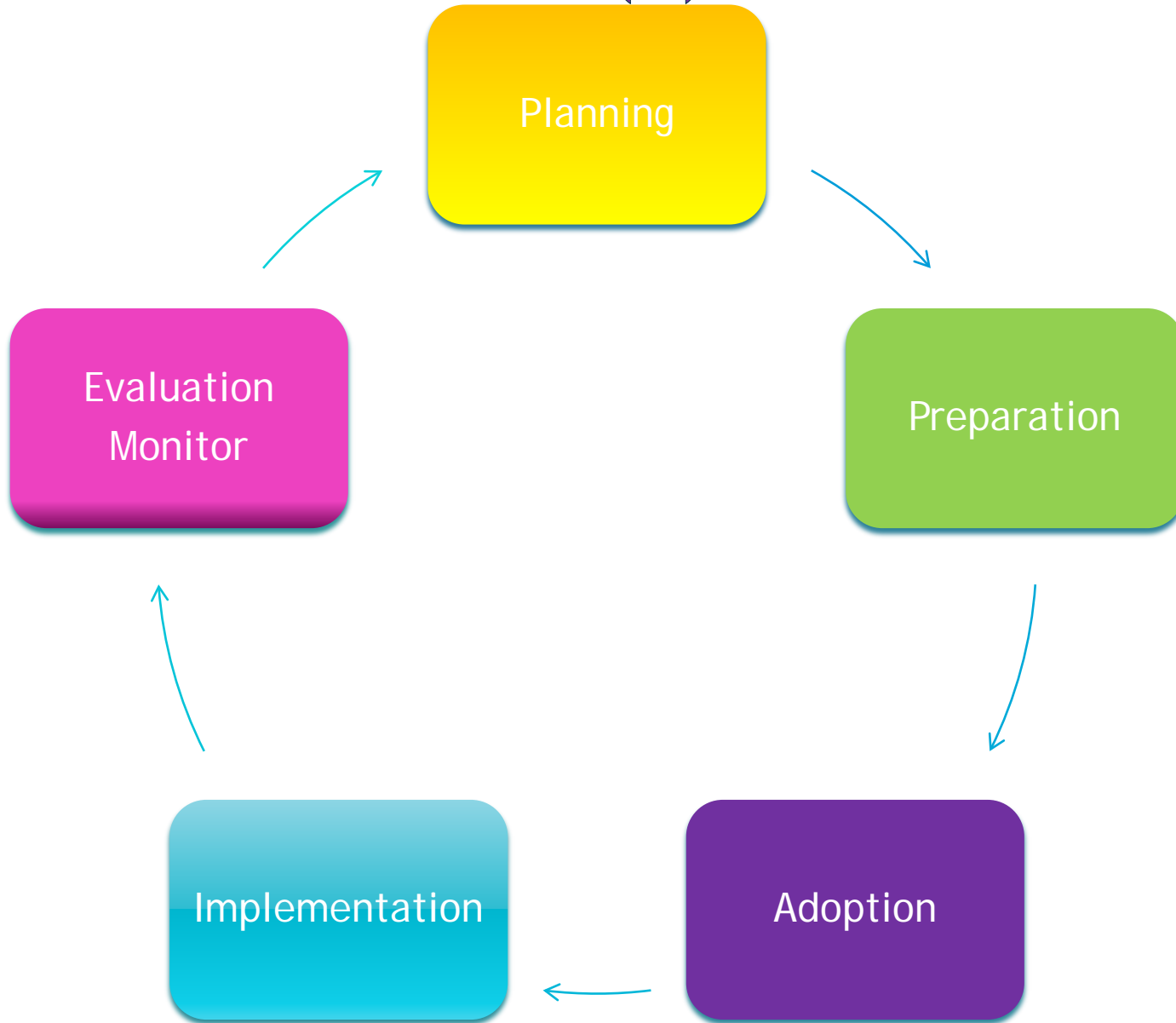
Family & Community Engagement

- Increase Parent and family involvement by expanding and improving PTOs/PTAs
- Create more Full Service Community Schools
- Expand partnerships with Community Organizations, Agencies and Institutions
- Increase parent education opportunities to meet parent's needs

Efficient and Responsive Operations

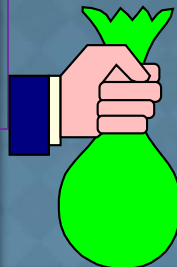
- Improve Internal and External Communication
- Strengthen customer service orientation in schools and district offices
- Increase Accountability for Performance
- Increase administrative and staff capacity

PPS BUDGET FIVE (5) PILLARS



FISCAL MANAGEMENT ACHIEVEMENTS

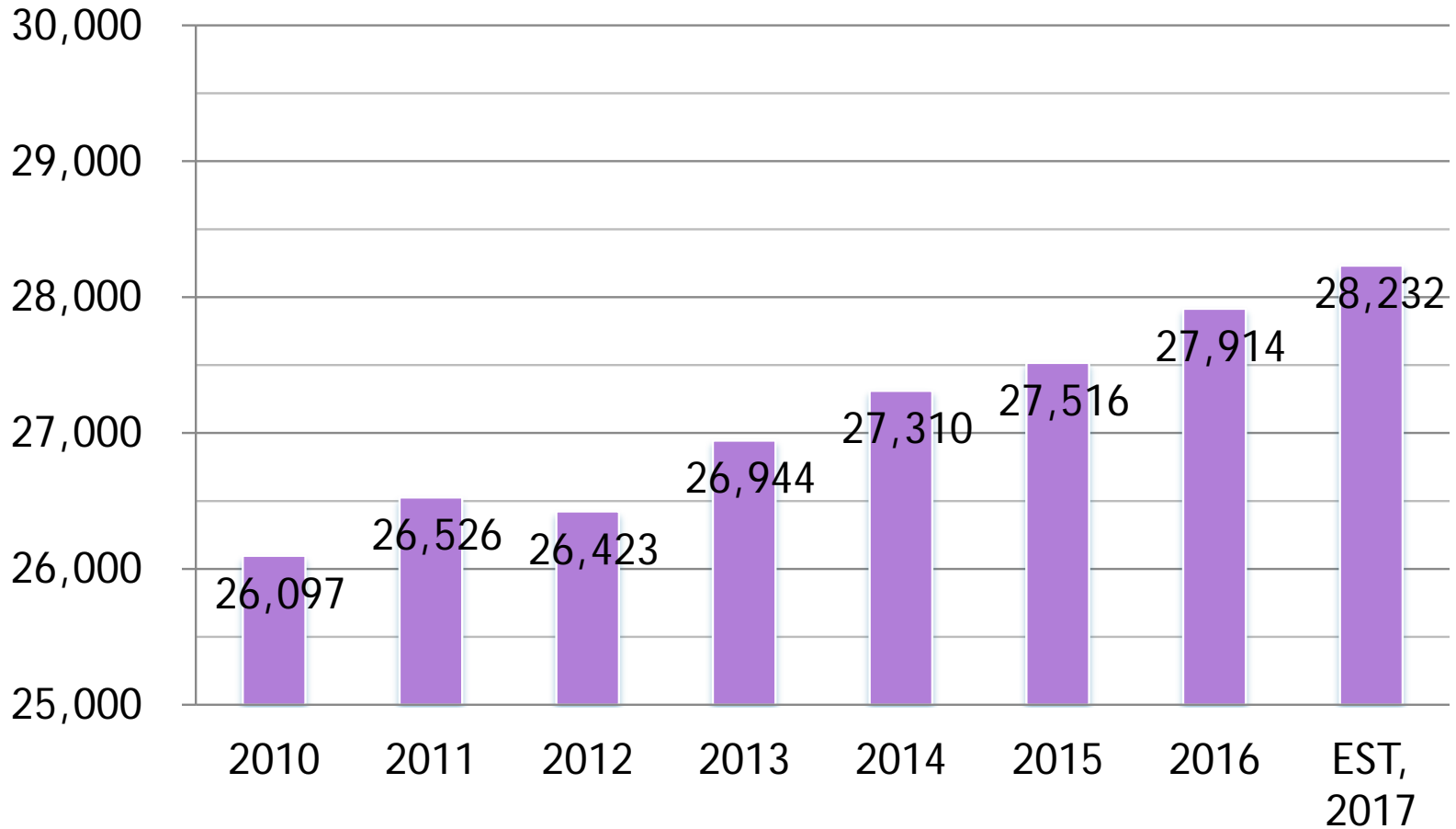
- ◉ WITH BUDGET CONSTRAINTS IN THE PAST SEVEN (7) YEARS PPS HAVE ACHIEVED THE FOLLOWING:
 - PAST SEVEN (7) YEARS THE DISTRICT CONTINUES TO IMPROVE THE AUDIT AND REDUCED AUDIT FINDINGS SIGNIFICANTLY
 - INCREASED QSAC SCORES RESULTING IN FINANCIAL LOCAL CONTROL
 - PROLONGED THE FISCAL CLIFF



FY2016-17 BUDGET STRATEGIES

- ◉ Work with Principals in budget preparation
- ◉ Budget line items must be data driven
- ◉ Review consultant list for reduction
- ◉ Review existing leases and eliminate leases that are not cost effective or efficient when other locations are available
- ◉ Review and streamline processes to eliminate redundancies to promote efficiency
- ◉ Review Central Office Staff, consolidate positions where possible to eliminate positions. **Do not touch classroom staff.**
- ◉ Review and eliminate programs, support and supplemental services that have minimal effectiveness (ROI) or not required by regulations

FY2016-17 RESIDENT STUDENTS ENROLLMENT



Source DOE Office of School Finance State School Aid projected enrollment report



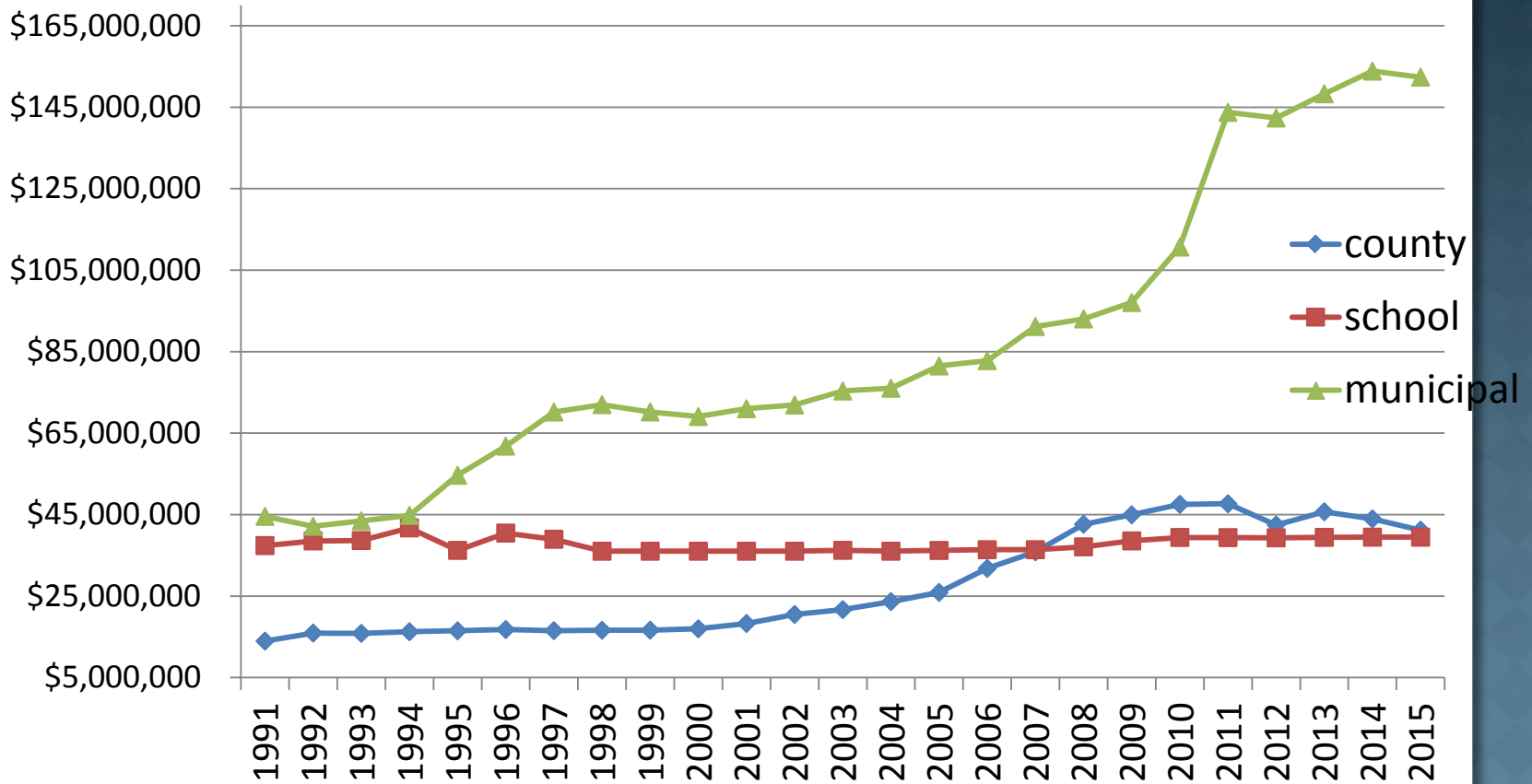
FY 2016-2017 DISTRICT BUDGET STATEMENT -DISTRICT STATUS SPENDING (DOE)

	Amount
EQUALIZATION AID	\$ 370,023,727
TAX LEVY	<u>41,455,956</u>
	\$ 411,479,683
District Adequacy Budget	<u>482,759,854</u>
UNDER ADEQUACY	\$ (71,280,171)

PATERSON PUBLIC SCHOOLS COMPARISON FULL FUNDING

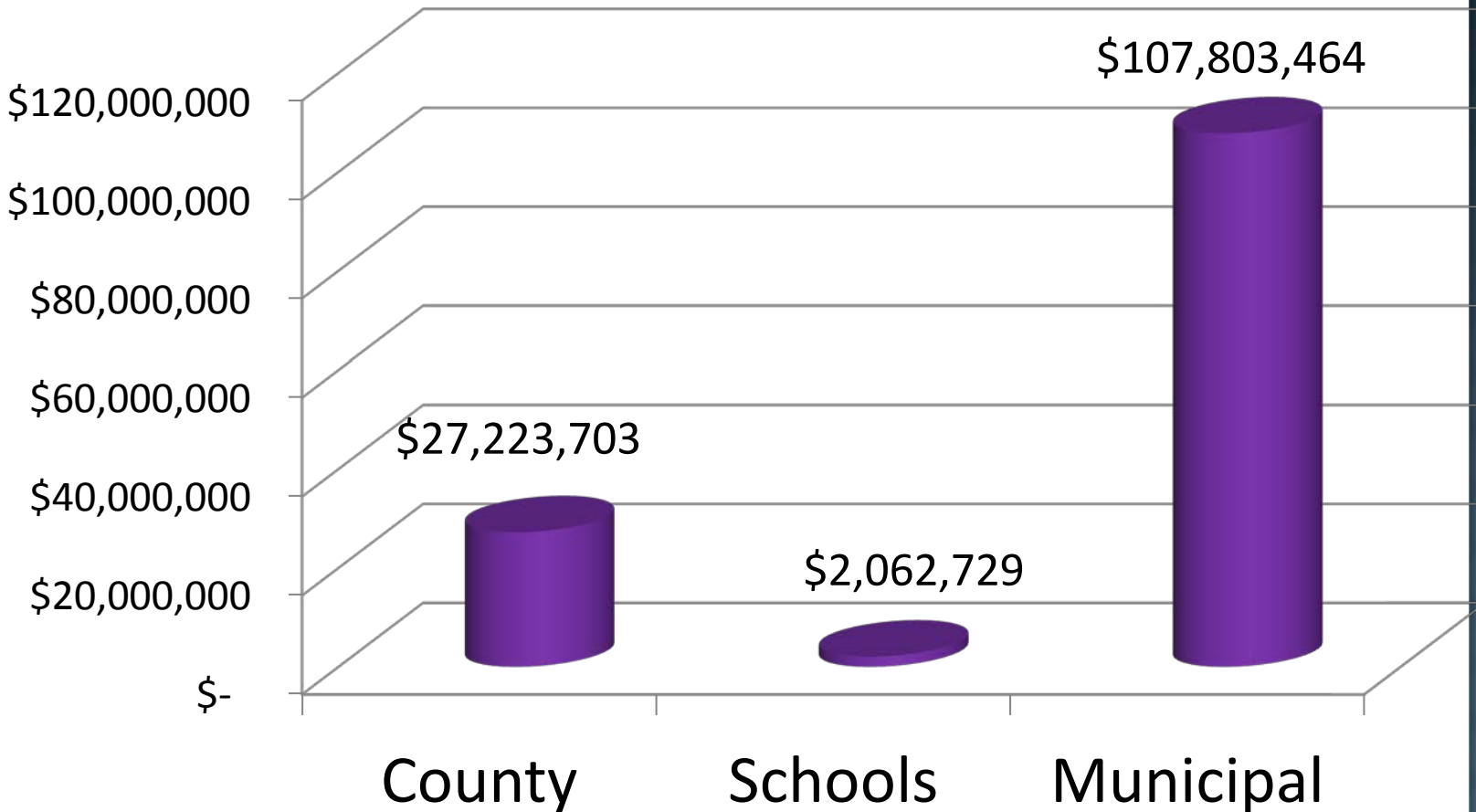
STATE AID COMPARISON FULL FUNDING				
	SFRA FULL FUNDING	PROPOSED		
STATE AID	2016-17	2016-17	UNDER FUNDED	
Equalization	\$ 397,681,104	\$ 370,023,727	\$ (27,657,377)	-7.0%
Special Ed	23,322,803	15,948,443	(7,374,360)	-31.6%
Security	11,396,685	11,457,860	61,175	
Transportation	4,688,462	3,180,870	(1,507,592)	-32.2%
PARCC Readiness		273,080	-	
Per Pupil Growth Increase		273,080	-	
Prof. Learning Comm. Aid		278,280	-	
	\$ 437,089,054	\$ 401,435,340	\$ (36,478,154)	-8%
SOURCE STATE AID PAGE STA (6) AND NET (10)				
LOCAL AID	REQUIRED LOCAL SHARE	CURRENT TAX LEVY		
Current Tax Levy	\$ 85,078,750	\$ 41,455,956	\$ (43,622,794)	-51%
SOURCE DOE PAGE 179				

PATERSON, NEW JERSEY MUNICIPAL OVERLAPING TAX 1991 THRU 2015



Source: Passaic County Abstract of Ratable

PATERSON INCREASE IN MUNICIPAL TAXES 25 YEARS (1991-2015)



Source: Passaic County Abstract of Ratable

DR. D. EVANS RECOMMENDATION FOR TAX LEVY REDUCTION (4/6/2017)

- Proposed tax levy of \$5,000,000
- Recommended tax levy reduction will impact the following area:

■ TRANSPORTATION	\$ 700,000
■ SECURITY	700,000
■ FACILITIES	700,000
■ SPECIAL ED	<u>400,000</u>
Reduction	\$(2,500,000)
New Proposed Tax Levy	\$2,500,000

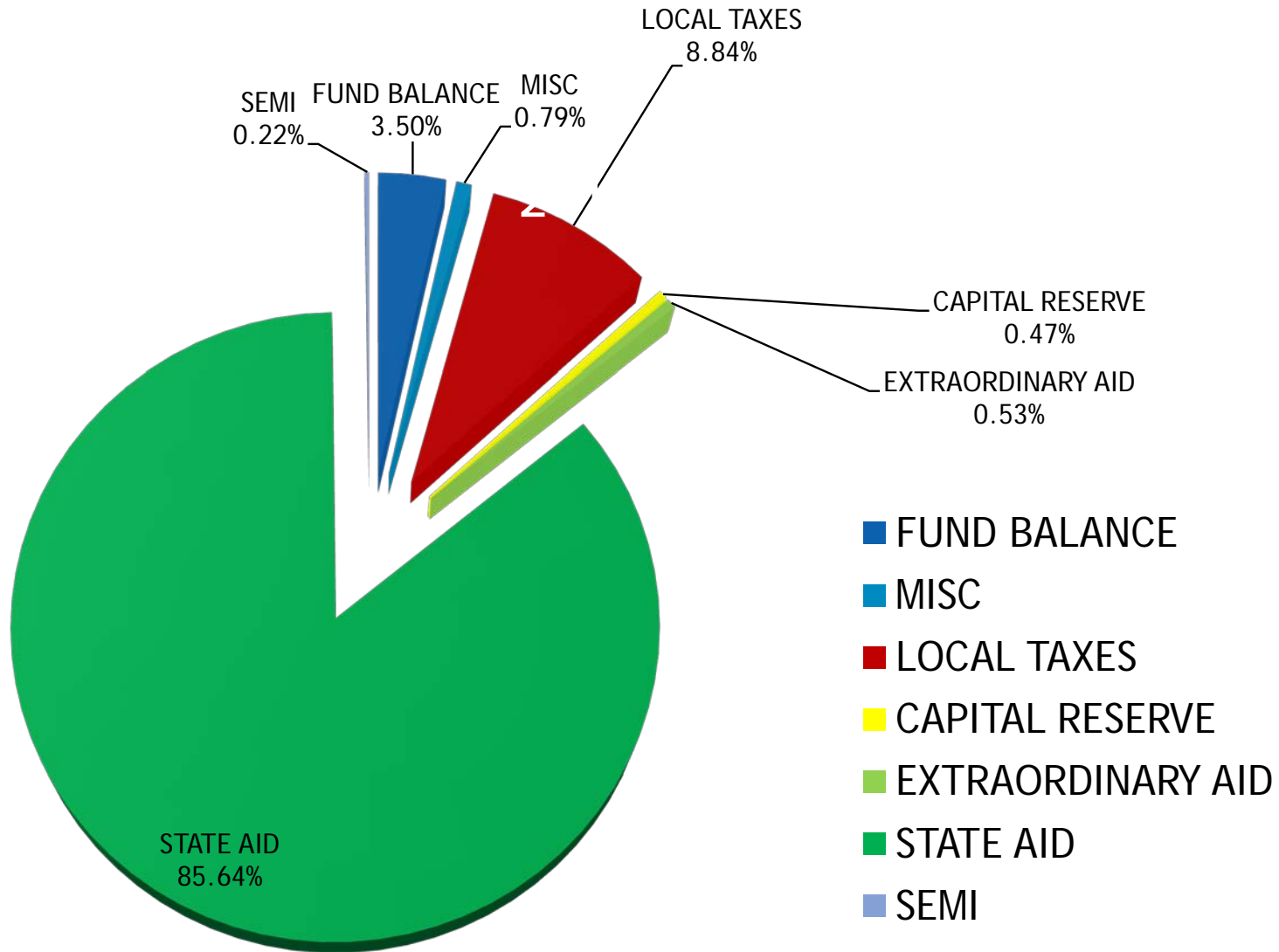
COMPARISON OF LOCAL TAX LEVY

	FY 16 School Tax Levy & Tax Rate	FY 17 School Tax Levy w/\$2.5 Million Increase
Local Tax Levy		
General Current Expense	\$ 38,955,956	\$ 41,455,956
Debt Service	\$ 504,190	\$ 506,363
TOTAL	\$ 39,460,146	\$ 41,962,319
Net Valuation Taxable	\$ 5,687,752,528	\$ 5,756,156,146
Tax Rate/Hundred \$ of Assessed Value	\$ 0.694	\$ 0.729
Property Valued at \$190,00	\$ 1,318.17	\$ 1,385.10
Annual Increase		\$ 66.93
Monthly Increase		\$ 5.58

REVENUE 2016-17

GENERAL FUND 10	ACTUAL 2014-15	BUDGET 2015-16	PROPOSED BUDGET 2016-2017	INC. / (DEC)
BUDGETED FUND BAL	\$ 24,023,721	\$ 27,168,294	\$ 16,406,456	13.1%
RESERVE MAINTENAN	6,490,858		2,200,000	-100.0%
CAPITAL RESERVE		4,818,000	-	
LOCAL TAXES	38,955,956	38,955,956	41,455,956	0.0%
EXTRAORDINARY	2,756,338	2,362,008	2,500,000	-14.3%
STATE AID	400,379,608	399,834,019	401,435,340	-0.1%
SEMI/MEDICAID	1,074,686	833,327	1,043,032	-22.5%
MISC.	4,660,589	4,061,136	3,717,160	-12.9%
	478,341,756	478,032,740	468,757,944	-0.1%
LOCAL GRANTS		-	-	
STATE GRANTS				
PRESCHOOL	42,162,845	52,786,785	51,708,253	25.2%
OTHER RESTRICTED ST	4,065,751	1,279,391	1,193,911	-68.5%
FROM GENERAL FUND	2,904,807	2,315,185	2,536,583	-20.3%
	49,133,403	56,381,361	55,438,747	14.8%
FEDERAL GRANTS				
NCLB, IDEA, ETC.	35,111,510	33,076,328	32,672,026	-5.8%
DEBT SERVICE	1,302,300	1,299,700	1,305,300	-0.2%
TOTAL REVENUE	\$ 563,888,969	\$ 568,790,129	\$ 558,174,017	0.9%

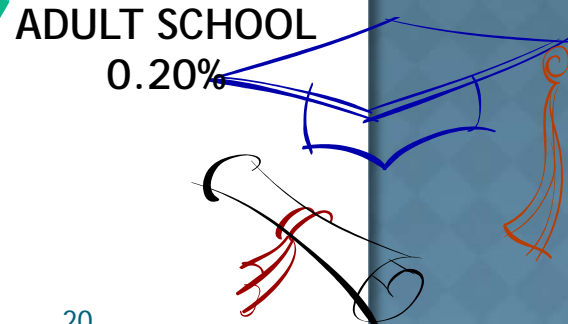
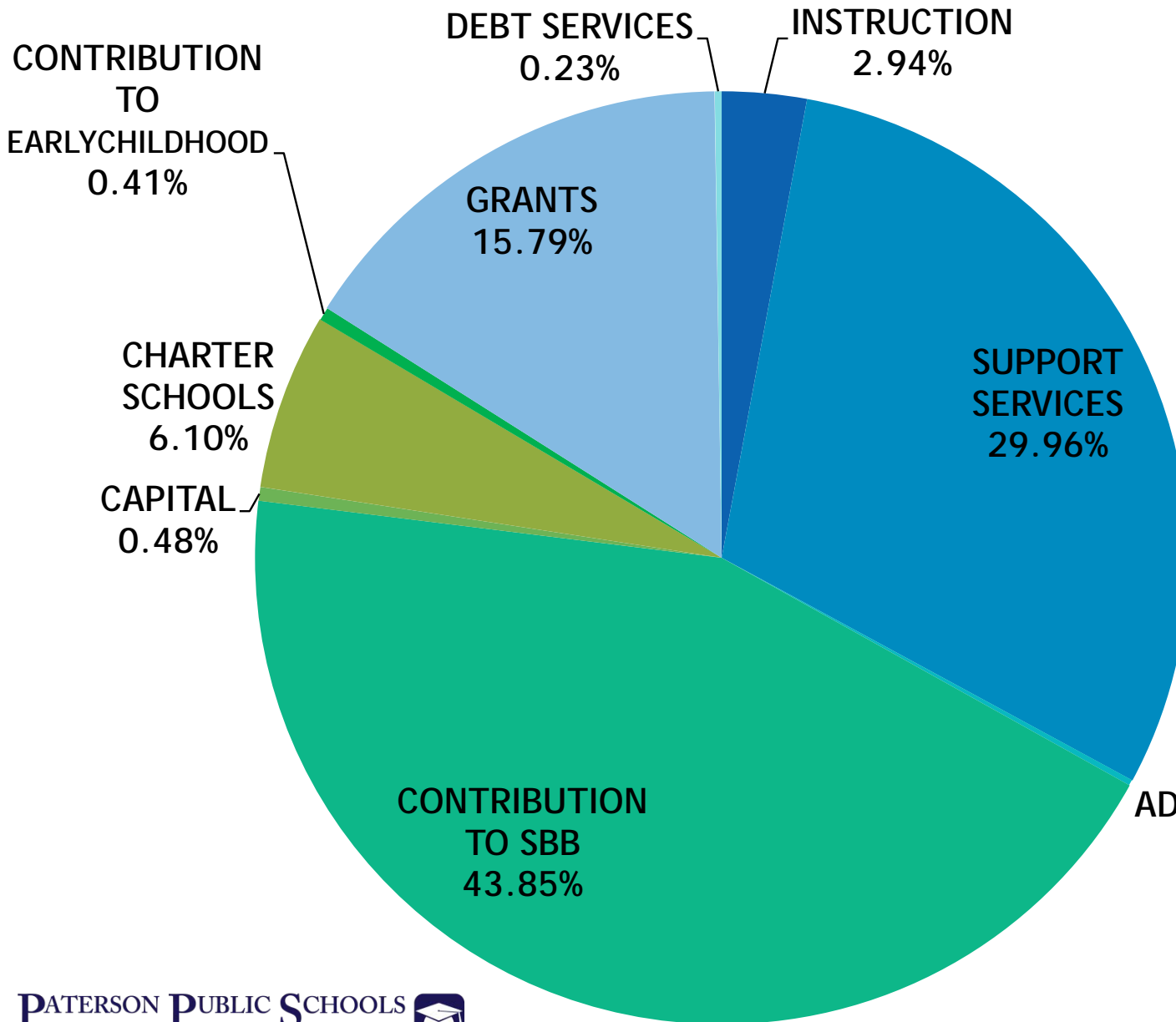
GENERAL FUND REVENUE 2016-17



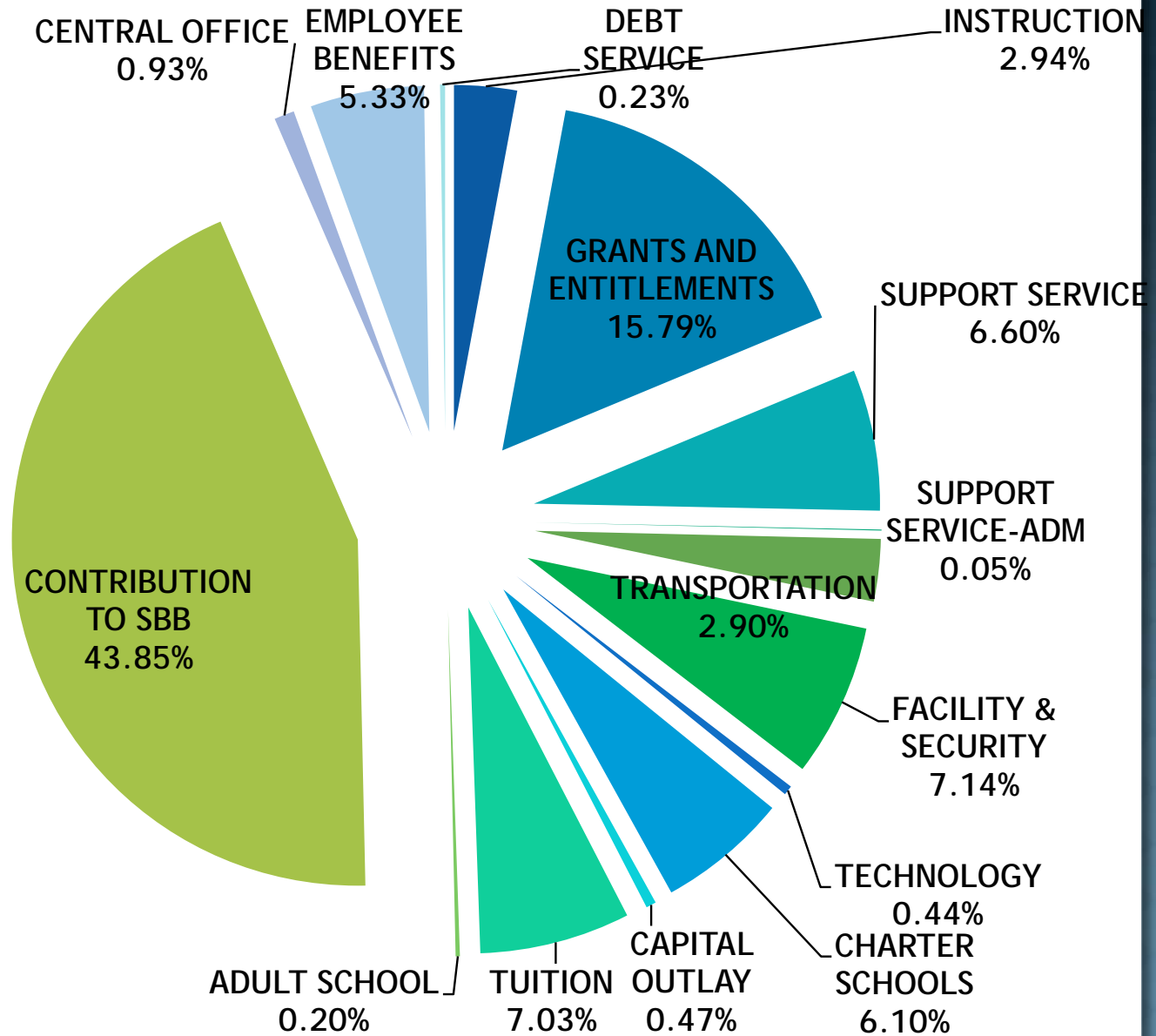
APPROPRIATION 2016-17

GENERAL FUND 10	ACTUAL 2014-15	REVISED BUDGET 2015-16	PROPOSED 2016-17	INC. / (DEC.)
INSTRUCTION	\$ 18,783,071	\$ 19,672,695	\$ 16,116,357	-18.1%
SUPPORT SERVICE	41,423,594	38,887,208	36,720,555	-5.6%
TRANSPORTATION	17,794,577	18,587,144	16,858,436	-9.3%
FACILITY & SECURITY	43,407,834	43,407,021	39,789,962	-8.3%
TECHNOLOGY	3,009,357	2,464,189	2,478,704	0.6%
CENTRAL OFFICE	6,808,516	6,302,189	5,242,092	-16.8%
EMPLOYEE BENEFITS	24,979,559	29,011,716	28,001,520	-3.5%
CAPITAL OUTLAY	3,567,578	4,994,001	2,652,000	-46.9%
TUITION	40,843,926	42,167,843	40,164,200	-4.8%
ADULT SCHOOL	1,044,128	1,214,060	1,194,469	-1.6%
TRANSFER CHARTER SCHO	33,836,225	34,657,787	34,047,320	-1.8%
CONTRIBUTION TO SBB	242,843,391	236,666,887	245,492,329	3.7%
GRANTS AND ENTITLEMEN	84,244,913	89,457,689	88,110,773	-1.5%
DEBT SERVICE	1,302,300	1,299,700	1,305,300	0.4%
	\$ 563,888,969	\$ 568,790,129	\$ 558,174,017	-1.9%

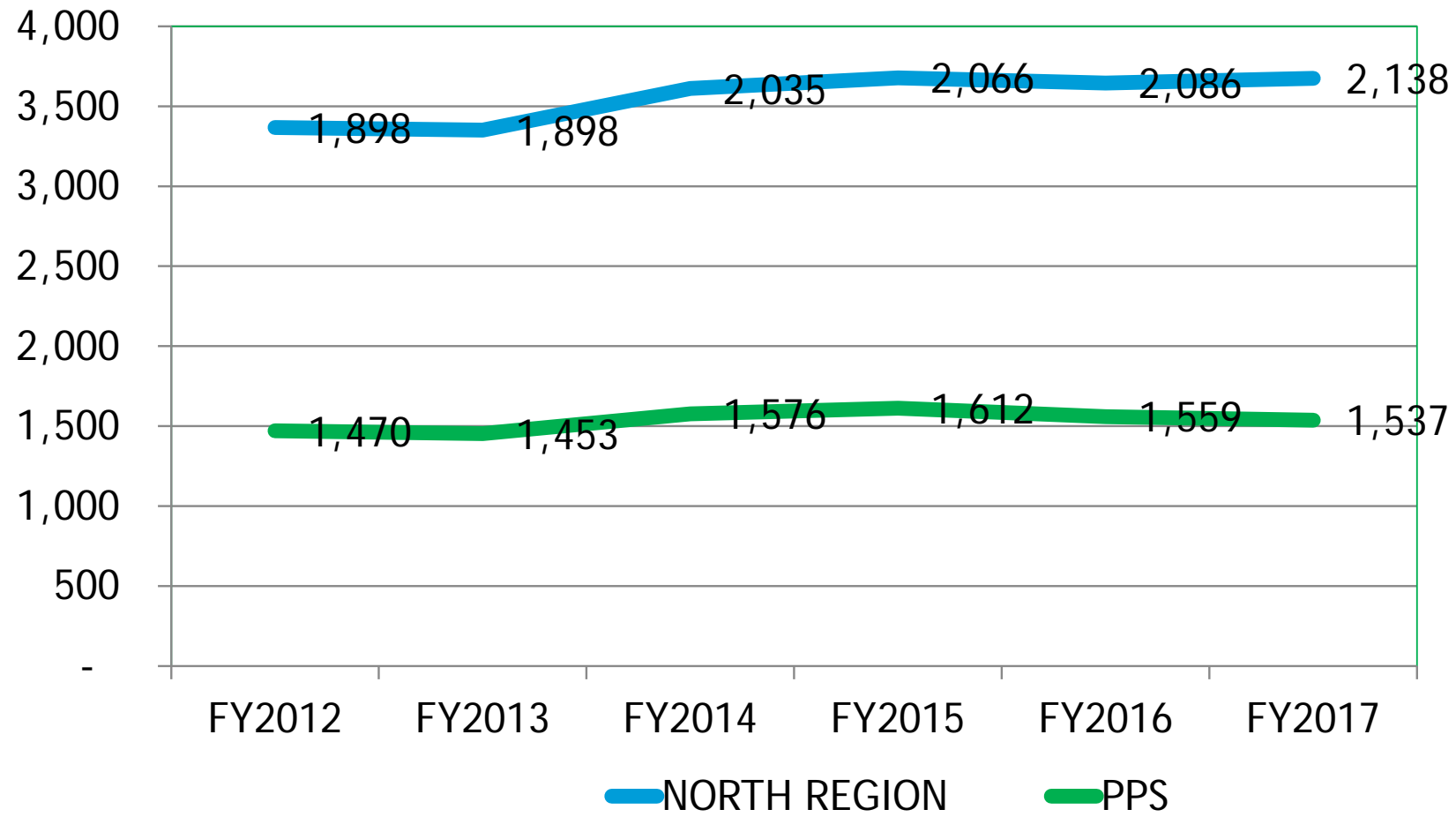
APPROPRIATIONS 2016-17



APPROPRIATION 2016-17

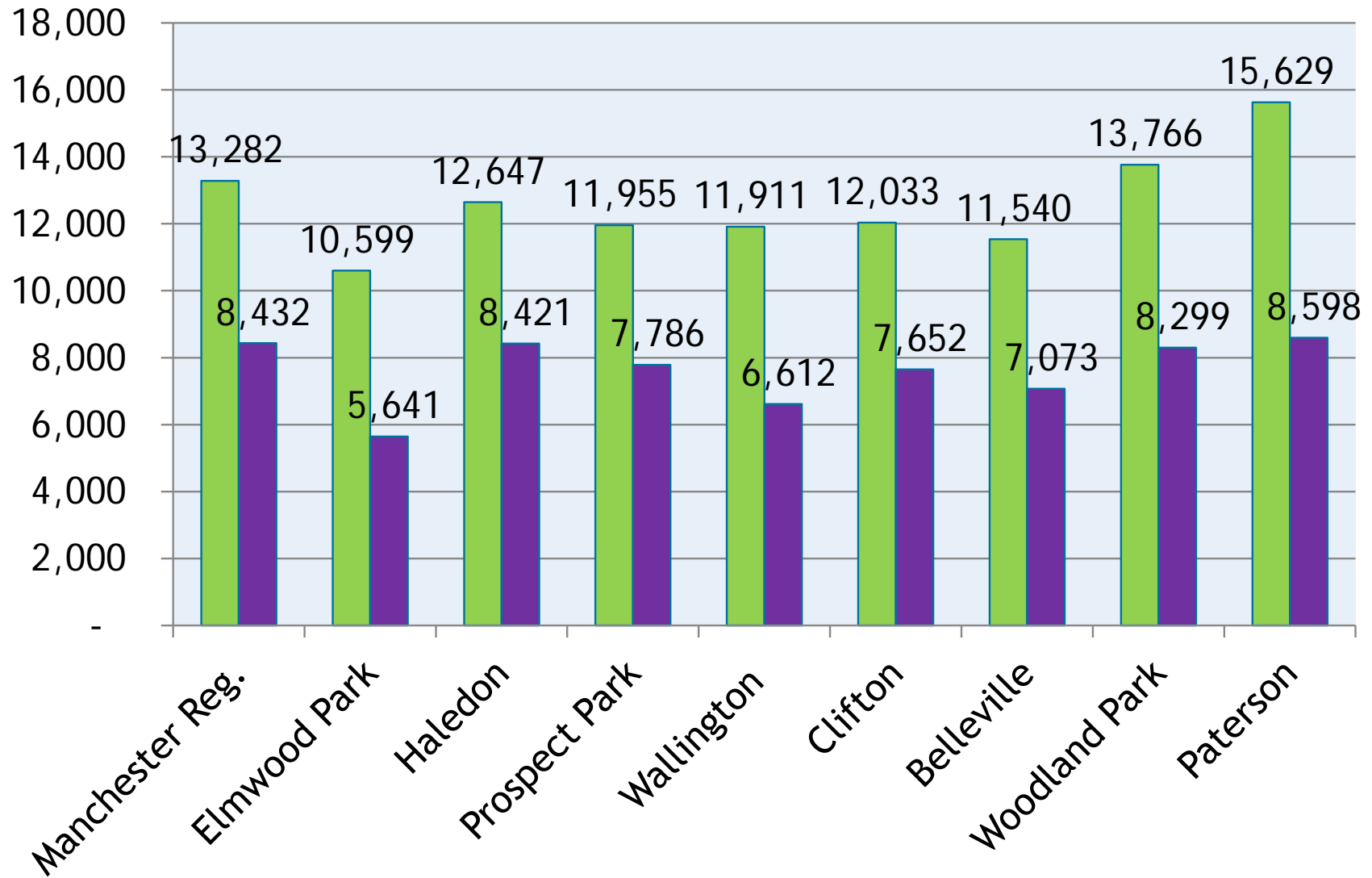


TOTAL ADMINISTRATIVE COST PER PUPIL COMPARISON NORTH REGION WITH PPS



FY2015-16 COMPARISON COST PER PUPIL

■ Total Budgetary Cost per Pupil ■ Classroom Spending



COST DRIVERS

- Collective Bargaining Agreement
- Health Benefits (especially Rx)
- Pension, WC and unemployment
- Pupil transportation
- Substitutes due to staff absence increases
- Charter schools (1 new and 2 applications)
- FY2017 Passaic Tech. expanding 1,000 seats.
- New Schools (addl expenditures)
- Additional needed positions for the growing student population
- Relocation expenditures for new and closing of schools

FUND BALANCE TREND 2008-16

See Fund Balance Trend Chart

	2007-2008	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Fund	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Budget	Proposed Budget
Local Tax Levy		\$ 37,457,650	\$ 38,955,956	\$ 38,955,956	\$ 38,955,956	\$ 38,955,956	\$ 38,955,956	\$ 38,955,956	\$ 38,955,956	\$ 41,455,956
Tuition		182,207	162,205	21,078	112,053	279,276	436,260	845,262	400,000	500,000
Miscellaneous Income		7,196,123	4,802,742	4,599,047	3,500,002	4,233,607	8,437,295	3,815,327	3,226,108	3,217,160
State Aid		391,566,360	322,247,626	370,557,225	401,370,479	403,755,199	401,702,345	403,135,946	402,196,027	403,935,340
Federal Aid-Medicare Reimbursement		1,056,632	798,563	1,045,757	631,976	1,140,001	1,400,000	1,074,686	833,327	1,043,032
ARRA/ Education Job			59,020,819		13,299,319	33,195				
Total General Fund		\$ 437,458,972	\$ 425,987,911	\$ 415,179,063	\$ 457,869,785	\$ 448,397,234	\$ 450,931,856	\$ 447,827,177	\$ 445,611,418	\$ 450,151,488
Appropriations		\$ 428,027,901	\$ 430,966,435	\$ 409,703,009	\$ 429,230,217	\$ 446,751,969	\$ 446,834,392	\$ 478,341,756	\$ 478,032,740	\$ 468,757,944
Difference Revenues and (Expenditures)		\$ 9,431,071	\$ (4,978,524)	\$ 5,476,054	\$ 28,639,568	\$ 1,645,265	\$ 4,097,464	\$ (30,514,579)	\$ (32,421,322)	\$ (18,606,456)
Withdrawal from Maintenance Reserves								6,490,858		
Withdrawal from Capital Reserves									4,818,000	2,200,000
Appropriated Fund Balance								24,023,721	27,168,294	16,406,456
Reversed for Encumbrance										
Remaining Fund Balance	\$ 29,773,810	\$ 39,204,881	\$ 34,226,357	\$ 39,702,411	\$ 68,341,979	\$ 69,987,244	\$ 74,084,708	\$ 43,570,129	\$ 11,148,807	\$ 5,542,351
ANTICIPATED FY2016 UNDER SPENDING									13,000,000	
REVISED FUND BALANCE									\$ 24,148,807	

UTILIZATION OF FUND BALANCE TO SUPPORT THE 2015-16 BUDGET

FUND BALANCE	FY2016	FY2017
RESTRICTED FUND	\$ 6,966,807	\$ 3,560,351
PROJECTED UNEXPENDED AT 6-30-16	13,000,000	-
CAPITAL RESERVE	3,182,000	982,000
EMERGENCY REVERSE	1,000,000	1,000,000
PROJECTED FUNDS AT 6-30	24,148,807	\$ 5,542,351
ALLOCATE TO THE FY2017 BUDGET		
LEGAL RESERVE		
JUNE 30 2016 UNEXPENDED		16,406,456
CAPITAL		2,200,000
ALLOCATE TO FY2017 BUDGET		18,606,456
FUND BALANCE AVAILABLE AS OF JUNE 30TH		\$ 5,542,351
*THE DISTRICT IS OUT OF COMPLIANCE WITH LESS THAN 2% IN FUND BALANCE		

REALITY CHECK OF FINANCIAL SITUATION

- We are upon the fiscal cliff.
- Limited increase in State Aid
- Resistance to increasing Local Tax Levy (more than 10 years with 0% Tax Levy increase)
- Un-Sustainable finance model
 - Structural deficit
 - Dependence on use of Fund Balance and Reserves are no longer available
- Protection of assets necessary for program delivery
- Paterson has some of the oldest schools in NJ and increasing operations costs will continue to be challenging.
- Desire for stability of operations



FY2017 BUDGET

- ⦿ Q & A
- ⦿ Public Comment