

School Funding

How the State of New Jersey determines or local budget



Adequate Budget

What is an Adequate Budget?

Answering this question is the first step the state takes in formulating its equalization aid to a district. In short, for every school district the state calculates what would be the necessary **funding level to provide a “thorough and efficient education”** to every pupil in that district. This is what is referred to as the **Adequacy Budget**. The state then calculates the **Local Cost Share**; or, what it believes the local taxing authority would be able to raise and earmark for the school district’s budget. The difference between the Adequacy Budget and the Local Cost Share, if one exists, is covered by the state through **Equalization Aid**.

Local Fair Share

How Much Must the Local School District Pay?

Now that the state has figured out what is an Adequate Budget, the next step is to figure out how to pay for it. More specifically, the state figures out how much the local community is responsible for and how much the state is responsible for. The local communities' portion is referred to as the **Local Cost Share**.

Calculation of Local Fair Share

There are two variables that the state considers in deriving a Local Cost Share:

Property Values and the Income of a district's residents. The aggregate Property Value and Income of the district are separately multiplied against rate multipliers; added together and then divided by two to get a final Local Cost Share. The equation below illustrates this:

$$[(\text{Property Value} * \text{Property Rate}) + (\text{Income} * \text{Income Rate})]/2$$

Resource:

<https://www.njsba.org/news-information/parent-connections/school-finance-101/>

STATE OF NEW JERSEY - DEPARTMENT OF EDUCATION
DIVISION OF FINANCE
OFFICE OF SCHOOL FINANCE
PROJECTED 2019-20 STATE SCHOOL AID
EQUALIZATION AID

03/07/2019

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COUNTY: 35-SOMERSET
DISTRICT: 0490-BOUND BROOK BORO
BUDGET: K-12

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ADEQUACY BUDGET CALCULATION:
***** REGULAR EDUCATION *****

Projected Weighted Base Enrollment 1,874 (A)
Total Base Cost
- @ \$11,775 per pupil
times GCA 1.03550 times Item(A) 22,849,705 (B)
Projected Weighted At-Risk Only Enrollment 650 (C)
Total At-Risk Only Cost
- @ \$11,775 per pupil
times GCA 1.03550 times Item(C) 7,925,458 (D)
Projected Weighted LEP Only Enrollment 19 (E)
Total LEP Only Cost
- @ \$11,775 per pupil
times GCA 1.03550 times Item(E) 231,667 (F)
Projected Weighted combined LEP & Low Income Enrollment 174 (G)
Total Combined LEP & Low Income Cost
- @ \$11,775 per pupil
times GCA 1.03550 times Item(G) 2,121,584 (H)
***** SPECIAL EDUCATION *****
Special Education Enrollment
- FTE Resident Enrollment @ 15.40% 274 (I)
Total Special Education Cost
- @ \$18,612 per pupil
times GCA 1.03550
times Item (I) times 2/3 3,520,485 (J)
Speech Only Enrollment
- FTE Resident Enrollment @ 1.570% 28 (K)
Total Speech Only Cost
- @ \$1,220 per pupil
times GCA 1.03550
times Item (K) 35,373 (L)

ADEQUACY BUDGET -
Items (B) + (D) + (F) + (H) + (J) + (L) \$36,684,272 (M)

LOCAL SHARE CALCULATION - REGULAR DISTRICT

Equalized Valuation (10/1/2018) 813,450,022 (N)
District Income (2016) 255,489,544 (O)
Equalized Val. x 0.014523812 / 2 5,907,198 (P-1)
District Income x 0.049819447 / 2 6,364,174 (P-2)
Local Fair Share : Item(P-1) + Item(P-2) 12,271,372 (P)

LOCAL SHARE - COUNTY VOCATIONAL SCHOOL DISTRICT

County Local Shares 965,315,049 (Q)
County Adequacy Budgets 858,429,294 (R)
Item(Q) / Item(R) 1.1245 (S)
Local Share
Item(S) x Item(M) - for Vocs Only 0 (T)

EQUALIZATION AID CALCULATION
Adequacy Budget [Item(M)] 36,684,272 (U)
Local Fair Share [Item (P) or (T)] 12,271,372 (V)
EQUALIZATION AID
[Item(U) less Item(V)] \$24,412,900 (W)

STATE OF NEW JERSEY - DEPARTMENT OF EDUCATION
DIVISION OF FINANCE
OFFICE OF SCHOOL FINANCE
PROJECTED 2019-20 STATE SCHOOL AID
NET STATE AID SUMMARY

03/07/2019

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COUNTY: 35-SOMERSET
DISTRICT: 0490-BOUND BROOK BORO
BUDGET: K-12

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GENERAL FUND AID:		SPECIAL REVENUE FUND AID:	
Equalization Aid [BUD (A-1) + CH67 (I-1)]	12,596,837 (A-1)	Preschool Education Aid [PEA (M) or (L) for Universal or (G) for ECPA/ELLI]	1,080,562 (B-1)
Educational Adequacy Aid [BUD (A-5)]	0 (A-2)	SUBTOTAL	\$1,080,562 (B)
School Choice Aid [CHOICE (N)]	426,983 (A-3)	LESS:	
Transportation Aid [BUD (A-4) + CH67 (I-4)]	124,699 (A-4)	Assessment for Debt Service on SDA funding*	\$9,836 (C)
Special Education Categorical Aid [BUD (A-2) + CH67 (I-2)]	1,574,377 (A-5)	SUBTOTAL ADJUSTED [Item(A) + (B) - (C)]	\$16,578,272 (D)
Security Aid [BUD (A-3) + CH67 (I-3)]	784,650 (A-6)	DEBT SERVICE FUND AID:	
Adjustment Aid [BUD (A-7) + CH67 (I-5)]	0 (A-7)	Debt Service Aid, Type 2	857,795 (E)
		ADDITIONAL AID PAYABLE ON BEHALF OF DISTRICT:	
		Debt Service Aid, Type 1	0 (F)
SUBTOTAL	\$15,507,546 (A)	GRAND TOTAL AID PAYABLE TO AND ON BEHALF OF DISTRICT:	
		Total Aid	\$17,436,067 (G)

* This assessment must be budgeted as Capital Outlay expenditure for Assessment for Debt Service on SDA Funding (line 76210) in FY20. It will be shown in your FY20 payment schedule as a deduction from FY20 revenue.

Our Budget

- Our local fair share expected number (\$12,271,372) and the expected equalization aid number (\$24,412,900).
- Our equalization aid number we will receive (\$12,596,837).
- The difference between our expected local fair share and proposed Local Fair Share is ($\$12,271,372 - \$13,261,017 = \text{\textcolor{red}{\$-989,645}}$). Overtaxed! Down from two years ago of 2.5 million.
- The difference between our expected equalization aid and our real equalization aid is ($\$24,412,900 - \$12,596,837 = \text{\textcolor{red}{\$11,816,063}}$). Underfunded!

NJSBA Resources

Knowledge is Power The structure of the PILOT payments is the result of a negotiation between the developer and the municipality. Only municipalities and counties are entitled to collect their respective portions of PILOT payments. The municipality collects 95 percent and the county collects 5 percent. School districts are not legally “entitled” to share in these payments.

Resource:

<https://www.njsba.org/news-publications/school-leader/november-december-2017-volume-48-no-3/school-finance-overview-pilot-programs/>

Example

- The current Merida project has an assessed value of \$30,000,000. Their current educational tax to the Local Fair Share would be around \$560,700.
- A home with an assessed value of \$300,000 pays a Local Fair Share of \$5607.
- The current Pilot payment to the Borough of Bound Brook from Merida is \$350,000. Municipal Property tax should be \$315,600 and the county tax should be \$123,900; Total Municipal/County \$439,500. Currently \$332,500 goes to the Municipality \$17,000 to the county
- The Taxpayers are covering the local fair share of \$560,700; that cost should be paid by Merida.
- Please reach out to your Borough Council and ask these important taxpayer questions.

**2018 SOMERSET COUNTY
TAX RATES
DOLLARS PER \$100 OF VALUE**

Municipality	County Tax	County Library	County Open Space	District School	Regional School Tax	Municipal Tax	Municipal Open Space Tax	Municipal Library Tax	Total Tax Rate	Previous Year	Ratio	Effective Rate
BEDMINSTER	0.325	0.000	0.031	0.681	0.000	0.271	0.015	0.034	1.357	1.379	98.01	1.330
BERNARDS	0.329	0.000	0.032	1.317	0.000	0.292	0.000	0.035	2.005	1.989	96.83	1.941
BERNARDSVILLE	0.324	0.000	0.031	0.000	1.148	0.435	0.019	0.034	1.991	1.927	98.72	1.966
BOUND BROOK	0.332	0.050	0.031	1.869	0.000	1.052	0.000	0.000	3.334	3.411	96.01	3.201
BRANCHBURG	0.321	0.048	0.031	1.373	0.000	0.338	0.050	0.000	2.161	2.176	99.15	2.143
BRIDGEWATER	0.330	0.049	0.032	0.000	1.433	0.247	0.000	0.000	2.091	2.093	97.54	2.040
FAR HILLS	0.329	0.000	0.032	0.000	0.454	0.494	0.000	0.035	1.344	1.308	96.87	1.302
FRANKLIN	0.323	0.000	0.031	1.458	0.000	0.358	0.050	0.034	2.254	2.262	98.17	2.213
GREEN BROOK	0.325	0.049	0.030	1.729	0.000	0.455	0.005	0.000	2.593	2.535	98.09	2.543
HILLSBOROUGH	0.332	0.050	0.032	0.000	1.607	0.325	0.028	0.000	2.374	2.372	95.91	2.277
MANVILLE	0.329	0.049	0.032	1.815	0.000	1.045	0.000	0.000	3.270	3.214	98.60	3.224
MILLSTONE	0.331	0.050	0.032	0.000	1.825	0.624	0.000	0.000	2.862	2.755	96.13	2.751
MONTGOMERY	0.387	0.058	0.037	2.103	0.000	0.400	0.040	0.000	3.025	2.978	82.27	2.489
NORTH PLAINFIELD	0.338	0.050	0.032	2.030	0.000	1.277	0.000	0.000	3.727	3.775	94.07	3.506
PEAPACK/GLADSTONE	0.319	0.048	0.030	0.000	0.897	0.554	0.030	0.000	1.878	1.902	99.74	1.873
RARITAN	0.340	0.000	0.033	0.000	1.427	0.616	0.000	0.035	2.451	2.386	93.93	2.302
ROCKY HILL	0.320	0.048	0.031	1.390	0.000	0.386	0.020	0.000	2.195	2.171	100.39	2.204
SOMERVILLE	0.355	0.053	0.034	2.069	0.000	1.085	0.000	0.000	3.596	3.522	91.64	3.295
SO. BOUND BROOK	0.334	0.050	0.032	1.985	0.000	0.983	0.000	0.000	3.384	3.372	95.42	3.229
WARREN	0.317	0.047	0.030	0.859	0.421	0.293	0.020	0.000	1.987	1.988	100.60	1.999
WATCHUNG	0.318	0.048	0.031	0.612	0.372	0.590	0.020	0.000	1.991	1.979	100.71	2.005

This year's school tax rate will be 1.722 down from 1.869

Tax History

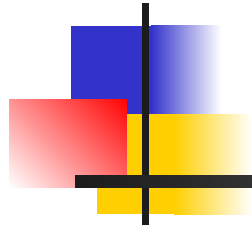
Year	Tax Levy	Percent of Change
2006-2007	\$ 12,385,567.00	
2007-2008	\$ 12,054,424.00	-2.42%
2008-2009	\$ 12,102,757.00	0.41%
2009-2010	\$ 12,284,744.00	1.47%
2010-2011	\$ 12,072,744.00	-1.61%
2011-2012	\$ 12,314,062.00	2.13%
2012-2013	\$ 12,571,243.00	2.00%
2013-2014	\$ 12,571,243.00	0.02%
2014-2015	\$ 12,833,220.00	2.04%
2015-2016	\$ 13,446,977.00	4.64%
2016-2017	\$ 14,056,977.00	4.41%
2017-2018	\$ 14,180,017.00	0.85%
2018-2019	\$ 13,680,017.00	-3.43%
2019-2020	\$ 13,261,017.00	-1.88%
Total tax Levy increase		8.64%
Average Tax Levy Increase per year		0.66%

14 year tax increase average is 0.66%

BOUND BROOK SCHOOL DISTRICT

BUDGET

2019-2020



Planning For
Our Success



Overall Budget Goals “Services To Students”

- Improve academic and instructional programs
- Maintain student /teacher ratio
- Continue curricular transformations and updates
- Reduce local taxes
- Increase security measures
- Create social and emotional programs
- Create a mental wellness program
- Create in-district counseling model with clinical counselors



Overall Instructional Goals “Services To Students”

- Continue to increase Instructional Capacity
- Continue to organize the district into a High Performing District
- Continue Implementing procedures and policies to support instruction
- Early Reading Intervention Program
- Increase ASI Support



Maintain Programs “Services To Students”

- Maintain Programs
 - Extended School Program for grades 1-8
 - Summer School Reading Program for grades k and 1
 - Expansion of Self-Contained Special Education Programs to Community School
 - World Language Program for grades 2-6

Staffing Needs

“Services To Students”



- ADDITIONAL STAFF-

- 1- Manager of Human Resources
- 1 - District SAC
- 1- Clinical Social Worker
- 2 - Curriculum Supervisors
- 1- 6th Grade Teacher
- 1 - 1st Grade Teacher
- 1- Special Education Teacher HS
- 1- Business Teacher HS



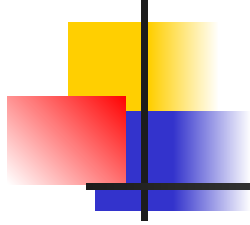
Staff Reductions “Services To Students”

- Staff Reductions
 - Technology Teacher



Budget Increases “Services To Students”

- Health Care
- Contractual Increases
- Workers Compensation
- Special Education Costs
- New Staff
- Smalley Classroom Addition (Lease Purchase)



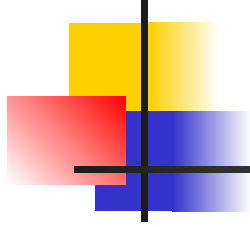
Budget “Services To Students”

Base Budget

• Last year’s Budget	\$29,931,028
• This years Budget	\$31,107,365
• Difference	\$ 1,176,337
• Tax Decrease of	\$ 419,000
• Fund 12	\$ 100,000

Overall Budget

• Last year’s Budget	\$36,009,507
• This years Budget	\$35,130,540
• Difference	\$ -878,967



Financial Prudency “Services To Community”

- **Per pupil costs are significantly less for services:**
 - Overall Ranked 6th out of 71 similar districts
 - Salary and Benefits Classroom Instruction Ranked 3RD out of 71 similar districts
 - Salary and Benefits classroom Instruction Ranked 3RD out of 71 similar districts
 - District support services Ranked 8th out of 71 similar districts
 - Salary and Benefits support services Ranked 3RD out of 71 similar districts
 - Salary and Benefits Operation and Maintenance Ranked 7th out of 71 similar districts
 - Ratio of Students to Faculty and Students to Administration is greater than State average
 - District has reduced the number of out of district placements by creating new programs
 - The district’s creation of a school-to-work mentor cohorts is unparalleled

Questions