

# 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/>

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

STATE OF NEW JERSEY - DEPARTMENT OF EDUCATION  
 DIVISION OF FINANCE AND BUSINESS SERVICES  
 OFFICE OF SCHOOL FINANCE  
 PROJECTED 2022-23 STATE SCHOOL AID  
 EQUALIZATION AID

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

Projected Weighted Base Enrollment 1,886 (A)  
 Total Base Cost  
 - @ \$12,451 per pupil  
 times GCA 1.03550 times Item(A) 24,316,218 (B)  
 Projected Weighted At-Risk Only Enrollment 600 (C)  
 Total At-Risk Only Cost  
 - @ \$12,451 per pupil  
 times GCA 1.03550 times Item(C) 7,735,806 (D)  
 Projected Weighted LEP Only Enrollment 43 (E)  
 Total LEP Only Cost  
 - @ \$12,451 per pupil  
 times GCA 1.03550 times Item(E) 554,399 (F)  
 Projected Weighted combined LEP & Low Income Enrollment 176 (G)  
 Total Combined LEP & Low Income Cost  
 - @ \$12,451 per pupil  
 times GCA 1.03550 times Item(G) 2,269,170 (H)  
 \*\*\*\*\* SPECIAL EDUCATION \*\*\*\*\*  
 Special Education Enrollment  
 - PTE Resident Enrollment @ 15.90% 284 (I)  
 Total Special Education Cost  
 - @ \$19,524 per pupil  
 times GCA 1.03550  
 times Item (I) times 2/3 3,827,771 (J)  
 Speech Only Enrollment  
 - PTE Resident Enrollment @ 1.610% 29 (K)  
 Total Speech Only Cost  
 - @ \$1,270 per pupil  
 times GCA 1.03550  
 times Item (K) 38,137 (L)

ADEQUACY BUDGET -  
 Items (B) + (D) + (F) + (H) + (J) + (L) \$38,741,501 (M)

LOCAL SHARE CALCULATION - REGULAR DISTRICT

Equalized Valuation (10/1/2021) 962,322,443 (N)  
 District Income (2019) 297,481,762 (O)  
 Equalized Val. x 0.013089410 / 2 6,298,117 (P-1)  
 District Income x 0.045610629 / 2 6,784,165 (P-2)  
 Local Fair Share : Item(P-1) + Item(P-2) 13,082,282 (P)

LOCAL SHARE - COUNTY VOCATIONAL SCHOOL DISTRICT

County Local Shares 975,282,146 (Q)  
 County Adequacy Budgets 873,500,508 (R)  
 Item(Q) / Item(R) 1.1165 (S)

Local Share  
 Item(S) x Item(M) - for Vocs Only 0 (T)

EQUALIZATION AID CALCULATION

Adequacy Budget [Item(M)] 38,741,501 (U)  
 Local Fair Share [Item (P) or (T)] 13,082,282 (V)

EQUALIZATION AID  
 [MAX(0, {Item(U) less Item(V)}] \$25,659,219 (W)

Fill & S

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

STATE OF NEW JERSEY - DEPARTMENT OF EDUCATION  
DIVISION OF FINANCE AND BUSINESS SERVICES  
OFFICE OF SCHOOL FINANCE  
PROJECTED 2022-23 STATE SCHOOL AID  
NET STATE AID SUMMARY

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GENERAL FUND AID:		SPECIAL REVENUE FUND AID:	
Equalization Aid [SED (A-1) + CH67 (I-1)]	22,232,004 (A-1)	Preschool Education Aid [PEA (M) or (L) for Universal or (G) for NCPA/ELLI]	1,340,688 (E-1)
Educational Adequacy Aid [SED (A-5)]	0 (A-2)	SUBTOTAL	\$1,340,688 (E)
School Choice Aid [CHOICE (W)]	177,481 (A-3)	LESS:	
Transportation Aid [SED (A-4) + CH67 (I-4)]	124,699 (A-4)	Assessment for Debt Service on SDA funding*	\$9,836 (C)
Special Education Categorical Aid [SED (A-2) + CH67 (I-2)]	1,574,377 (A-5)	SUBTOTAL ADJUSTED [Item(A) + (E) - (C)]	\$26,324,063 (D)
Security Aid [SED (A-3) + CH67 (I-3)]	784,650 (A-6)	DEBT SERVICE FUND AID:	
Adjustment Aid [SED (A-7) + CH67 (I-5)]	0 (A-7)	Debt Service Aid, Type 2	874,852 (F)
Military Impact Aid [MIL (D)]	0 (A-8)	ADDITIONAL AID PAYABLE ON BEHALF OF DISTRICT:	
SUBTOTAL	\$24,893,211 (A)	Debt Service Aid, Type 1	0 (F)
		GRAND TOTAL AID PAYABLE TO AND ON BEHALF OF DISTRICT:	
		Total Aid	\$27,098,915 (G)

\* This assessment must be budgeted as Capital Outlay expenditure for Assessment for Debt Service on SDA Funding (line 76210) in FY23. It will be shown in your FY23 payment schedule as a deduction from FY23 revenue.

# Our Budget

- Our local fair share expected number (\$12,813,855) and the expected equalization aid number (\$24,320,470).
- Our equalization aid number we will receive (\$20,366,017).
- The difference between our expected local fair share and proposed Local Fair Share is ( $\$13,082,282 - \$13,082,282 = \$0$ ).
- The difference between our expected equalization aid and our real equalization aid is ( $\$25,559,219 - \$22,232,004 = \$3,327,215$ ). 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/>



# Tax History

Year	Tax Levy	Percent of Change
2017-2018	\$ 14,180,017.00	0.85%
2018-2019	\$ 13,680,017.00	-3.43%
2019-2020	\$ 13,261,017.00	-1.88%
2020-2021	\$ 13,037,373.00	0.00%
2021-2022	\$ 13,082,282.00	0.34%
<b>Total tax Levy increase</b>		<b>-4.12%</b>
<b>Average Tax Levy Increase per year</b>		<b>-0.82%</b>

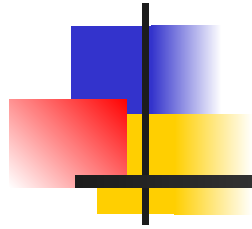
5 year tax increase average is -0.82%

This year we reduced the debt service tax to offset the general fund increase.

# BOUND BROOK SCHOOL DISTRICT

## BUDGET

2022-2023



Planning For  
Our Success

# Strategic Planning Goals

The focus of the strategic plan is to improve in five key areas:

1. Cultural Responsiveness, Disproportionality, and Equity
2. Consistency, Continuity, and Data Driven Instruction
3. Academic Achievement and Student Motivation
4. Family and Community Engagement
5. Social-Emotional/Mental Health and Mindfulness



## Overall Budget Goals “Services To Students”

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- Improve academic and instructional programs
- **Decrease student /teacher ratio**
- Continue curricular transformations and updates
- Increase Health and Safety Measures
- Continue social and emotional programs
- Continue to expand our mental wellness program
- Continue in-district counseling model with clinical counselors
- New Adopt a new Math curriculum K-8



## Overall Instructional Goals “Services To Students”

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- Continue to increase Instructional Capacity
- Continue the District status as a High Performing District
- Continue Implementing procedures and policies to support instruction
- Continue our Early Reading Intervention Program
- Increase Support For Learning Loss
- Expand our summer school program for learning loss due to the pandemic



## Maintain Programs “Services To Students”

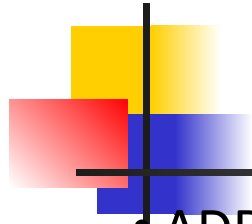
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- Maintain Programs
  - Extended School Program for grades 1-8
  - Summer School Reading Program for grades k and 1
  - Add additional staffing due to student growth

## 6A:13-3.1 Class size in high poverty districts

Class size in school districts in which 40 percent or more of the students are “at-risk” as defined in P.L. 2007, c. 260 shall not exceed **21** students in grades kindergarten through three, **23** in grades four and five and **24** students in grades six through 12; provided that if the district chooses to maintain lower class sizes in grades kindergarten through three, class sizes in grades four and five may equal but not exceed 25. Exceptions to these class sizes are permitted for some physical education and performing arts classes, where appropriate.

# Staffing Needs “Services To Students”



## • ADDITIONAL STAFF-

### District

- Registrar Assistant
- Social Worker
- Asst. to Human Resources

### Middle School

- Teacher CMS
- Teacher CMS

### Smalley

- Grade 6 Teacher

### High School

- HS English
- HS Math
- HS Science
- HS Bilingual Guidance

Psychologist

LCTC

New Comers Teacher

Teacher CMS

Grades 3-6 Phys Ed Teacher

HS Asst. Principal(separating the Athletic Director Position)

HS History

HS Specials





# Staff Reductions “Services To Students”

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- Staff Reductions
  - No reductions



# Budget Increases “Services To Students”

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- Cost Increases
  - Health Care
  - Contractual Increases
  - Workers Compensation
  - Special Education Costs
  - New Staff
- Maintenance Projects
  - Replace the Football Field



## Budget “Services To Students”

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### **Base Budget**

• Last year’s Budget	\$36,509,965
• This years Budget	\$41,028,409
• Difference	\$ <b>4,518,444</b>
• Tax Decrease of	\$ <b>0</b>
• Fund 20	\$ 3,805,055

### **Overall Budget**

• Last year’s Budget	\$42,631,775
• This years Budget	\$44,833,464
• Difference	\$ 2,201,689

# Ground Lease

## Smalley Ground Lease

- This year's Payment \$1,246,558
- Years left on Lease 2 Lease ends in the 2023-2024 school year

# District Projects on Horizon

- Lafayette Cafeteria
- Lafayette Classroom Addition
- Replacement of Field Lights
- Restoration of High School Bathrooms
- High School Boilers
- LED lights for some classrooms
- HVAC Project for elementary buildings

# Questions