

Washington Township School District

March 2010

2010-2011 School Budget Newsletter

NEW JERSEY SCHOOL AID BACKGROUND INFORMATION

- ⇒ The state's fiscal crisis is affecting nearly every school in the state.
- ⇒ Last month the state took back a total of \$245 million dollars (by withholding payments) of previously committed aid to schools, forcing school districts to adjust their 2009-2010 budgets.
- ⇒ The amount withheld from each district was based upon the amount of money held in surplus and capital accounts.
- ⇒ Districts that budgeted and saved prudently were the hardest hit by this action. Responsible districts put money aside in these accounts to fund emergency situations, such as a leaky roof, a broken boiler, or unforeseen educational needs.
- ⇒ School districts could also apply this money to the revenue side of a subsequent year budget for tax reduction.
- ⇒ Districts that did not have money saved in these accounts did not have any 2009-2010 state aid withheld.
- ⇒ Washington Township lost a total of \$64,992 as a result of this withholding. This represented 2.27% of the district's 2009-2010 state aid.
- ⇒ Last year the state used \$1.057 billion in federal stimulus money toward its aid to schools to fill a budget gap. This money is not available this year which results in a 7.4% decrease in federal and state dollars available for school funding.
- ⇒ As a result, the 2010-2011 state aid to each school district is being reduced by an amount equal to 4.994% of their original 2009-2010 general fund budget.
- ⇒ **For Washington Township, this means a 14% reduction in state aid or \$399,364 less than last year.**

A Message from the Board of Education

New Jersey's fiscal crisis did not occur overnight. It has taken many years of excessive borrowing, spending and questionable financial planning to get to this point. There is currently much speculation as to specific causes and blame being placed upon some individuals and groups believed to be responsible.

The Governor and legislature are constitutionally obligated to balance the state's budget. They are working on a state budget and legislation that will eventually help control spending and get the state back on track. The state's fiscal recovery will not be easy or quick. Considering some of the early proposals and suggestions, it appears that many of the remedies are not going to favor many suburban communities such as Washington Township. We will need to watch carefully and be prepared to provide feedback to our legislators. Individual board members are already doing so.

As we planned the district's budget for the 2010-2011 school year, we were told to expect cuts in state aid. As we waited for the Governor's budget address on March 16th and our state aid figures the next day, we prepared various budget scenarios as recommended, anticipating cuts in state aid of 5%, 10%, or 15%. The 14% cut we realized was disappointing but not totally unexpected.

At our March 22nd Board of Education meeting, we approved a draft budget to be sent to the Executive County Superintendent for approval. After some revisions to the budget by the county office, our 2010-2011 budget is approved and is ready for advertising and a public hearing.

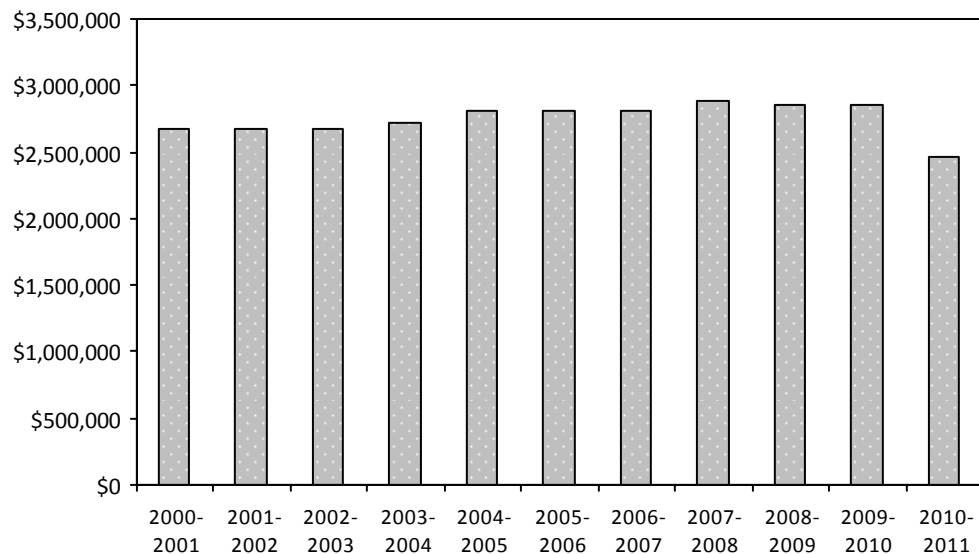
The school budget reflects our educational program in dollars. It is the basis for every phase of the district's operation - personnel, curriculum, buildings, instructional materials, equipment, transportation, after-school activities, etc. Many difficult choices were weighed as we prepared the 2010-2011 budget. Please be assured that we always kept our primary focus on the students.

It is our mission to provide a high quality educational program for the children that is fiscally responsible to the taxpayers of our community and within the fiscal parameters set by the state. The Board commends Superintendent Roger Jinks and Business Administrator Jean Flynn for their diligence in developing this budget.

With our 14% decrease in state aid, the take-back of nearly \$65,000 of last year's aid, and state imposed budget caps following several years of relatively flat funding, we truly had no choice but to make some cuts. Be assured that every effort was made to minimize the impact on the students. Also, please keep in mind that if the legislators and Governor enact some of the legislation this summer that they are proposing, it is possible that some of these cuts may be restored before the start of the 2010-2011 school year.

Thank you for your interest, support, confidence and assistance to provide the best educational opportunities for the students in these trying economic times.

State Aid Snapshot: History of State Aid to Washington Township School District



The annual school election will be held on Tuesday, April 20, 2010. The polls will be open from 2:00—9:00 PM.

Questions and Answers

How does this budget compare to last year's budget?

Comparing the 2010-2011 advertised budget to last year's, it is clear to see that cuts were made to nearly every discretionary line item to offset increases in the fixed and the non-discretionary line items. The general fund budget shows an overall decrease compared to last year.

Why do we have to make cuts to personnel?

The state sets parameters that we must follow when we develop our budget. This year there is a 4% cap on the tax increase. In some instances, we are permitted to use cap waivers to levy additional taxes. State law currently permits districts to apply for cap waivers that would allow us to levy additional taxes to make up the reduction in state aid. Due to the current economic climate and the Governor's stand on lowering taxes for the citizens of NJ, the county offices are not approving budgets with this type of cap waiver. As a result, many districts throughout the state are facing devastating cuts to personnel and programs. Actually, Washington Township is much better off than many other school districts throughout the state.

How does the 14% cut in state aid compare to other school districts?

Some of the state's poorer districts are seeing cuts of less than 5% to their state aid while 59 of the wealthier districts will no longer receive any state aid. State aid is allocated according to district factor groups, which are based, in part, on wealth. The formula the state used reduced most districts' general fund budget by about 5%.

Legislation was just passed that will require public employees to contribute 1.5% of their salary toward medical premiums. How will that help?

This will offset a portion of medical insurance premiums.

The Governor wants school boards to ask teachers to take a salary freeze this year to save jobs. Can we ask our teachers to do that?

The Board and the Association are currently negotiating the teachers' contract. We are working together to negotiate a fair contract that will help contain costs as we move forward. As costs are contained, the children benefit and this is the goal of the teachers and the board.

What happens if the budget is defeated at the polls?

If the budget is defeated, it must go to the Washington Township Committee for possible cuts.

Will next year be any better?

It will take several years for New Jersey's fiscal crisis to be resolved. The legislature is working to develop tools to help the public sector contain costs. Proposed legislation includes pension reform, mandatory employee contributions to medical premiums, and caps on sick day/vacation day pay-out upon retirement. They also plan to propose legislation to cap property tax increases at 2.5%. This will not help Washington Township until the school funding formula is equalized and municipalities are funded fairly.

How can I contact my legislators?

To contact Senator Michael Doherty, Assemblyman John DiMaio, or Assemblyman Erik Peterson, go to www.njleg.state.nj.us. We are in the 23rd district.

Where can I get more information?

More information will soon be available on the district's website: www.washingtontownshipschools.org. Or call the district office at 689-1119 x 602.