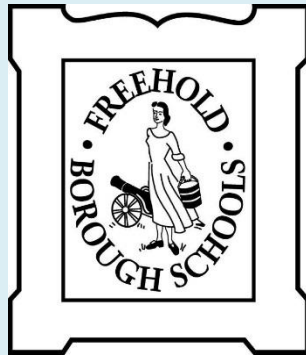


2018 Initial Budget Discussion

Board of Education Meeting
March 5, 2018



Major Expenditure Categories



Personnel

- Salary & Benefit costs about 81% of total budget
- FBEA contract ratified for 18/19 ~\$401,300
- FBAA contract ratified for 18/19 -~\$38,600
- Non-Unit staff proposed @ 4.25% ~\$41,700
- Add two hourly security monitors to operating budget (1 at PAE, 1 at FLC)

Health Benefits

- Due to a high loss ratio during the past year Horizon proposed a 28% increase in health benefits for the 07/01/18 renewal.
- District was already to move from Direct 10 to Direct 15 coverage as base offering on July 1, 2018
- Horizon proposal had the full cost of a family plan under Direct 15 at \$45,156 a year per employee having significant financial ramifications on the District and our employees
- Alternative proposals sought from Aetna, AmeriHealth, Cigna, and two Joint Health Insurance Funds all declined to provide a quote for coverage to the District



Health Benefit Plan

- NJ State Health Benefits Plan (SHBP) which is the standard of coverage for health insurance is also the “insurer of last resort” for Districts otherwise unable to obtain health insurance coverage on the open market
- Current District Health Plan is on fiscal year July 1 to June 30
- SHBP is on calendar year January 1 to December 31
- SHBP Rates for July 1, 2018 to December 31, 2018 known
- Rate renewal increase is at January 1, 2019 and projected by benefits broker to be 14%

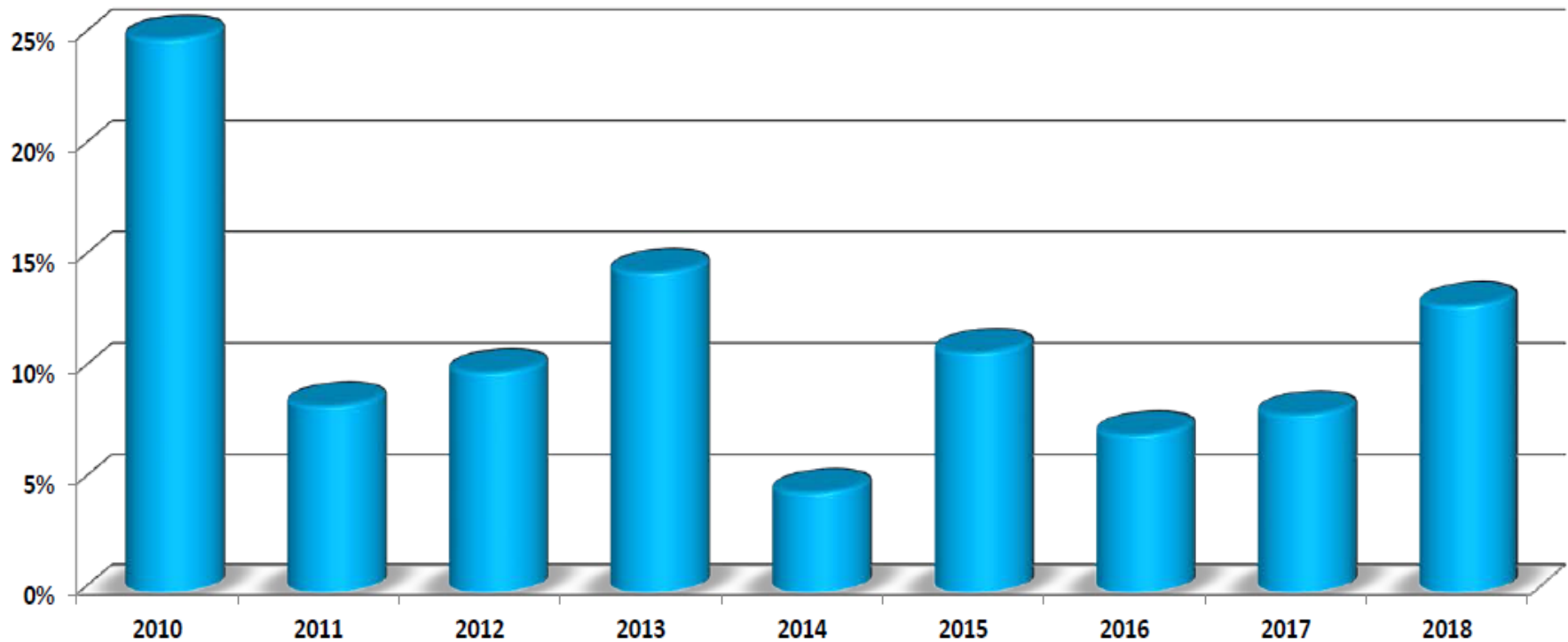


Health Benefit Rates & Budgeting

	Direct 10 Current Rates until 06/30/18	Direct 15 SHBP 6 Months 07/01/18 – 12/31/18 (Annualized)	Direct 15 SHBP 6 Months Projected Increase 14% for 01/01/19 – 06/30/19 (Annualized)	Direct 15 Average Annual Cost* for 07/01/18-06/30/19 w/ Projected Increase
Single	\$13,024	\$12,563	\$14,322	\$13,443
Parent/Child	\$22,792	\$23,367	\$26,639	\$25,003
2 Adult	\$26,047	\$25,127	\$28,645	\$26,886
Family	\$35,816	\$35,931	\$40,961	\$38,446

* - To come up with average annual cost pro-rate 6 months of 07/01 to 12/31 and 01/01 to 06/19 and add to get average annual cost

SEHBP Medical - NJ Direct10 Renewal History



Renewal Date	2010	2011	2012	2013	2014	2015	2016	2017	2018
NJDirect10	25.0%	8.5%	10.0%	14.5%	4.6%	10.9%	7.2%	8.1%	13.0%

Notes:

1. Renewals for 2012, 2013, 2014, 2015 & 2016 include adjustments to the dependent tiers (P&C, Family), which increases the renewal percentage depending on enrollment.

2. COMPOUNDED RENEWAL INCREASE OVER 9 YEARS = 159.5%

Tuition Costs

- 21 students currently out of district projected to decrease to 19 next year subject to fluctuation
- Tuition costs for placements, established by state, range from \$53,000 to \$79,000 per year per student
- Projection for 18/19 tuition costs \$1,365,035 with an estimated \$350,000 to be covered by IDEA funds. About 4.3% of budget

Transportation

- Projected savings from eliminating transportation to WF & MWE Kindergarten routes \$100k
- Costs increased significantly this year. All Freehold Boro routes at capacity and Twp. transportation was unable to fill a mid-year special needs route which was outsourced at a current per-diem cost of \$490 per diem
- Working with Twp. to better tier school start/stop times to tier into their transportation scheme. Was already studying start & end times this will be one factor
- Projected transportation costs \$820k or about 3.5% of budget



Freehold Twp. Contingency Plan

- Reserving 4 rooms at West Freehold as insurance in case new construction classrooms are not ready for occupancy by start of school = \$28k
- Unforeseen construction delays at any point in time could prevent certificate of occupancy from being granted for new classrooms. Freehold Twp. has proven to be the only space that can accommodate students on an ad-hoc basis



Budget Scenarios

- Flat state aid = 2% tax levy increase and shed ~\$90k in expenses
- Plan “A” - Increase in state aid up to \$1.1 million
 - 10 New Teachers budget at \$80,000 step 1 salary + benefits = \$800,000
 - No Tax Increase (2% is ~\$225k)

New Teachers

- 5 Teachers - Class Size Reduction required by 6A:13-3.1
 - 4th Grade Teacher
 - 5th Grade Teacher
 - New FIS Pathway
 - FIS ELA/SS Teacher (Dual Certified)
 - FIS Math Teacher
 - FIS Science Teacher 0.4 & Special Ed. 0.6 (Dual Certified)
- 1 Teacher – FIS Math for Dual Math period in 6th grade to conform to rest of FIS

- 2 Teachers - Special Education Offerings 6A:14-4
 - Elementary Resource Teacher
 - Elementary/Intermediate Resource (Writing Instruction)
- 2 Teachers - Create Elementary Professional Learning Community Time (PLC) 6A:9C-3.3
 - 1 Teacher – FIS/PAE Physical Education Teacher; maximize use of new gym space and prepare District for new law restricting the counting of recess toward Physical Ed. & Health time
 - 1 Teacher - Elementary Spanish/ESL 6A:15-1.5

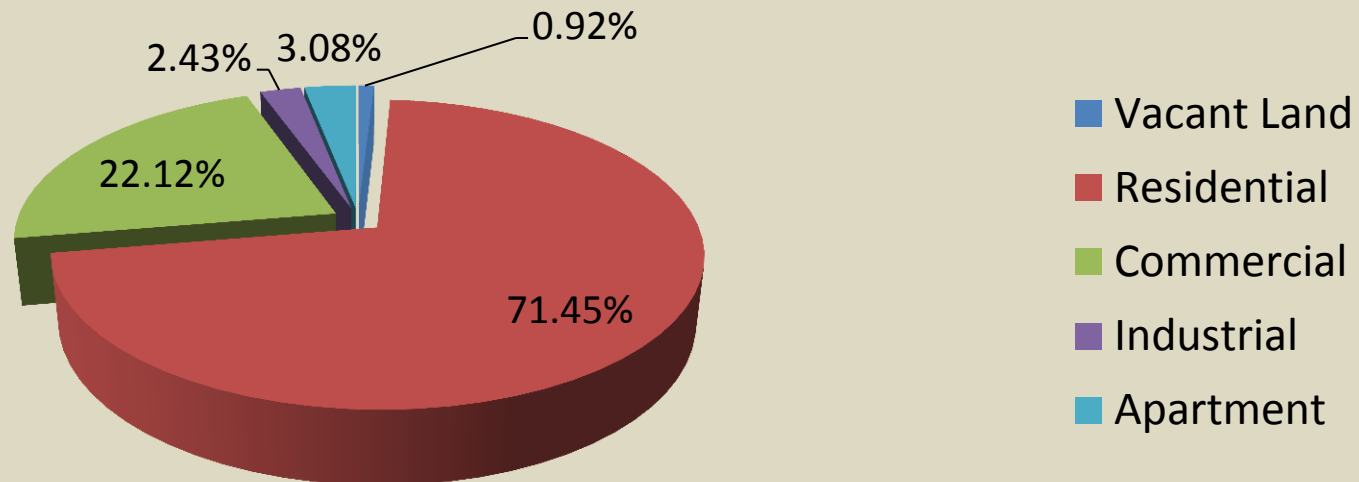
Revenue Sources



Title	2016~17 Actual	2017~18 Revised	2018~19 Proposed	Difference	Difference %
Local Tax Levy	\$ 11,054,967	\$ 11,235,266	\$ 11,459,971	224,705	2.00%
Unrestricted Miscellaneous Revenues	<u>299,771</u>	<u>30,015</u>	<u>30,000</u>	-	0.00%
SUBTOTAL - REVENUES FROM LOCAL SOURCES	\$ 11,354,738	\$ 11,265,281	\$ 11,489,971	224,690	1.99%
Categorical Transportation Aid	54,775	54,775	54,775	-	0.00%
Extraordinary Aid	181,876	100,000	100,000	-	0.00%
Categorical Special Education Aid	842,591	842,591	842,591	-	0.00%
Equalization Aid	8,149,685	9,105,477	9,105,477	-	0.00%
Categorical Security Aid	212,987	212,987	212,987	-	0.00%
Under Adequacy Aid	435,142	435,142	435,142	-	0.00%
PARCC Readiness Aid	15,960	15,960	15,960	-	0.00%
Per Pupil Growth Aid	15,960	15,960	15,960	-	0.00%
Professional Learning Community Aid	<u>16,920</u>	<u>16,920</u>	<u>16,920</u>	-	0.00%
SUBTOTAL - Revenues from State Sources	\$ 9,926,592	\$ 10,799,812	\$ 10,799,812	-	0.00%
Medicaid Reimbursement	85,575	105,129	107,746	2,617	2.49%
ARRA/SEMI Revenue	<u>2,239</u>	<u>-</u>	<u>-</u>	-	0.00%
SUBTOTAL - Revenues from Federal Sources	\$ 87,814	\$ 105,129	\$ 107,746	2,617	2.49%
Budgeted Fund Balance - Operating Budget	-	823,414	635,048	(188,366)	-22.88%
Withdrawal from Cap Res-for Local Share	141,745	-	-	-	0.00%
Withdrawal from Maint. Reserve	36,600	-	-	-	0.00%
Adjustment for Prior Year Encumbrances	-	23,535	-	(23,535)	-100.00%
Actual Revenues (Over)/Under Expenditures	<u>(57,981)</u>	<u>-</u>	<u>-</u>	-	0.00%
TOTAL OPERATING BUDGET	\$ 21,489,508	\$ 23,017,171	\$ 23,032,577	15,406	0.07%

Ratables in Freehold Borough

	2015	2016	2017	Difference
Vacant Land	\$ 10,120,100	\$ 10,627,200	\$ 9,632,800	\$ (994,400)
Residential	741,225,500	739,568,800	746,201,020	\$ 6,632,220
Commercial	230,456,500	229,822,500	231,066,700	\$ 1,244,200
Industrial	25,345,900	25,353,000	25,373,900	\$ 20,900
Apartment	22,065,400	22,454,100	32,137,100	\$ 9,683,000
	\$ 1,029,213,400	\$ 1,027,825,600	\$ 1,044,411,520	\$ 16,585,920



Borough reports preliminary assessed valuations for 2018 is \$1,057,493,600 which is \$13,082,080 increase over the current year. This number is not finalized until late May/early June. The preliminary average assessed home is \$255,415.

Next Steps

March 13th – Governor’s Budget Address



March 15th – State Aid Notices Released



March 19th – Board Meeting. Tentative Budget Adoption



Budget Submitted to County Superintendent for review and approval



Budget is advertised in Asbury Park Press



May 7th – Public Hearing on Budget and final adoption