

Over the last few weeks the Board of Education has received a number of questions regarding the proposed 2018-19 budget. We hope that the Frequently Asked Questions and our Answers below will help to shed clarity on next year's final budget that will be discussed at the May 7th Board of Education meeting.

Frequently asked questions on the 2018-19 Ridgewood Public School Budget

1. When does the budget process begin?

Starting in October, all principals and department supervisors submit their budget projections and staff needs to the Superintendent. The Superintendent and the Business Administrator review each budget and all requests. A preliminary enrollment analysis with the number of class sections per grade and school is developed and monitored throughout the fall and winter. Class size guidelines for our elementary grades are as follows:

Grades K and 1 -- 15 to 22

Grades 2 and 3 -- 18 to 24

Grades 4 and 5 -- 20 to 25

From January through March, the Board reviews the budget and examines all revenue and expense lines. The Superintendent of Schools makes recommendations on the budget to the Board aligned to the needs of our 5,791 students pre-k through high school.

2. Why does the Board approve a preliminary budget?

State law requires that each school district submit a preliminary budget to the County Office of Education for review to ensure compliance with budget regulations and efficiency standards. The Ridgewood Public Schools preliminary budget was approved at the March 19th Board of Education meeting and submitted to the County Superintendent on March 20th. The county approved the preliminary budget on April 18th.

3. Were there opportunities for the public to comment on the budget?

Yes, the public is given two opportunities to bring their comments and questions to the Board of Education and the Superintendent at all of our public meetings. Public comment on the preliminary budget was received from community members at our March 19th Board of Education meeting. The public was also invited to attend our budget presentations on April 3 at GW Middle School and on April 16 at BF Middle School. Postcards advertising these meetings were sent to all households in the community.

The public can receive copies of the Board meeting agendas and a recap of the Board meetings by signing up to receive the District Rps.e-New on our district website at www.ridgewood.k12.nj.us.

Rps.eNews is the district's electronic newsletter that is e-mailed approximately twice a month, following Board of Education meetings. It contains news from the Board meetings, notices of events of interest to the RPS community, information on student and teacher honors and awards, and announcements of upcoming village-wide activities.

4. Is the 2% property tax cap a hard cap?

No, the 2% property tax cap is not a hard cap. The 2% cap law anticipates that there may be specific circumstances that arise that allow a district to exceed the 2% tax levy cap without the requirement to ask the voters for a tax cap override.

When Governor Christie signed the 2% budget cap bill into law in 2010, the legislation significantly reduced the number of exceptions that could be used to go above the tax cap, but it kept some in place, including exceptions for increased costs for health insurance premiums, increases and changes in enrollment, and emergency situations.

The adjustment for increases in health care costs allows a district to adjust the tax increase by the amount of the health care increase over 2%. Next year we anticipate a 17% increase in premium costs for our employees' health insurance.

The law also allows a school district that doesn't raise property taxes by 2% in any given year to "bank" the difference between the less than 2% raised and 2%. For example, this year the property tax was raised by 1% and the remaining 1% was "banked" to be used in a subsequent year, if needed.

To date, the Ridgewood BOE has never taken advantage of this banked cap. The 2018-2019 budget will be the first time.

5. Since the enactment of the 2% budget cap law has the Ridgewood Board of Education presented a budget over the 2% cap?

From 2010 to 2018, all Ridgewood school budgets have been at or below 2%. Next year's budget, as proposed, requires a 3.62% increase utilizing the allowable waivers.

6. Since the enactment of the 2% budget cap law, has the Board of Education ever approved a budget of less than 2%?

Yes, in 2014-15 the tax increase was 1.9% and in 2017-18 the tax increase was 1%.

7. Why is there a 3.62% property tax increase for the 2018-19 budget?

The budget increase in the general tax levy of 3.62% can be seen in three segments:

2% = the statutory cap that is needed to balance the budget.

1% = the Full day Kindergarten increase approved by the voters in November, 2016, and,

.62% = equivalent of the healthcare waiver that we need due to double-digit increases in healthcare premiums.

Regarding the use of banked cap for full day kindergarten:

This year, approximately \$1 million of banked cap was created, due to the fact that the increase in the tax levy was limited to 1%. This was made possible because, due to an arcane state software glitch, we were forced to begin collecting revenues for our new voter approved full day kindergarten program last year, a year early. We “banked” that revenue last year, and used it to limit the tax increase this year, thus creating the “banked cap”. The use of that cap in next year’s budget will merely “normalize” for the time shift.

Regarding the use of banked cap for healthcare:

Healthcare premiums went up 8% last year, 13% this year, and are expected to go up 17% next year. Having never exercised the waiver, we accumulated a significant amount of banked cap. We are budgeting to use \$551 thousand of that cap next year in order to balance the budget in the face of the dramatic rise in healthcare premiums.

After careful consideration and examination of our revenues and expenses, the majority of the Board supported the preliminary budget using both the equivalent of last year’s health benefit waiver and a portion of the banked cap in the amount of 1.62% or \$1,481,689.

8. Why is the budget for Special education going up by 5%?

In addition to the normal increases for salaries, the budget also includes the salaries for two new outsourced behaviorists who will work with students to implement behavioral strategies to improve academic outcomes and one new classroom special education 6-8 grade teacher for the SAIL program serving children with developmental disabilities. The budget provides for the expansion of our counseling and therapeutic Care Plus program into the middle school and supports the district’s work with Alpine Partnership Consultants for our new grades 3 to 5 Applied Behavioral Analysis (ABA) classroom for special needs students requiring this intervention.

9. Are there any curriculum improvements provided for in the budget?

Yes. The budget supports curriculum and course additions for our elementary, middle and high schools. Specifically, students in elementary schools will have STEAM enrichment opportunities; students in grades 6 through 12 will have new course offerings in English

Language Arts, Social Studies, and STEAM; and we will expand our AP course offering at RHS to include AP Human Geography and AP Physics C: E&M/Mechanics.

10. Why doesn't the Board leave the NJ School Employee Health Benefit Plan and find another less expensive plan?

The state of NJ sets the state plan insurance premiums each year. Ridgewood joined the state plan for school employees, the School Employee Health Benefits Plan (SEHBP), in 2012 at which time the cost for the SEHBP plan was significantly less expensive than the Horizon BCBS plan that was our plan in 2011-12. Over the last three years, the SEHBP premium increases has been 7.2 %, 8.4%, and 13%. Experts agree that next year we should see a 17% increase.

The Board does not have the flexibility to leave SEHBP because our claims ratio to premium is over 110%. This makes our district unattractive for health insurance companies to bid on our insurance policy. The Board has explored options and has asked our employees to partner with us in finding more affordable health insurance coverage.

11. Are non-emergency capital projects really increasing by 75% in next year's budget?

Yes, this year we were able to budget \$897.4 thousand for capital improvement, next year the budget for capital improvements will be \$1.5 million. We have eleven buildings, built between 1894 and 1965. In accordance with our Facility Improvement Plan, the Superintendent and the Board have identified needed capital projects. Next year, we are proposing school security upgrades for all of our buildings with a single-button building lock-down system. Heating pipe renovation at RHS will be completed after a temporary repair was accomplished this winter for a burst heating pipe buried under the courtyard during construction in the 1960s. At this time, the Board will not replace the Ed Center windows pending further information from an appraisal. Instead, the superintendent is recommending replacement of the Hawes Fire Alarm System and an electrical upgrade and new switchgears at RHS. These two projects are on the list of capital projects developed by LAN Associates, our engineering and architectural firm. We will continue with cement replacement and repaving projects district wide.

Money not spent for capital will be returned to the Capital Reserve Account to be utilized in this budget or in a future year budget. By law, Capital Reserve must be used to fund capital projects.

12. What is the Capital Reserve account and how is it funded?

According to NJ laws, Capital Reserve Accounts are permitted "rainy day" reserves that are funded through unexpended monies from the general fund from prior years. This is standard practice in the New Jersey public schools. This fund will fluctuate from year-to-year, depending on the amount of unexpended monies from the previous years. Over the past six years, the contribution to this fund has ranged from \$450 thousand in 2014 to

\$2.1 million in 2015. The 75% increase from this year to next year is a result of this fluctuation between year-end 2016-17 contribution of \$897.4 thousand and the expected \$1.5 million contribution at the end of this year. Examples of the use of these funds over the past few years include the RHS Learning Commons, RHS bridge repair, roof work at BFMS, the Glen School, GWMS, and, Ridge, RHS HVAC upgrades, windows at RHS, GWMS, Willard, etc.

13. Has the Board evaluated all of the capital needs in our 11 buildings?

Yes, our architect and engineering firm, LAN Associates, has completed a thorough review of all 11 buildings. Our superintendent presented the capital needs for the district at the December 14, 2017, January 22, 2018, and February 26, 2018 Board meetings. To see the presentations, go to the district website and click on Board Business.

14. Does the budget also include money for maintenance?

Yes, there is \$500,000 for maintenance and summer projects, in addition to our normal maintenance, custodial, and security budgets. The principals and our Facilities Manager identified these summer projects. Summer projects may include floor and ceiling replacements in classrooms, refurbishing bathrooms, interior painting, HVAC work, and preventative maintenance projects.

15. Explain why the cost of general education is increasing at 1% while Special Education is increasing by 5% next year?

The budget documents indicate a 1% increase for our general education program. This low percentage can be explained by a reduction of \$880,000 in this line. Next year, we anticipate a \$400,000 decrease in expenses for long-term substitutes when we outsource this service. This year, we spent \$480,000 to replace our k-5 science program (textbooks and supplies). Next year, we will not repeat this expenditure and have budgeted \$155,000 for supplies and textbooks to replace outdated books and to add new textbooks in specific subject areas. All textbooks are approved by the Board of Education.

The increase in Special Education costs are attributed to the new staffing that include the two new behaviorist and a new special education teacher for the middle school SAIL class. The district is also contracting with Alpine Partnership Consultants for our grades 3 to 5 Applied Behavioral Analysis elementary classroom.

16. Is the Board going to present a Bond Referendum to the voters in November?

No, there will not be a Bond Referendum presented to the public for a vote in November.

As mentioned in #11 above, The Board has received an assessment of the District's facilities needs. This material will be further reviewed and refined in the coming months.

Funding for this work will be significant and is likely to require a Bond Referendum in excess of \$60 million in the future. To date, the Board has not made any decisions on this and there is no Bond Referendum scheduled for this year.

17. Does the proposed budget include \$26 million to build a performing arts center at Ridgewood High School?

No, the proposed 2018-19 budget does not include \$26 million to fund a performing arts center at Ridgewood High School. Although the Board of Education reviewed a conceptual plan for a performing arts center at the February 26th meeting, no decision has been made to include this on a future bond referendum. Periodically, the Board of Education reviews our buildings and discusses possible improvements and additions based on enrollment and/or instructional enhancements and needs.

18. Has the Board sought to decrease or slow the growth in any of the district's expenses?

The Board of Education has worked for decades to reduce expenses. Most recently the district has installed solar panels at no cost to the taxpayer and reduced electrical costs. In fact, during the summer BF and Travell are off of the grid due to the energy generated by the solar panels.

Last year we went out to bid on our utility costs and received favorable pricing for natural gas.

We have joined a number of consortiums for lower cost pricing on our supplies.

We have developed a number of in-district special education programs allowing more students to be educated in-district resulting in cost savings and positive educational outcomes.

19. Can we count on the state to fully fund our state aid next year?

No, the School Funding Formula Act of 2008 has not been fully funded since 2009. If the formula were fully funded Ridgewood would receive an additional \$398,000 in state aid next year. Out of the 590 school districts in New Jersey, 510 are under funded by the state. At this time, the legislature and Governor Murphy are in discussions about changing the state aid allocations for some districts. We do not anticipate that Ridgewood's state aid for next year will be significantly altered by the outcomes of these discussions.

New Jersey over relies on the property tax to fund municipal and school district expenses. Ninety percent of the Ridgewood school budget is funded through the property tax.

20. When will the Board meet to vote on the final 2018-19 budget?

May 7, 2018

21. How can I get more information on the 2018-19 budget?

Check the district web site, www.ridgewood.k12.nj.us for the 2018-19 budget Power Point

Email questions to budget19@ridgewood.k12.nj.us