

## DELRAN TOWNSHIP BOARD OF EDUCATION

52 Hartford Road

Delran, NJ 08075

856-461-6800, ext. 1015, Fax: 856-4616125

Dr. Christopher J. Russo  
RSBA/BS, QPA

Dr. Patricia Camp  
Superintendent

---

Date: March 14, 2014

To: Board of Education members

From: Christopher J. Russo, Ed.D., RSBA/BS

Re: Budget update

The District received State Aid notices on February 27<sup>th</sup> in the P.M. We received an additional \$59,320 in Aid in the form of new aid categories PARCC Readiness Aid and Pupil Growth Aid. This shows that the School Funding Reform Act (SFRA) formula was not run and aid distributed accordingly. I do realize that we are in tough economic times.

**The Issue:** When the SFRA 2008 was enacted a category called adjustment aid was created. This was created for districts that had received too much aid prior to 2008 to reduce the funding “cliff”. The history: school aid was frozen from 2000 to 2008, the prior formula CIEFA was not used but small adjustments were made as needed. One adjustment that was never made was to adjust the amount of aid to a district based on large population changes. Delran, during that time had a 600 plus student increase but received almost no additional aid. Other districts lost enrollment during that time. These districts never saw the proportional reduction in aid. So Delran has been shorted state aide since 2000. If the formula had been run it would show that that shortfall is approximately \$10,000,000 or approximately 50% of what we should receive. That shortage of aid is made up by local property tax.

**The Governor and State Legislature could easily make up for the shortfall in aid to Delran by reducing the Adjustment Aid paid to the districts that have lost enrollment since 2000 and are above “Adequacy”.** The Commissioner of Education, in the *Education Funding Report 2012*, (p.57) makes the Statement that the Adjustment Aid must be reduced and redistributed or it will cost taxpayers. (p.57) However, the politicians in Trenton block this action (p.57). The State Aid for 2014-15 shows no reduction to districts that receive adjustment aid. **Our elected officials do not have the political will to do the right thing** (p.57). Delran’s 2013-14 budget shows that we spend \$3.6 million below “Adequacy” or an adequate amount to educate a child in NJ. The districts that are receiving this Adjustment Aid are well above “Adequacy” and spend well above (as high as \$50 million above) what the State says is an adequate amount to spend to educate a child in NJ. With the tax levy cap we cannot approach adequacy

without an increase in State Aid. **Translation – we spend about \$11,000 per student and these Adjustment Aid districts spend \$20,000 + per student.** Not all of these districts are poor some are very wealthy districts. There is enough money in the Governor's education budget to fund all appropriately if it were distributed correctly. I am not crying for more money in his budget, just the proper distribution.

**The Budget:** Delran's 2014-15 budget as proposed, the budget must get County office approval before the Board can finally approve it, is relatively unexciting. We did have to cut more than \$969,362 out of anticipated appropriations to balance the revenues and expenditures due to the lack of an increase in State Aid. The budget proposed is within the statutory cap so there is no election. The budget has an increase in educational programs of \$635,236 while reducing operations by \$477,058. Operations can be reduced due to the successful facilities referendum of 2008 and use of capital reserve for required facilities repairs. Health benefits are budgeted at an increase of \$324,575 including \$413,000 in employee paid premiums. Salaries for the District included in the budget increased by \$678,554. The budget includes the return of the position of supervisor of science for compliance with the teacher evaluation program which is another unfunded mandate from Trenton. The budget continues full academic and athletic programs as exist in the current year. The DIS all-purpose room floor will be replaced using Capital Reserve funds in the amount of \$50,000. These funds can only be used for capital repairs and do not affect the tax rate. The entire general fund budget **DECREASES** by \$37,603 or .09%. The general fund budget is the budget that is funded by taxes, state aid and other revenues. Repayment of Debt (mortgage) goes down \$79,580 or a 3.1% decrease. Our administrative costs are \$674 per student below the regional limit, showing our continued administrative efficiency.

Since the District received only \$59,320 in new State Aid and there has been a reduction in fund balance of \$666,668 available for this budget the tax levy per household proposed will increase by \$142 on the average assessment of \$209,677. Besides limited new State Aid and reduced fund balance available the net taxable value of the community continues to drop. The past year the net taxable value dropped by \$5,063,147. This causes a higher increase per household. Had the value of the community not dropped this budget would represent a \$74 decrease on the average assessment. Any increase to the taxpayer could be avoided if the Adjustment Aid was reduced to Over-Adequacy districts and redistributed to Under-Adequacy districts such as Delran. As presented in the previous paragraph the District operates very efficiently, one of the most efficient in the State. This can be verified by reviewing the *Taxpayers Guide to Educational Spending* found on-line at the NJDOE website. A version of this can be found on the District's website under the "administration tab," then under "2013-14 budget," then under "budget hearing PowerPoint." The TGES from last year is contained in the budget presentation.

The board will be discussing the budget at the regular meeting on March 17<sup>th</sup> at 7:30 p.m. in the Board meeting room. The public hearing on the budget will be May 5<sup>th</sup> at 7:30 p.m. in the HS library. **This information is only as good as the date it is created and is subject to change.** Enjoy your weekend. If you have any questions please email me [crusso@delranschools.org](mailto:crusso@delranschools.org)