

# 2010 – 2011 SCHOOL BUDGET

## FREQUENTLY ASKED QUESTIONS

### 1. What is the budget goal?

Our budget goal is to support student achievement through the development of a budget that provides for a Thorough and Efficient Education in accordance with New Jersey Core Curriculum Content Standards.

### 2. What is the budget cap?

Recent state legislation has limited the property tax levy growth to 4 percent per year. In these tough economic times, the district was committed to presenting a budget below this cap. The 2010-2011 budget results in a tax levy that is well below cap at 3.5 percent.

### 3. In the past, Holmdel has been able to apply for waivers to increase the 4% CAP. Was that available/considered this year?

Yes. There were two (2) automatic waivers available to the Board this year. The first was for the loss of State aid of \$2.5 million and the other was for the increase in the state health care premiums of \$1 million. While these would have been automatically approved by the County Superintendent, the Board felt that the resulting tax increase would have been far too burdensome to our Community in these trying economic times.

### 4. Will there be positions cut from the budget?

Yes. The proposed budget includes a 16-count across-the-board reduction in personnel (impacting one (1) administrator, six (6) teachers and nine (9) non-certified staff) for a savings of over \$700,000.

### 5. What is the tax impact?

The proposed budget will increase the tax rate by 4.24 cents. It is important to note, however, that the district sustained a \$2.5 million reduction in state aid. Without this unexpected loss of state aid, the tax rate would have actually **decreased** by 2.38 cents.

For the average Holmdel residential home (assessed value of \$615,686), the proposed budget increase will cost \$261.05 for the year, or \$21.75 per month.

### 6. What do you do to curtail the tax hike?

To promote economies and efficiencies, the district participates in numerous federal, state, county, and local shared services and consortiums.

A comprehensive Energy Conservation Program has resulted in significant savings (20-25%) on our natural gas and electric consumptions.

Many technical services are performed in-house by district staff, instead of using more costly outside contracted services.

We track market conditions in order to determine if existing bond debt can be refinanced at lower interest rates. The district has successfully refinanced two (2) bonds in 2003 and 2005, realizing savings in excess of \$1 million over the life of the bonds. We will not be eligible to refinance our existing bonds until 2013.

Finally, the district has identified additional revenue generating avenues, specifically a corporate sponsorship/advertisement initiative and profitable enterprises such as Food Service, Prime Time, Summer Enrichment, Sports Camps, and the Pre-School Program.

**7. “I have no children in school, what does the budget mean to me, besides the tax impact”?**

All voters have a stake in the outcome of the budget vote, whether or not they have children in the school system. Not only does the school budget affect property taxes, but strong local schools enhance the quality of life in a community and can make a town more attractive to prospective homebuyers and business investors. In addition, strong schools help homeowners retain the market value of their properties. More importantly, quality public schools provide children with the opportunities they need to succeed and take their place in the world as productive citizens.

**8. Will I still receive a budget newsletter, as in prior years?**

Yes. The budget newsletter will again be sent to residents and posted on the district’s website. In effort to contain printing costs, it will remain at six (6) pages.

**9. What happens if the budget is defeated?**

If the budget is defeated by the voters, the proposed budget is sent to the municipal governing body for review. The Township Committee may leave the budget intact or make cuts. If they decide to cut the budget, they can identify specific areas to cut or provide the district with a dollar amount to cut from the budget. It would then be the Board of Education’s decision as to which item(s) will be cut.

**10. If the budget is defeated, will my taxes still increase?**

The school budget isn’t just the result of decisions made by the local school board, but is strongly influenced by state and federal funding and requirements to provide certain programs and services. While there may be a reduction in the tax impact, an increase is almost inevitable in order to ensure compliance with these regulations.

**11. Where do we stand in terms of cost per pupil?**

The district 2009-2010 cost per pupil of \$13,838 is below the state average of \$13,860.\*

**\*Source: 2010 State Comparative Spending Guide**

**12. Where do we stand in terms of administrative cost?**

The district 2009-2010 administrative cost per pupil of \$1,155 is very low when compared with the state average of \$1,397.\* Please note, New Jersey has the eighth lowest administrative cost per pupil in the nation.

**\*Source: 2010 State Comparative Spending Guide**

**13. What is the status of the labor contract negotiations?**

The current district agreement with the Holmdel Township Education Association (HTEA) expired on June 30, 2009. The district is currently in the process of negotiating the HTEA contract which has a significant impact on budgeted salaries. Employees who are members of the HTEA constitute 91% of total district employees and represent the following members: teachers, librarians, nurses, nurse assistants, guidance counselors, occupational therapists, monitors, secretaries, clerks, custodial, maintenance, grounds, technology service personnel, and transportation service personnel. Additionally, the current district agreement with the Holmdel Township Administrators Association (HTAA) expires on June 30, 2010.

The Board has asked all staff to accept a salary freeze for the 2010-11 school year. To date, the administrators have responded favorably.

**14. In the district's budget presentation, the general fund budget has increased by 1.14% (\$578,217) overall from the prior year. How can I see the details of the changes?**

As detailed in the district's newsletter, please note the following year to year variance:

	<b>Proposed 2010-2011 Percentage</b>	<b>Proposed 2010-2011 Budget</b>	<b>2009-2010 Budget</b>	<b>Variance</b>
1 Salaries	61.9%	31,871,312	32,797,041	(925,729)
2 Benefits	18.2%	9,371,995	7,769,591	1,602,404
3 Utilities	4.4%	2,256,032	2,378,709	(122,677)
4 Transportation Expenses	3.3%	1,718,320	1,764,427	(46,107)
5 Out-of-District Tuition	2.7%	1,381,190	1,361,902	19,288
6 Buildings & Grounds Expenses	2.2%	1,116,086	976,605	139,481
7 Instruction Supplies/Textbooks	1.8%	914,366	691,396	222,970
8 Mandated Professional Services	1.3%	675,050	758,530	(83,480)
9 Lease Obligations	1.0%	532,822	647,790	(114,968)
10 Insurance	0.9%	442,701	417,293	25,408
11 Other Expenses*	<u>2.3%</u>	<u>1,168,654</u>	<u>1,307,027</u>	<u>(138,373)</u>
<b>Total Costs</b>	<b>100.0%</b>	<b>51,448,528</b>	<b>50,870,311</b>	<b>578,217</b>

**Explanation of Variance**

1	(925,729)	Decrease predominately due to staffing reductions and ARRA ESY offset
2	1,602,404	Increase in State Health Benefit Plan premiums
3	(122,677)	Decrease due to savings from energy conservation program
4	(46,107)	Decrease due to reduction in fuel costs
5	19,288	Increase due to additional out of district placements for regular education students net of ARRA tuition offset
6	139,481	Increase due to required school maintenance
7	222,970	Increase in textbooks due to new core curriculum content standards
8	(83,480)	Decrease due to reduction in Special Services Consultant
9	(114,968)	Decrease due to deferred shared central office/library construction project, net of new state assessment of existing bond interest
10	25,408	Increase in property insurance premiums
11	(138,373)	Decrease predominately due to reduction in health services (ARRA offset), printing/copier costs, and professional development/workshops
	<b>578,217</b>	<b>Total</b>

\*(Professional Development/Workshops, Professional Memberships/Dues, Extracurricular and Athletic Supplies/Material, Health Services, and Non-Instructional Supplies/Materials).

In addition, the 2010-2011 User Friendly School Budget is prominently displayed on the district's webpage ([www.holmdelschools.org](http://www.holmdelschools.org)). It provides three (3) years of comparative data in greater detail than the presentation and newsletter.