

Newark Public Schools FY2014 Budget Hearing

Central High School

March 28, 2013

6:00pm-8:00pm

Table of Contents

1.) Fiscal Overview of FY2013 (Current Year)

2.) Fiscal Environment for FY2014

3.) Projected Cost Increases for FY2014

4.) Projected Cost Reductions for FY2014

Total Revenue for FY2013 (Current Fiscal Year)

- Total revenues are comprised of separate funds
- The General Fund contains the majority of NPS' unrestricted funding
- There are other funds with significant restrictions on spending: pre-school, Title I, IDEA and other miscellaneous grants
- Including all funds, NPS' total revenue for FY2013 is \$1.017 billion

	FY13 Budget (\$Million)
General Fund	\$875.5
Pre-school ¹	93.3
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Title I ²	28.0
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IDEA ³	8.6
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Other Misc Grants ⁴	12.0
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Total	\$1,017.4

¹ State funding for pre-school is provided separately and can only be used to serve Newark's pre-school population.

² Federal Title I funding is provided to schools based on the percentage of students who receive free or reduced lunch. These funds cannot supplant operating dollars; instead, they must supplement regularly provided school services.

³ Federal IDEA funding is restricted for use as supplemental services to Students with Disabilities.

⁴ "Other Misc Grants" include both state and federal monies for various programs including state school lunch programs and non-public textbooks.

General Fund Revenue for FY2013 (Current Fiscal Year)

	FY13 Budget (\$Million)	% of Total
Schools / School Based Services		
K-8s	\$222.9	25%
High Schools	130.6	15%
School-based services	159.4	18%
School Subtotal	513.0	59%
Central Office¹		
Operations	\$128.1	15%
Offices, curriculum, other	36.0	4%
Central Subtotal	164.1	19%
Other		
Tuition to out-of-district partners ²	50.5	6%
Charter payment	148.0	17%
Other Subtotal	198.5	23%
Total	\$875.5	100%

¹ Central Office Operations includes security, facilities, fixed charges, CO staff benefits, and financial operation locations (e.g. payroll). Offices, Curriculum, and Other includes staff for offices such as the Mathematics Department and Health Services, curriculum and associated expenses, and non-salary central office expenses.

² NPS pays tuition to out of district schools that serve some students, mainly students with disabilities that NPS cannot serve adequately. Examples of these schools include Essex Valley School and Deron II.

Areas of Underinvestment in General Fund for FY2013

- Although NPS has a \$164.1 million Central Office budget, it underinvests in some areas that are critical to the successful performance of a district
 - Talent Development
 - Curriculum
 - Strategy and Innovation
 - Family and Community Engagement & Communications

	FY13 Budget (\$Million)	% of Central Office Budget	% of General Fund
Curriculum	\$5.8	3.0%	0.6%
Family and Community Engagement & Communications	1.4	0.9%	0.2%
Talent Development	0.6	0.4%	0.1%
Strategy & Innovation	0.3	0.2%	0.0%
Total	\$8.1	4.5%	0.9%

Table of Contents

1.) Fiscal Overview of FY2013 (Current Year)

2.) Fiscal Environment for FY2014

3.) Projected Cost Increases for FY2014

4.) Projected Cost Reductions for FY2014

Fiscal Environment for FY2014

- **Projected state aid for FY2014 is flat compared to FY2013**
 - The state has projected General Fund revenues of \$716.3 million for FY2014, the same amount budgeted for FY2013
- **Despite this flat state aid, NPS faces the loss of one-time revenues available for FY2014**
 - The funding of one-time Edujobs aid is no longer available
 - NPS also relied upon one-time court restored aid which is no longer available
- **Moreover, NPS is facing a significant amount of increasing costs**
 - The payment to charter schools is the largest cost increase as charter schools are projected to enroll approximately 2,200 more students in FY2014
 - There is an urgent need to prioritize dollars on what will improve student achievement through investing in mission critical strategic initiatives
 - Additionally, health benefits, salaries, the EWPS pool and portfolio-related investments also drive overall cost increases

Projected Revenue Decline Projected for FY2014

- For FY2014, revenue is projected to decline by \$9.4 million from FY2013
- This decline (noted in the “Other” category) is being driven by a loss of one-time, non-recurring sources:
 - Federal “Edu Job” funding
 - Court restored state aid

	FY2011 Actual (\$Millions)	FY2012 Actual (\$Millions)	FY2013 Budget (\$Millions)	FY2014 Budget (\$Millions)	Change from FY13 to FY14
State Aid	\$674.3	\$695.1	\$716.3	\$716.3	\$0.0
Local Levy	104.2	106.8	109.0	111.2	2.2
Other	(0.7)	43.4	50.2	38.6	(11.6)
Total	\$777.8	\$845.3	\$875.5	\$866.1	\$(9.4)

Budget Revenue Bridge: FY2013 to FY2014

	\$ in Millions		Change	
	FY2013	FY2014	\$	%
Equalization Aid	\$649.0	\$645.2	(\$3.8)	(0.6)%
Special Education Categorical Aid	27.9	28.2	0.3	1.0%
Security Aid	19.9	19.3	(0.5)	(2.7)%
Transportation Aid	6.7	6.8	0.1	1.3%
Adjustment Aid	10.9	13.3	2.4	22.3%
Additional Adjustment Aid	0.0	1.5	1.5	-
Extraordinary Aid	2.0	2.0	0.0	0.0%
Total State Aid	\$716.3	\$716.3	\$0.0	0.0%
Local Tax Levy	\$109.0	\$111.2	\$2.2	2.0%
Tuition	0.5	0.5	0.0	0.0%
Unrestricted Miscellaneous Revenue	5.9	5.9	0.0	0.0%
Medicaid Reimbursement	1.1	1.1	0.0	0.0%
Fund balance appropriation ¹	42.7	31.1	(11.6)	(27.1)%
Total General Fund	\$875.5	\$866.1	(\$9.4)	(1.1)%

¹ Fund balance appropriation includes the loss of one-time revenue sources (Edujobs and court restored state aid)

Table of Contents

- 1.) Fiscal Overview of FY2013 (Current Year)
- 2.) Fiscal Environment for FY2014
- 3.) Projected Cost Increases for FY2014**
- 4.) Projected Cost Reductions for FY2014

Detailed Projected Cost Increases for FY2014

- NPS faces significant cost increases in FY14, totaling \$47.5 million
- The charter school payment makes up the largest part of this overall increase

	FY13 (\$Million)	FY 14 (\$Million)	Inc / (Dec) (\$Million)	Description
Charter Schools	\$148.0	\$181.6	\$33.6	Driven by a projected increase of approximately 2,200 charter school students
Strategic Initiatives	8.1	12.8	4.7	<i>Please see next slide for more information</i>
EWPS	6.4	10.4	4.0	Funding need for educators without placement sites (EWPS) represents the pool of tenured teachers who are not serving as full-time instructional staff
Salaries	382.9	385.9	3.0	Increased salary costs reflect both central and school-based staff advancement, which includes various contractual obligations
Barringer + Westside	N/A	1.4	1.4	Includes construction, wiring, painting, technology and other facility enhancements
Health Benefits	132.6	133.4	0.8	Benefit costs are projected to increase, in part due to requirements in the Affordable Care Act. Reflects both central and school-based personnel
Total	\$678.0	\$725.5	\$47.5	

Detailed Overview of Strategic Initiatives for FY2014

- Strategic initiatives will fortify mission critical work where NPS has underinvested

Initiative	Amount (\$Million)	Description
Interim Assessments	\$1.0	<ul style="list-style-type: none"> • Expand district wide Common Core-aligned interim assessments in grades 3-10 in literacy and math to ensure that instruction is driven by data aligned to the new standards
Peer Validators	1.0	<ul style="list-style-type: none"> • Peer validation is a component of the new contract allowing a 3rd party to observe a teacher for the purpose of providing independent review of the teacher's practice and offering relevant feedback • ReVisions Learning has been proposed as a partner organization to provide peer validation services; alternatively, this work could be done in-house
Talent Development & HRS	0.9	<ul style="list-style-type: none"> • Develop leaders across all levels of the organization • Dramatically improve teacher effectiveness through building best-in-class training, coaching and support for principals, teachers and staff
Curriculum	0.8	<ul style="list-style-type: none"> • Create standards-aligned instructional materials, pilot programs and related professional development in literacy, math and other curricular areas that will improve teacher effectiveness and student achievement
Strategy & Innovation	0.8	<ul style="list-style-type: none"> • Recruit and develop an Office of Student Enrollment (with a focus on building a customer-service oriented platform) in addition to enhancing portfolio planning and innovation-related efforts
Community Engagement	0.2	<ul style="list-style-type: none"> • Build the infrastructure to ensure that every family is an active partner in supporting their children's growth and learning; includes basic operating costs, programming and staff lines
Total	\$4.7	

Historical Enrollment and Charter Payment

- NPS has steadily declined in enrollment in every ward except the East
- While charter enrollment has increased significantly, NPS has not lost quite as many students as the charters have gained
- Over the last two years, charter school enrollment has increased by 3,300+ students; it is projected to grow by more than 2,200 students next year

NPS and Charter Enrollment (SY 2004-05 to SY 2012-13) ¹

	SY08	SY09	SY10	SY11	SY12	SY13
NPS	39,655	39,015	38,328	37,768	36,327	35,471
Charter	3,800	4,405	5,241	6,186	7,905	9,514
Total	43,455	43,420	43,569	43,954	44,232	44,985

¹ Excludes Pre-K

Total Funding Gap for FY2014

- As a result of the increasing costs highlighted in earlier slides, NPS faces a budget gap of approximately **\$56.9M**

	FY14 Projected General Fund Gap (\$Million)
FY14 Projected Revenue Decline	\$9.4
FY14 Projected Cost Increases	47.5
Total	\$56.9

Table of Contents

- 1.) Fiscal Overview of FY2013 (Current Year)
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- 3.) Projected Cost Increases for FY2014
- 4.) Projected Cost Reductions for FY2014**

Projected Cost Reductions for FY2014

	FY14 Projected Cost Reductions (\$Million)
Reductions in school budgets	\$18.4
Central Office restructuring / Elimination of select titles & vacancies	9.4
Portfolio changes that lead to more efficient school structures	7.2
Reduction of non-recurring expenditures	7.1
Reduction in professional services, travel, supplies, etc.	6.6
Creation of more inclusive learning environments	5.0
Efficiency increases in school operations & facilities	3.2
Total	\$56.9

Reduction in School Budgets

- The total budget to K-8 schools declined 1.1% while high schools declined 6.8%,
- On a per pupil basis, K-8 schools declined by 1.4% while high schools only declined by 1.1%

	FY13 Budget (\$Million)	FY14 Budget (\$Million)	Inc / (Dec) (\$Million)	% Inc / (Dec)
K-8	\$222.9	\$220.5	\$(2.5)	(1.1)%
High Schools	130.6	121.7	(8.9)	(6.8)%
Reserve	16.2	9.2	(7.0)	(43.2)%
Total	\$369.7	\$351.3	\$(18.4)	(5.0)%

	FY13 Avg Per Pupil Funding ¹	FY14 Avg Per Pupil Funding ¹	\$ Inc / (Dec) Total	% Inc / (Dec)
K-8	\$9,533	\$9,400	\$153	(1.4)%
High Schools	13,356	13,213	143	(1.1)%

¹ Per pupil figures do NOT include school-based services and central office support

Central Office Restructuring / Elimination of Select Titles

- Effective July 1, 2013, NPS will be eliminating 129 CASA instructional positions classified as Supervisor, Director and Department Chair due to reasons of economy and organizational efficiencies
- We strongly believe that this shift will better position the District to deliver on its priority goals to increase student achievement and ensure we prepare our students to be college ready
- Additionally, NPS will need to reduce total Central Office FTEs
 - Last year, NPS cut 87 FTEs and an additional 77 FTEs from vacancies for a total of \$5.5 million of savings
 - We anticipate a larger number of cuts for FY2014

Creation of More Inclusive Learning Environments

Current State:

- Newark students are too often over-classified as students with disabilities (SWDs)
- Currently, over 50% of students with disabilities are in segregated classrooms and schools – nearly 2X the national average
- Less than 25% of our 8th grade SWDs are proficient in Language Arts Literacy, per the NJASK
- Only 7% of our 3rd grade SWDs can read at grade level, per the NJASK
- The HSPA graduation rate for SWDs is 4%

Moving Forward:

- Increase access to the general education environment to allow students with disabilities to have greater exposure to general education curriculum with peers without disabilities
 - This effort will not only provide better academic outcomes, but it will help reduce the future out-of-district placement of students, which today costs NPS approximately \$40 million

Appendix

FY2013 General Fund Summary -- Detail to Slide 4

Department Name	FY13 Budget
Schools/ School-Based Services	
K-8s and High Schools	
Schools	\$353,533,343 ¹
K-8s and High Schools Subtotal	\$353,533,343
School-Based Services	
Special Education	\$34,514,240
Pupil Transportation	32,920,440
Facilities Maintenance	26,910,020
Custodial Services	19,588,211
General Reserve	16,181,658 ²
E.W.P.S.	6,477,984 ³
Extended School Day	4,972,329
Attendance	4,540,245
Health Services	2,304,002
College/Career Readiness	2,236,047
Pre-School Disabled	1,982,749
Asst. Supt. Network	1,020,793
Eagle Academy	959,155
Summer School High Schl.	864,686
Summer School Elem.	859,407
Education Jobs Fund	742,332
Community & Family Eng	732,949
Instructional Staff Dev.	718,373
Instructional Techn.	496,186
School Operations	370,440
School-Based Services Subtotal	\$159,392,246
Schools/School-Based Services	\$512,925,589

¹For detailed information on School Budgets, please see the School Budget Summary.

²General Reserve includes an enrollment holdback, a reserve for substitute cost overages, charter cost overages, and other school-based overages.

³The FY13 budget for EWPS was calculated based on the EWPS population at the time of the FY13 budget submittal. NPS's EWPS costs have evolved materially as a result of portfolio decisions since the FY13 budget submittal.

FY2013 General Fund Summary (continued)

Department Name	FY13 Budget
Central Office	
Operations	
Human Resources	\$37,664,577
Fixed Charges	23,529,477
Information Services	11,237,081
Facilities Management	8,042,982
Risk Management	7,481,128
Region Services	7,120,876
Security Services	6,943,128
Human Resources	4,206,605
Project Control	3,748,627
Facilities Maintenance	3,512,076
Financial Services	2,508,718
Purchasing/Warehouse	1,862,227
Transportation/Mail	1,803,726
Plng., Eval. & Testing	1,493,565
Fixed Assets	1,348,969
Design & Construction	1,336,415
Payroll	803,319
Project Management	642,347
Accounts Payable	565,812
Budget	524,160
Mail & Reproduction	440,053
Accounting	378,087
SBA/Operations	257,388
Internal Audit	251,348
Ombudsman	191,472
Call Center	188,438
Operations subtotal	\$128,082,601

FY2013 General Fund Summary (continued)

Department Name	FY13 Budget
Offices, Curriculum, and Other	
Academic Services	\$4,395,393
Language Arts Literacy	3,830,931
SBA	3,336,801
Superintendent	3,143,158
Legal	3,060,382
Science Education	2,141,600
Special Prog/Home Inst.	2,086,974
Mathematics	1,917,834
Phys. Educ. & Health	1,785,609
Social Studies	1,182,123
Asst. Supt. Network	1,087,777
Asst. Supt. Network	1,018,495
Visual & Perf. Arts	1,009,560
Labor Relations	891,743
Career & Techn. Educ.	708,719
Asst. Supt. Network	695,637
Communications	670,866
Talent Dev	616,000
Student Inf. Services	481,918
World Language	412,894
Grants	378,624
Bilingual Education	371,515
Guidance	363,315
Finance & Adm Oper	319,579
Renew Schools	105,200
Title I	15,579
Student Services	12,149
Offices, Curriculum, and Other Subtotal	\$36,040,375
Central Office Total	\$164,122,976
Tuition to Out-of-District Partners	\$50,450,908
Charter Payment	\$148,033,674
Grand Total	\$875,533,147

K-8 FY2013 vs. FY2014 School Budgets

NOTE: All FY2014 budgets are preliminary and subject to change

	FY13 Budget	FY14 Preliminary Budget	Change	
			\$	%
K-8s				
Abington Avenue	\$5,407,581	\$5,712,326	\$304,745	5.6%
Alexander Street	4,525,859	4,227,361	-298,498	(6.6)%
Ann Street	8,554,832	8,532,418	-22,414	(0.3)%
Avon Avenue	4,664,374	4,499,258	-165,116	(3.5)%
Belmont Runyon	4,248,784	4,184,838	-63,945	(1.5)%
Boylan Street	602,716	615,480	12,764	2.1%
Bragaw Avenue	2,737,115	2,688,685	-48,431	(1.8)%
Branch Brook	1,646,280	1,675,912	29,633	1.8%
Bruce Street	1,727,026	1,790,888	63,862	3.7%
Camden Street	6,353,870	6,347,057	-6,813	(0.1)%
Chancellor Avenue	4,438,251	4,345,356	-92,895	(2.1)%
Cleveland	3,884,989	3,648,070	-236,920	(6.1)%
Dr. E. Alma Flagg	4,264,699	4,508,193	243,495	5.7%
Dr. William H. Horton	6,310,197	6,396,214	86,016	1.4%
Eagle Academy	0	1,600,078	1,600,078	--
Elliott Street	4,099,498	3,838,159	-261,339	(6.4)%
First Avenue	7,433,645	7,481,989	48,344	0.7%
Fourteenth Avenue	2,878,141	2,873,751	-4,390	(0.2)%
Franklin	4,869,168	4,974,749	105,581	2.2%
George W. Carver	4,166,475	4,044,000	-122,475	(2.9)%
Harriet Tubman	2,536,996	2,439,636	-97,359	(3.8)%
Hawkins Street	4,373,139	4,383,930	10,791	0.2%
Hawthorne Avenue	2,929,863	2,856,837	-73,026	(2.5)%
Ivy Hill	4,665,219	4,752,606	87,387	1.9%
John F. Kennedy	4,721,887	4,834,497	112,610	2.4%
Lafayette Street	7,165,835	7,256,825	90,990	1.3%
Lincoln	3,097,582	3,167,624	70,041	2.3%

K-8 FY2013 vs. FY2014 School Budgets (continued)

NOTE: All FY2014 budgets are preliminary and subject to change

	FY13 Budget	FY14 Preliminary Budget	Change	
			\$	%
K-8s				
Louise A. Spencer	5,144,439	4,584,399	-560,040	(10.9)%
Luis Munoz Marin Middle	7,699,258	7,547,370	-151,889	(2.0)%
Madison Avenue	3,285,247	3,528,681	243,434	7.4%
Maple Avenue	3,953,192	3,624,428	-328,764	(8.3)%
McKinley	6,951,425	6,964,296	12,871	0.2%
Miller Street	4,318,238	4,394,831	76,593	1.8%
Mount Vernon	5,396,343	5,313,847	-82,497	(1.5)%
Newton Street	3,440,861	3,213,512	-227,349	(6.6)%
Oliver Street	6,539,002	6,640,773	101,771	1.6%
Park	5,662,996	5,907,293	244,297	4.3%
Peshine Avenue	5,109,830	4,854,068	-255,761	(5.0)%
Quitman Street	4,895,763	4,657,116	-238,647	(4.9)%
Rafael Hernandez	5,045,623	4,964,714	-80,909	(1.6)%
Ridge Street	4,890,784	4,767,929	-122,854	(2.5)%
Roberto Clemente	4,412,766	4,461,851	49,084	1.1%
Roseville Avenue	1,764,296	0	-1,764,296	N/A
Samuel L. Berliner	1,784,484	1,873,730	89,246	5.0%
South Seventeenth Street	4,361,353	4,066,378	-294,975	(6.8)%
South Street	2,607,640	2,636,816	29,176	1.1%
Speedway School	3,523,317	3,479,216	-44,101	(1.3)%
Sussex Avenue	4,030,866	3,927,206	-103,660	(2.6)%
Thirteenth Avenue	9,058,646	8,256,681	-801,964	(8.9)%
Wilson Avenue	6,763,533	7,124,490	360,957	5.3%
K-8 Subtotal	\$222,943,921	\$220,466,362	-\$2,477,559	(1.1)%

High School FY2013 vs. FY2014 School Budgets

NOTE: All FY2014 budgets are preliminary and subject to change

	FY13 Budget	FY14 Preliminary Budget	Change	
			\$	%
High Schools				
American History High School	\$3,880,441	\$4,145,811	\$265,370	6.8%
Arts High School	7,710,531	7,526,263	-184,268	(2.4)%
Bard High School Early College	2,715,093	2,789,796	74,703	2.8%
Barringer High School	18,730,150	15,647,694	-3,082,456	(16.5)%
Central High School	9,977,723	10,372,381	394,658	4.0%
East Side High School	14,605,381	15,949,521	1,344,140	9.2%
Fast Track Success Academy	3,347,832	2,871,679	-476,153	(14.2)%
Malcolm X Shabazz High School	10,045,790	9,269,876	-775,914	(7.7)%
Newark BRIDGES High School	2,857,693	2,709,410	-148,283	(5.2)%
Newark Early College	1,665,417	1,690,292	24,875	1.5%
Newark Evening	653,748	655,669	1,921	0.3%
Newark Innovation Academy	3,777,543	766,897	-3,010,646	(79.7)%
Newark Leadership Academy	1,671,613	1,787,725	116,112	6.9%
Newark Vocational High School	5,198,436	5,323,991	125,555	2.4%
Science Park High School	8,854,865	8,580,451	-274,414	(3.1)%
Technology High School	7,877,016	7,378,075	-498,942	(6.3)%
University High School	5,829,926	6,145,724	315,799	5.4%
Weequahic High School	8,649,869	8,432,717	-217,151	(2.5)%
West Side High School	12,540,355	9,631,516	-2,908,839	(23.2)%
High School Subtotal	\$130,589,422	\$121,675,488	-\$8,913,934	(6.8)%

K-8 and High School FY2013 vs. FY2014 School Budgets

Notes:

- All budgets exclude Title I funding
- Samuel Berliner's FY14 budget will be reassigned to receiving schools
- Enrollment and budget impact of Roseville and Newark Innovation Academy closures is reflected in projected receiving schools
- Newark Innovation Academy's FY14 budget contains benefits only
- Barringer High School includes both Barringer schools for FY14
- Eagle Academy's FY13 budget was managed centrally

Special Education FY2013 Budget Details

<u>Category</u>	<u>Amount</u>
<i>School-Based</i>	
Directors/Supervisors/CSTs/SLS/Audiologists/Psych Interns	\$22,304,210
Other School Supports [Per Diem Aides]	5,630,572
Purchased Services/non-sal	3,441,085
Home Instruction	850,000
Summer School	627,981
Supports F/T (SNA, LPN, Ed. Int., PFA, PreSchool Resource Teachers,	354,037
Supplies/Materials	199,710
<u>Sub-Total</u>	<u>\$33,407,595</u>
 <i>Central</i>	
Central Office Staff	\$428,487
After School Evaluations	330,000
Misc. Expenditures (Copier Rental, Telephones, etc.)	79,331
Travel / Transportation	52,675
<u>Sub-Total</u>	<u>890,493</u>
Total	\$34,298,088
 <i>Out-of-District Tuition</i>	
General Ed Student Tuition	\$7,761,799
Special Education Student Tuition	39,993,422
All students in State Facilities (Incarcerated Youth and DYFS)	2,741,839
<u>Total</u>	<u>\$50,497,060</u>

NOTE: Figures do not include special education teachers and aides budgeted into schools