

2024-2025 Tentative Budget



Hillsborough
Township
Public Schools



Opening Thoughts

- First and foremost, thank you to the Board and budget managers for helping us to develop a balanced and responsible budget.
- Please note that this is the tentative budget. We will modify the budget after meetings with administration to determine the most appropriate cuts that will need to be made, in addition to input from Board Committee meetings and community input from the district website until the final budget approval date of April 29, 2024.
- Budget resolutions on tonight's agenda include the tentative budget approval, travel maximum and the withdrawal from capital and maintenance reserves as per Executive County Superintendent requirements.



Budget Calendar

- **November**: Public input began at board meetings and allocations were distributed to budget managers for budget input during November and December.
- **December-January**: Business Administrator and Assistant Business Administrator reviewed all budget input from the budget managers.
- **January-February**: The Superintendent, Business Administrator, and Assistant Business Administrator reviewed the full budget and prepared for February Operations Committee meeting.
- **February**: Operations Committee Meeting to review budget allocations by program. DOE budget software became available for budget entry. District received state aid allocation.
- **March**: Operations Committee Meeting to review the draft tentative budget for approval on March 18, 2024. Individual meetings were scheduled with Board members as requested. Meetings with building and district administration will continue to determine the exact cuts.
- **April**: Final budget hearing will take place at the April 29th Board meeting. Changes made since the tentative budget approval will be clearly communicated.



Budget Goals for 2024-2025

- Build a fiscally responsible budget
- Maintain current programs
- Maintain all positions
- Minimize significant appropriation reductions for budget managers
- Provide a thorough and efficient education to all students
- Maintain facilities



Public Input Topics on the 2024-25 Budget

- Full Day Kindergarten
- Healthy School Hours
- Athletics
- Increase Bus Driver/Aide Hours
- ARIS & HMS Extracurriculars
- Courtesy Transportation
- Elementary Speech Therapists
- Full Day Preschool
- Electives/Program
- HMS Parking Lot
- Instructional Supplies & Subscriptions
- Student Athlete Option 2

Budget Overview

	2023-2024	2024-2025	Difference
General Fund	\$ 138,664,092	\$ 141,523,994	\$ 2,859,902
Grants and Entitlements	\$ 1,863,121	\$ 1,906,885	\$43,764
Debt Service	\$ 2,178,650	\$ 2,187,950	\$9,300
Total	\$ 142,705,863	\$ 145,618,829	\$ 2,912,966
Loss of State Aid	\$ 913,106	\$ 2,728,504	
Cumulative State Aid Loss	\$ 4,283,730	\$ 7,012,234	



Budget Highlights: Revenue

1. Reduction in state aid of \$2,728,504 compared to the originally projected reduction of \$243,694
 - a. Budget initially created assuming a conservative \$400,000 reduction
2. Increase our tax levy allocations by the 2% cap and the benefits waiver
 - a. The district is eligible for a \$777,806 health benefits waiver to exceed the 2% cap due to healthcare increases greater than 2%
3. Withdrawal from Maintenance Reserve of \$500,000
4. Withdrawal from Capital Reserve of \$3,250,000
5. Increased interest revenue of \$244,000
 - a. Interest rate of 2.15% in February 2023 versus 3.14% in January 2024⁷

State Aid Allocation Changes - 2024-25

“...the single largest investment in public education in state history”???

<u>Somerset County District</u>	<u>Monetary increase</u>	<u>Percentage increase</u>
Bedminster Twp	72,532	6.21%
Bernards Twp	883,861	11.98%
Bound Brook Boro	4,641,802	15.31%
Branchburg Twp	388,197	11.58%
Bridgewater-Raritan Reg	1,157,965	8.54%
Franklin Twp	-386,982	-1.80%
Green Brook Twp	139,291	7.72%
Hillsborough Twp	-2,728,504	-13.22%
Manville Boro	5,870,885	27.93%
Montgomery Twp	689,029	8.79%
North Plainfield Boro	9,673,796	16.49%
Somerset Hills Regional	143,586	6.25%
Somerville Boro	413,625	4.30%
South Bound Brook	326,436	5.21%
Warren Twp	121,371	4.02%
Watchung Boro	209,291	18.74%
Watchung Hills Regional	133,383	5.47%

A net of an additional \$21 million dollars to Somerset County

State Aid Allocation Changes - Cumulative since S2

Bedminster Twp	\$470,932
Bernards Twp	\$4,067,361
Bound Brook Boro	\$21,158,495
Branchburg Twp	\$1,475,716
Bridgewater-Raritan Reg	\$4,676,960
Franklin Twp	\$7,152,823
Green Brook Twp	\$813,452
Hillsborough Twp	\$ 7,012,234
Manville Boro	\$17,558,085
Montgomery Twp	\$4,043,725
North Plainfield Boro	\$41,228,253
Somerset Hills Regional	\$1,143,413
Somerville Boro	\$3,223,592
South Bound Brook	\$2,970,781
Warren Twp	\$1,639,543
Watchung Boro	\$777,957
Watchung Hills Regional	\$1,123,414

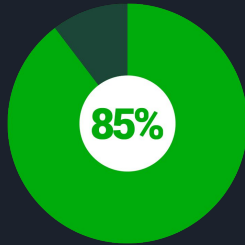
*A net of an
additional
\$106 million
to Somerset
County*

How did we plan the budget in light of knowing state aide cuts were coming?

Year	Projected S2 cuts	Actual cuts	Percentage higher or lower
FY20	-\$695,046	-\$526,434	-24.3%
FY21	-\$1,069,836	-\$745,119	-30.4%
FY22	-\$1,325,202	-\$694,258	-47.6%
FY23	-\$1,241,033	-1,404,813	13.2%
FY24	-\$771,697	-\$913,106	18.3%
FY25 - Budgeted	-\$243,694	-\$400,000	64.1%
FY25 - Actual	-\$243,694	-\$2,728,504	1019.6%
Overall	-\$5,346,508	-\$7,012,234	

Financial Shackles

What we are able to do under the law:



We can only raise up to 2% on approximately 85% of our budget, not the entire budget

Costs:

Recent inflation numbers

2021 7.00% - above 2%

2022 6.50% - above 2%

2023 3.40% - above 2%

2024 2.80%* - above 2%

*approximated

Recent CPI

(Consumer Price Index) numbers

22-23- 1.91%

23-24 - 5.86% - above 2%

24-25 - 5.81% - above 2%

Employee Raises and Healthcare increases

(80% of our budget)

Raises - approximately 3%

Healthcare - 7%-15%

State Aid Cuts:

Combine the above with loss of **\$2.7 million dollars (an over 13% decrease)** of state aid this year and **\$7 million dollars** over the past five years

Insult to injury



This past November, taxpayers of Hillsborough approved **\$2.8 million dollars** through referendum to restore positions and create a security department.


Four months later, in March of 2024 the state cuts our aid by **over \$2.7 million** - nearly the exact number raised through our referendum.

Question from public - What are the state aid variables?

Formula variables	Comment
Enrollment and demographics	<p>We know this and it has remained relatively steady, but there have been increases in populations needing services such as special education and multi-language learners.</p> <p><i>Why are there two sets of student numbers in the tables on the right?</i> While all students do indeed attend our schools, according to the state formula, High School students that attend VoTech part time and half day Kindergarten students are counted as .5 towards the state aid formula. Students that are received from other districts or whose parents pay tuition are excluded from that count.</p>
Values of the property in our town (ratables)	Determined by the county tax assessor. We do not have readily available access to this information in advance.
The wealth in our town	Determined by the NJ Department of the Treasury. We do not have readily available access to this information in advance. This is old data from 2021.

Year	Total Students in our buildings	
2018-19	7,467	
2019-20	7,488	0.28%
2020-21	7,268	-2.94%
2021-22	7,301	0.45%
2022-23	7,307	0.08%
2023-24	7,290	-0.23%

Year	Total Students that count in the formula	
2018-19	7,411.5	0.95%
2019-20	7,445.5	0.46%
2020-21	7,255.5	-2.55%
2021-22	7,233.5	-0.30%
2022-23	7,237.0	0.05%
2023-24	7,224.5	-0.17%



Full funding for schools? No. The state aid formula is fully funded, but the Extraordinary Aid formula is not.

The state is acknowledging that Extraordinary Aid is not fully funded. While they should be funding certain special education costs fully (for the entire state), they are only funding at a 72% rate. If funded at 100%, the state “owes” Hillsborough an additional **\$437,000**.

*To be clear, this is not just something that affects Hillsborough, but everyone in the state.

Main Budget Drivers



80% of total General Fund budget



7% of total General Fund budget



3% of total General Fund budget



6% of total General Fund budget



Budget Highlights: Expenditures

- Horizon renewal rate of 8% = \$1.2 Million increase from 23-24 Budget
 - Originally quoted 15%
- Reduced salary lines, building, and curriculum allocations to balance budget
 - Exact positions to be cut will be identified at the April Budget Hearing
- Additional Autism class, based on IEP mandates
 - 1 FTE Teacher and 0.5 Instructional Assistant
- New expenditures in technology to include intercoms and staff Chromebooks, which will result in a savings compared to traditional laptops
- Security upgrades



Capital Reserve Projects

Funds from Capital Reserve can only be used on Capital Reserve projects identified in the Long Range Facility Plan, not as a means to plug a budget hole.

- Fire Shutter Door at Hillsborough High School - \$210,000
- HVAC Repairs and Upgrades \$2,501,000
- Field Lighting at Hillsborough High School \$242,000
- Tennis Court Repaving at Amsterdam Elementary \$132,000
 - Costs to be shared with the township
- Facade replacement at Woodfern Elementary \$165,000



Tax Impact

- Hillsborough School Tax Rate:
 - 2024 School Tax Rate: 1.3492
 - Change from 2023 School Tax Rate: -0.0415
 - Percentage Change from 2023 School Tax Rate: -2.98%
 - The average home assessed at \$547,355 will pay \$7,385 in 2024
 - For the sixth year in a row, the school tax rate for Hillsborough Township residents has gone down.

- Millstone School Tax Rate:
 - 2024 School Tax Rate: 0.8608
 - Change from 2023 School Tax Rate: -0.0434
 - Percentage Change from 2023 School Tax Rate: -4.79%
 - The average home assessed at \$396,255 will pay \$3,411 in 2024
 - For the fifth year in a row, the school tax rate for Millstone residents has gone down.



Next Steps

- The Business Office will submit the tentative budget to the Executive County Superintendent for review and approval.
- Upon approval, the budget will be advertised in the Courier News and the Beacon.
- The public hearing will be held on April 29, 2024.
- If any legislation is passed that would affect next year's budget, that information will be shared at the public hearing. If not, the exact cuts to balance the budget will be shared at the public hearing.
- After approval, the User-Friendly Budget will be made available on the district website.



Conclusion

- Due to the increase in healthcare costs combined with drastic state aid cuts, we will have to make difficult decisions to build a fiscally responsible budget.
- The 2024-2025 budget is the final year of S2, but we do not know what the future school funding formula will mean for Hillsborough.
- Cumulative State Aid losses from FY2020 through FY2025 totalled just over \$7 Million.
- We will continue to work with our legislature to advocate for additional state aid.



Superintendent Volpe's Takeaways

In his budget address this year, relative to school funding, the Governor stated, “...we need to cultivate the potential of every student any way we can, whether they live in Cranbury or Camden — and that also means equipping our state’s educators with every tool they need to help our children learn and grow.”

We agree - and we feel that this should apply to Hillsborough as well.

Concerned about state aid cuts? Contact your legislators

Governor
Phil Murphy



TEXT ME "HELLO" AT
(732) 605-5455



<https://nj.gov/governor/contact/>

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Roy Freiman



Thank You!