

# Budget 101: High Bridge

## How Your School Budget is Put Together



A presentation by John Jennings  
Business Administrator

# What is a School Budget?



Your School's Fiscal Year (July 1<sup>st</sup> - June 30<sup>th</sup>)

It's Developed December - February of the ***preceding*** year

Submitted to you for review in March/April

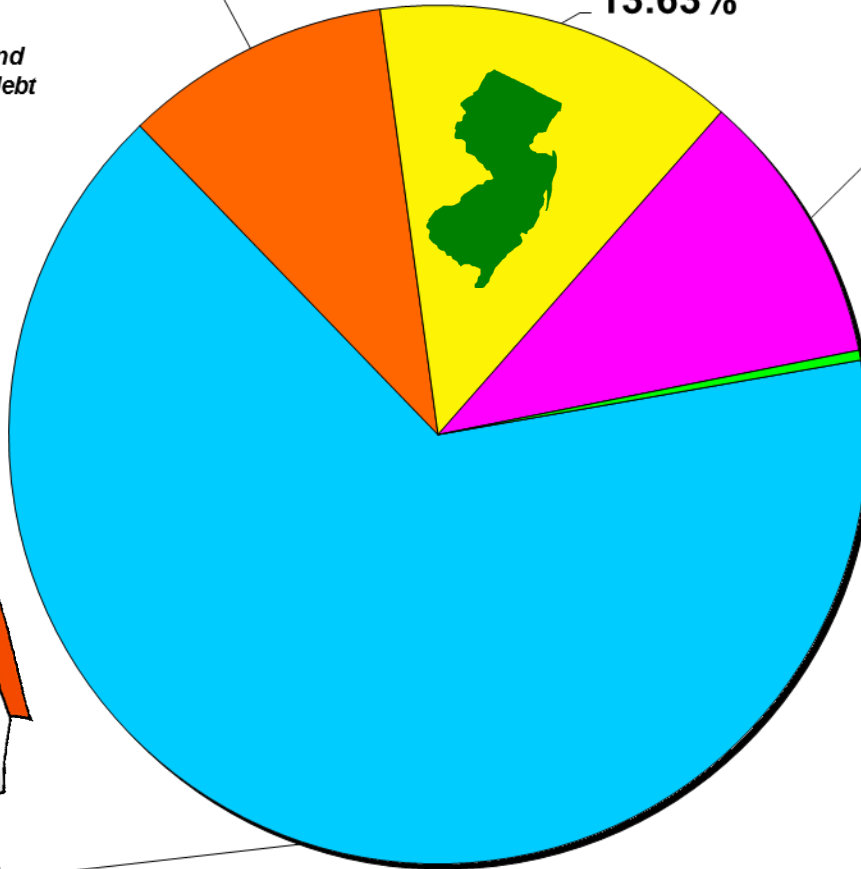
# Where does your school budget revenue come from in the 21-22 Budget?

**Special Rev**  
10.07%

**State Aid**  
13.63%

**Cap Reserve/Fund Balance**  
10.38%

*Note that state aid and local taxes include debt service amounts*



**Tuition**  
0.37%



**Local Taxes**  
65.55%

# Important points on revenue:

- While expenses can change year over year, the main sources of revenues for schools (local taxes and State Aid) do not change materially year over year
- Districts cannot ask for more money during the year if certain expenses (unanticipated) are more than budgeted
- Instead, Districts must find reductions in other expense lines (reduce staff, programs, supplies repairs) in order to maintain a balanced budget

# Where does the money go?



Salaries



Benefits



Professional  
Services



Utilities



Repairs &  
Maintenance



Supplies

**Expenses cannot exceed Revenues**

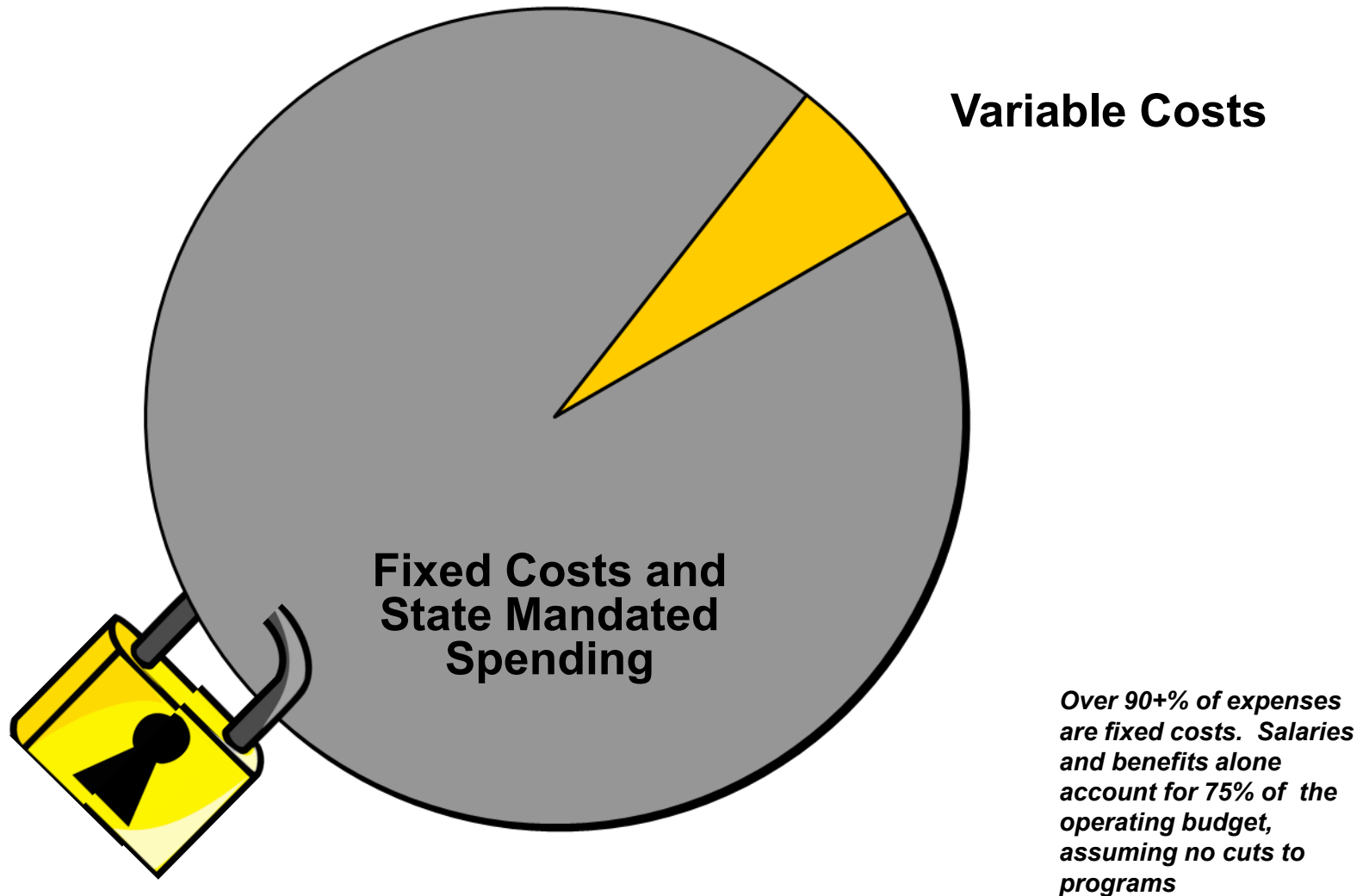
## *How do we build your Budget?*

### ***Step 1 - Review Required Spending***

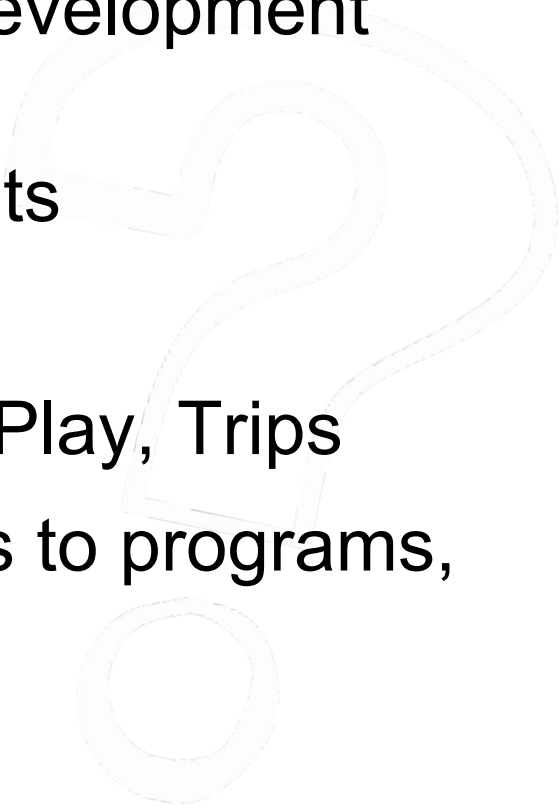
- + **Contracted Salaries**, (Negotiated, then fixed for 3 years - usually)
  - + **Contracted Health Benefits** (Negotiated, then the plan benefits are fixed for 3 years, however the premiums rise every year.)
  - + **Mandated Special Education Spending** (Tuition, additional staff)
  - + **Mandated Professional Services**: Lawyer, Auditor
  - + **Essential Building Maintenance**: Utilities, Custodial repairs (though how much maintenance you do can vary)
  - + **Transportation**: costs for routes
  - + **Mandated Insurances** (Workers Comp, Property, Liability)
  - + **Tuition costs / Other Benefits** (Out of District Placements)
  - + **Debt Service Costs** (Interest and Principal payments on Bonds)
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**TOTAL REQUIRED SPENDING**

# Required Spending makes up a large part of the District's budget



# Leaving variable costs for things like...

- Textbooks
  - Teacher training/professional development  
(actually becoming a mandated cost)
  - General supplies for departments
  - Construction – Capital Projects
  - Co-Curricular – Sports, School Play, Trips
  - Or other possible improvements to programs,  
instruction or facilities.....
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# *How do we build your Budget?*

## *Step 2 – Identify Costs*

- + **Trends analysis to estimate any increases in current costs**  
(done by Business Admin.)
  
- + **Contracts received from vendors** (audit proposal, insurance quote, etc.)
  
- + **Superintendent, Principals & District Administration review:**
  - + **Curriculum needs**
  - + **State mandates**
  - + **Textbook review cycle**
  - + **Professional development**
  - + **Building equipment**
  - + **Classroom supplies**
  - + **Technology needs**

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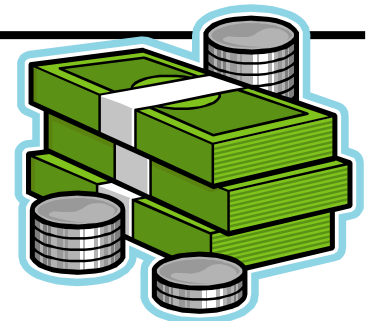
**TOTAL VARIABLE COSTS**

*How do we build your Budget?*  
**Step 3 - Estimate Aid & Income**  
*(Revenue, other than Local Taxes)*

- + **State Aid:** Given by Department of Ed, figures expected in Feb / March
- + **Federal Aid:** Calculated on trend analysis and projections
- + **Bank Interest:** Calculated by trend analysis and projections
- + **Tuition:** Based on current/expected contracts and trend analysis
- + **Other Revenues** (Transportation Fees, Miscellaneous, etc.)

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**TOTAL REVENUE NOT FROM TAXES**



# *How do we build your Budget?*

## *Step 4 - Calculate Tax Levy*



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**TOTAL REQUIRED SPENDING**

**TOTAL VARIABLE COSTS**

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**(TOTAL REVENUE NOT FROM LOCAL TAXES)**

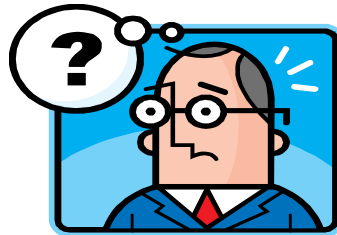
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**LOCAL TAXES NEEDED TO  
SUPPORT BUDGET**

***Step 4 Cont.:  
Calculation of Your Tax Levy***

**Budget Cap:**

Legally, local tax increase  
cannot exceed **2%** per year



But what if the result is over 2%?

# We have 4 options

## 1. **Cut Expenses**

- Cuts done in consultation with Administrative Staff, Finance Committee and Board of Ed, the Superintendent's Office and the Business Office.

## 2. **Apply for Waivers, if possible and if still available**

- Only allowed for certain expenses (Benefits, Deferred Pension, Banked Cap, etc.)
- Waivers are regulated by State
- Must receive County approval for them
- Results in taxes above 2%

## 3. **Tap into Surplus or Reserves**

## 4. **Second questions**



# Second Questions

- Second questions are additional spending proposals
- Are voted on in November in school year they are covering
- Need majority to pass and can only support programs taking affect after election
- Appears as another line during budget vote
- Cannot contain programs needed to run the school, in order to give students a State defined “Thorough and Efficient” Education. For example: You could not choose to have/ not have a Principal.

# Timing of how the Budget is approved

District assembles the Preliminary Budget

Preliminary Budget is presented to the taxpayers

Board of Education votes to approve

Budget is sent out for State/County approval

When approved it becomes the Final Budget

Final Budget is presented to the public

Board Votes to approve the Final Budget

This becomes operating budget for next year

# But didn't we used to be able to vote on the budget?



- New Jersey adopted law removing vote on school budget if budget is within tax cap 2%
- Change in law allowed school boards to move elections to November and for the final budget to forgo voter approval as long as the local taxes fell within constraints (2% cap or using waivers/banked cap)
- For Boards that moved to November, what can be voted on is Second Questions



# We want to hear from you!

Please let us know what else **you'd like** to know about the budget process.



Please submit any questions to the Business Administrator at [jenningsj@hbschools.org](mailto:jenningsj@hbschools.org)