

**WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT  
BOARD FINANCE COMMITTEE MINUTES**



<u>BOE Committee:</u> Dana Krug (Chair) Anthony Fleres Yu "Taylor" Zhong	<u>Administration:</u> David Aderhold Larry Shanok Lawrence LoCastro	<u>Guest/Public:</u>
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**February 10, 2014**

The meeting was called to order at 6:30 PM at Central Office. Topics covered included:

Review Agenda Items. The committee supports the agenda items. Looking at the December Report of the Secretary note that on page 4 the total available balance is \$1.5 million less than at the same point a year ago. Since appropriations are \$3.7 million larger than a year ago, costs are escalating faster than appropriations. As discussed, due to this squeezing of the budget the district is unlikely to be able to accumulate excess surplus for the year at the pace of prior years.

In an examination of the draft Report of the Secretary for January, this trend can be seen even more clearly. The special education account is illustrative of this multiyear trend: a year ago the heavy use of federal funds to support special education tuition allowed the district to have \$1.7 million general fund balance contribute to last year's large excess surplus. In the current year this account's available balance is at less than a hundred thousand dollars – a large swing year to year.

January 2014 available balance for the benefits account is presently \$3.7 million – suggesting that there will be excess surplus this year even if it in total is less than a year ago due to events such as the special education just described. Our work on the 2014-15 budget suggest that a year from now, nowhere near \$3.7 million will be in the available balance thus foreshadowing a lower excess surplus again a year from now. The trend is for tighter and tighter budgets with less excess surplus. Less excess surplus leads to less tax relief and less opportunity to add to capital reserve.

2014-2015 Budget Progress: Seven spending areas have budget increases in excess of three per cent; the cost pressures are increasing in more and more areas each year. One of the seven is special education tuition: total tuition spending in 2012-13 was \$6.4 million; 2013-14 year to date and encumbered is \$7.9 million. With the district's focus on professional development and the State of New Jersey's requiring thousands of additional staff observations, there is an increase in that category of spending; nonetheless, the district still has fewer total administrators than ten years ago, though we have more students than ten years ago. While spending on district wide administration and on school administration is flat, support expenditures will increase as technology bandwidth and software requirements grow. With special education students being placed in more locations, transportation costs are rising – a year ago they increased nearly one million dollars from the previous year's spending level. On several occasions the need for more dollars in the general fund for capital outlay has been described and this budget proposes increasing this line item.

This budget estimates the use of \$5.2 million of excess surplus for tax relief. The budget assumes flat state aid though the State of New Jersey has provided no information to date. The proposed budget is within the state general fund cap. However, it does project using banked cap from the past; if it is not used at this time the state will wipe the amount out of existence. This banked cap occurs in line with state regulations, and occurs because past general fund levies were below the general fund cap. As with the current budget it is proposed that the district levy zero dollars of debt service tax levy; the district has the legal authority to raise nearly nine million dollars of this tax levy if it chooses to raise it.

Capital Projects: the draft 2014-15 capital project list was reviewed. Projects total \$4.8 million, including a million dollars for the 1:1 program expansion. It is estimated that the \$4.8 million will be supported by \$2.25 million from the general fund and the rest from capital reserve. This suggests the continuing importance of having capital reserve. As has been noted before: with over \$240 million of depreciable assets in the district, maintaining good learning environments needs about \$6 million of spending annually, year in and year out.

This requires the district to increase the amount allocated each year in the general fund and to continue to add to capital reserve funds.

Two selected capital projects are for phases 4 and 5 for air handling equipment at Community Middle School; previous phases of this effort have been awarded by this time of year. This is necessary due to long lead times for this type of equipment; due to this long lead time, while engineering will move forward, actual installation will occur in the summer of 2015.

FTE Chart: budget to budget there are small increases in full time equivalents. To meet expected elementary school enrollment an addition of two FTEs at that level is being budgeted. An increase of 1.6 FTE is targeted for the middle school to bring a half team to a whole team to meet student needs. In addition to these there will be the usual evaluation and shift of personnel to better meet district wide needs.

Enrollment Projections: a preliminary look at enrollment data suggests that once again the shift in enrollment is modest. Years ago the variation in equalized values led to big swings in splitting of the tax levy; the swings were as large as 3.5% points. As the move to splitting the tax levy by enrollment was considered, it was noted that history indicated that the largest changes in that was 1.1% points. While we will not receive official data from the state for some time, the preliminary data indicates that the swing will again be lower than that 1.1% figure. The relative stability of enrollment still holds true.

Budget Calendar: the calendar was reviewed. With the recent change in the state's dates, the public hearing moves to April 29, 2014. Submission of the budget to the county office moves only ten days to March 20, 2014. There was discussion of whether to continue the practice of meeting with township officials. A year ago the township officials indicated that the meeting had value for them. This meeting is presently scheduled for March 25, 2014 -- what would have been the public hearing on the old state schedule.

NJ Unemployment Compensation Benefit Update: Calendar year 2013 saw, for the first time in years, a return to relative normalcy. The large layoffs when the state cut state aid by \$8 million drove unemployment compensation payments very high. While that declined after the bulk of those employees found work or exhausted their 26 weeks of eligibility, it peaked again when the federal and state governments enacted "extended benefits." In 2013 the experience returned to levels last seen before those events.

Village Addition update: The construction contracts having been awarded at the January 28, 2014, board meeting, the process moves forward. The first job meeting of the contractors, architect, engineers and district personnel was convened February 6, 2014.

SREC Auction: The recent auction saw SRECs fetch higher prices: the district realized \$21,857.28 from the sale of 128 SRECs -- a price of \$170.76 each. This is well above the \$131 received in the September 2013 auction and the \$106 received in March 2013.

In a related matter, the federal government asked the district to formally decline the Clean Renewable Energy Bonds that the IRS awarded the district in 2009. The \$7.5 million of bonds were intended to provide interest free (low interest) financing for solar projects in the district. The district asked the State of New Jersey to approve the projects with the support of debt service aid, but the State never officially replied despite several attempts to secure a response. After three years, the eligibility for the CREBs expired unused.

Food Service Request For Proposal: The RFP for the service was issued and advertised last week. The opening of the responses is March 7, 2014. To stay on track, a food service committee will meet each week for three weeks starting around mid-March. Award of the contract is targeted for the April 29, 2014, Board of Education meeting.

The meeting adjourned at 8:24P.M.

**NEXT MEETING: Tuesday, March 18, 2014, 6:30 PM @ Central Office**

Topic for Next Meeting  
Review Agenda Items  
2014-15 Budget

Future Topics:  
Impact of Recent Legislation  
Policies  
Transportation