

## **2009-2010 Proposed School Budget Introduction from Mr. Edward Q. Seto, Superintendent of Schools**

Given the complexity, controversy and perhaps even misinformation about our budget proposal, this evening's budget presentation is especially important. It will provide us with another opportunity to distinguish the reality from perception.

I would like to start off this evening with some news from the Executive County Superintendent's Office. Trudy Doyle, our Executive County Superintendent has approved the Franklin Township Public School District's 2009-2010 Proposed Budget. She has determined that all efficiencies identified for 2009-2010 have been adopted including reductions in excess administration and non instructional expenditures pursuant N.J.S.A. 18A: 7F:7-8 (1) using standards enumerated in N.J.A.C.- 6A: 23A-9.2 and 3.

In response to concerns about reducing the number of Kindergarten paraprofessionals, I am requesting that an ad hoc committee be formed to discuss the feasibility of conducting action research in this area. This recommendation is based on my conversation with Trudy Doyle on March 30, 2009. For Ms. Doyle to consider our request to go beyond the State's efficiency standard, she will require the district to conduct action research and present findings supporting the impact of paraprofessionals in the classroom on student achievement. Ms. Doyle advised that it might be wiser to consider pursuing the utilization of resources other than paraprofessionals to improve student achievement at the early childhood level. This means that there may be more efficient and effective utilization of budget and teaching staff.

In the interim, preliminary conversations with Mr. Frank Livoy and Dr. Jennifer Bausmith from the Rutgers Center for Effective School Practices and Ms. Diane Shoener from the NJ Department of Education have been held. Our collective review of existent literature, thus far, has indicated an absence of conclusive research which directly speaks to the impact of instructional aides on student achievement.

In our 2009-2010 Budget, we proposed meeting the new State efficiency standards for aides by reducing our Kindergarten paraprofessional staff over the next three years, instead of all 27 this year. This proposal was accepted and approved by Ms. Doyle. However, barring any change based on research we present, she has advised our District to "develop a plan over the next two years to eliminate the remainder of the Kindergarten aides as these positions are no longer permitted under the efficiency standards, 6A:23A-9.3(a) to (c) and to continue the district's progress in lowering the operation and maintenance of plant costs, to align to the Comparative Spending Guide state median."

*On March 17<sup>th</sup>, I made a presentation of the Franklin Township Public Schools Preliminary Budget at a public meeting of the Board of Education. For the benefit of those who were not able to attend that evening and to put tonight's presentation of the Final Proposed Budget into proper context, I would like to take a few minutes to reiterate many of the points I made in the introduction to the Budget that I shared on March 17<sup>th</sup>.*

As I reflected about how to approach the complicated task of formulating next year's Budget proposal and what I would say to you, our Board members, parents, students, staff and community members, I turned back to my favorite readings, as I often do.

The one that seemed to best fit this evening reads as follows:

"I believe that it is not just the individual alone, making decisions and acting on those decisions, who determines what he or she can or will accomplish in an organization but also the attitudes of others and the resulting circumstances that are an outgrowth of those attitudes." Leonard O. Pellicer, *Caring Enough to Lead*.

In essence, I, as Superintendent of the Franklin Township Public School District, accept full responsibility and accountability for the formulation of the 2009-2010 Proposed School Budget. It will be the support of this Proposed Budget by the members of our school Board, our parents, students, and staff and community members that will determine what we will or will not accomplish.

In light of this year's severe economic downturn, developing the 2009-2010 budget proposal for this evening's review has certainly been much more difficult than it was last year and perhaps even more difficult than it was during the recession in the early 1990's.

For the 2009-2010 school year our District will experience reduced revenue from interest income, for a net loss of approximately \$740,000.

We will have fewer dollars from our 2008-2009 end of year fund balance to offset costs for next year's budget based on a decision we made last year to budget more tightly for 2008-09 school year than we have historically.

In the past, we have had available \$4.9 million in fund balance that was utilized to offset operating expenses. For the 2009-2010 school year, we will only have \$2 million in fund balance to offset operating expenses. This is a net reduction of \$2.9 million.

It is our expectation that the fund balance at the end of the next school year, 2009-2010, will be even less than what we expect this year, placing even further demands on balancing our budget in the future.

2009-2010 District contractual obligations, combined with a 4% tax levy cap and flat funding from the State have also contributed to our budget gap. Fixed costs, such as insurance premiums, charter school and State-mandated tuitions have increased.

Some might argue that if we had contract settlements for 4% or less, we would have been in line with our 4% tax levy cap. However, we would not have been remotely competitive with most comparable districts. We are already on the lower end average of comparable districts. Out of 21 counties in the state of New Jersey, the average settlement was above 4% for 2008, 2009 and 2010. Many districts went higher, such as South Brunswick at 4.95%, Piscataway at 4.6% and Montgomery at 4.9% increases for 2008-2009.

We should also remember that the economic downturn didn't become visible until this past October. FTEA negotiations were completed in the Spring of 2008 and administrative contract negotiations were completed at the end of summer break 2008, well before visible signs of the economic downturn.

In summary, we have many challenges that have collectively contributed to the budget gap in formulating our 2009-2010 Proposed Budget, including: diminished revenue from interest income, diminished fund balance, district contractual obligations, and increases in fixed costs, combined with a 4% tax levy cap and flat funding from the State.

Further challenges stem from the efficiency standards in the newly adopted New Jersey State Department of Education (DOE) Accountability Regulations enacted during this school year. These mandates include requiring us to lower our costs. As I mentioned at the beginning of my remarks, one standard requires that aides be provided only for mandated positions. Maximum enrollment for a kindergarten class shall be 25 students per teacher. If there are 26 or more students in a class, a district may request permission and receive approval from the Executive County Superintendent to hire an aide. Requesting permission and approval from the Executive County Superintendent ensures that school districts are complying with integrity.

State efficiency regulations also require us to reduce our per pupil expenditure for operations of maintenance and plant, which includes security guards and custodial staff, based on New Jersey's Comparative Spending Guide of approximately \$832 per pupil. Our average is approximately \$1201 per pupil.

To adhere to State efficiency standards and to reap immediate benefits from some of the recommendations from the MGT Performance Appraisal, we are working on scheduling efficiencies to assure appropriate staff to student ratios and developing schedules to maximize efficient use of personnel resources.

In formulating our Proposed Budget for this evening, it is important to review the following sequence of events:

Over the past several months, the District staff and I have taken part in a very thoughtful and thorough budget development process.

Principals consulted with staff and parents regarding their budget priorities.

Members of my cabinet and I met with all Principals and District administrators to review budget requests.

Mr. Calavano, our Assistant-Superintendent of Business and I met frequently with the BOE Finance Committee, Chaired by Ms. Shirley Pietrucha, to discuss guidelines, challenges and options for formulating a balanced budget for the 2009-10 school year. These meetings were supplemented with periodic phone calls.

I attended the PTO/PTSO President's Council meeting a few weeks ago and individual school PTO meetings more recently to discuss the budget, hear feedback and gain detailed insights into parent concerns.

We met with the leadership from all three Franklin Township associations, the Education Association, the Support Staff Association, and the School Administrator Association on two occasions. We invited all members and hosted two meetings for security guards and two meetings for paraprofessionals. We held numerous follow-up meetings with principals and directors.

Dr. Howard Lucks, Principal of Franklin High School, met with directors, his staff and his PTSO presidents to discuss the possibility of the change in the school schedule. A presentation was provided at the last PTSO meeting by members of Dr. Lucks' staff with details of the new high school schedule including the bell schedule, and rationale for and impact of the changes.

We will continue to meet with all of these groups for follow-up dialogue and adjustments.

We hosted a Budget Workshop with the Board of Education on March 4<sup>th</sup>.

In preparing this Proposed Budget, it was essential for me to engage as many stakeholders as possible in the process. I believe this budget has been made stronger because of the feedback and input from members of the Board of Education, parents and community members who have shared their thoughts. However, given the numerous recommendations and suggestions I received, I needed to make decisions about would best support our educational goals and improve our efficiency.

It is understandable that we focus on what will be reduced in our budget plan, but it is extremely important to take a look at reductions in the context of what is still maintained in the 2009-2010 Budget. Based on the feedback we received, we maintained services that parents deemed to be extremely important to students and families, such as: after school tutorials; existing transportation including regular and late bussing; half-day preschool; and full-day kindergarten.

As your Superintendent and the educational leader of this community, my first and foremost obligation and primary responsibility are to protect our commitment to providing safe schools and to improving student achievement. To do so effectively and efficiently, I am recommending a budget that is educationally sound, fiscally responsible and will enable us to navigate the near term reductions without sacrificing our long range goals for school improvement.

Let me close by underscoring the importance of striking the right balance among the considerations of what we want, what we need and what we can afford for this school year and the years to come.

Thank you.

